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OFFICIAL REPORT
(HANSARD)

Tuesday, May 4, 1999

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Tuesday, May 4, 1999

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

• (1000)

[Translation]

GOVERNMENT RESPONSE TO PETITIONS

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

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[English]

COMMISSIONER OF OFFICIAL LANGUAGES

The Speaker: I have the honour, pursuant to section 66 of the Official Languages Act, to lay upon the table the annual report of the Commissioner of Official Languages for the calendar year 1998.

[Translation]

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

* * *

• (1005)

INTERPARLIAMENTARY DELEGATIONS

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, pursuant to Standing Order 34, I have the honour to table, in both official languages, the report of the Canadian branch of the Assemblée parlementaire de la Francophonie, as well as the financial report.

The report relates to the political committee meeting held in Cairo, Egypt, on February 23 and 24, 1999.

COMMITTEES OF THE HOUSE

HUMAN RESOURCES DEVELOPMENT AND STATUS OF PERSONS WITH DISABILITIES

Ms. Albina Guarnieri (Mississauga East, Lib.): Mr. Speaker, I have the honour to present, in both official languages, a unanimous report, namely the fourth report of the Standing Committee on Human Resources Development and the Status of Persons with Disabilities.

[English]

I would like to express special thanks to our committee clerk, Danielle Parent-Bélisle, and researchers Sandra Harder and Bill Young for diligently meeting all committee deadlines. I wish to personally thank all members of the committee for their tremendous collaboration and co-operation on the modernization of Canada's social insurance number system.

* * *

INTERPARLIAMENTARY DELEGATIONS

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, pursuant to Standing Order 34, I have the honour to present to the House a report from the Canadian branch of the Commonwealth Parliamentary Association concerning the 48th Commonwealth parliamentary seminar which was held from March 2 to March 13, 1999 in Westminster, United Kingdom.

* * *

PETITIONS

THE FAMILY

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, these petitions keep pouring in. Today I have another 109 signatures on a petition that calls for fairness for families who choose to have one parent stay at home to look after their children instead of farming them out to others. There are 109 names, mostly from people of Sherwood Park and Gibbons, in the wonderful riding of Elk Island.

ANIMAL ABUSE

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I rise to present a petition from citizens of the Peterborough area who are concerned about cruelty to pets. They point out that there is mounting evidence of a link between animal abuse and domestic violence, and violence against people in general, and that essential-

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ly the Criminal Code regards animals as property and offences against them as little more than property offences.

• (1010)

Therefore, the petitioners call upon parliament to work toward swift and effective action that works to modernize Canada's laws dealing with crimes against animals and that the penalties for such actions be made strict enough to act as a deterrent against such behaviour.

[Translation]

AIR TRANSPORT

Mr. Gérard Asselin (Charlevoix, BQ): Mr. Speaker, pursuant to Standing Order 36, I am tabling in the House today a petition signed by 2,000 constituents in the riding of Charlevoix.

In the light of past events, the number of passengers and the amount of traffic annually at the Baie-Comeau airport, the petitioners ask Parliament for a reassessment of the safety criteria and the construction of a control tower or flight information station to ensure greater air safety.

Federal government cuts to regional airports must stop, because they jeopardize passenger safety.

HOUSING IN NUNAVIK

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, I would like to table a petition from the Inuit community of Kangirsuk in Nunavik.

According to the petitioners, between 16 and 20 people are living in three bedroom accommodation. The Inuit are very upset at the housing conditions in Nunavik. They consider the situation intolerable. It is causing increased incidence of tuberculosis, infectious disease and social problems.

The federal government must honour its obligations under the James Bay and Northern Quebec Agreement as far as housing in Nunavik is concerned.

[English]

YOUNG OFFENDERS

Mr. Inky Mark (Dauphin—Swan River, Ref.): Mr. Speaker, I am pleased to rise to present three petitions on behalf of the good people of Dauphin—Swan River.

The first petition asks the House to aid in the ongoing problems with young offenders in this country. Crimes committed by young offenders, such as murder, rape, arson and robbery, have increased in recent years and stronger laws have to be enforced.

CANADIAN WHEAT BOARD

Mr. Inky Mark (Dauphin—Swan River, Ref.): Mr. Speaker, in the second petition the petitioners request parliament to advise the

government to mandate the Canadian Wheat Board to deliver its grain shipments to the port of Churchill, which offers the most advantageous cost to producers, and that it require purveyors to guarantee seamless car interchange between CN, CP, the Hudson Bay Railway Company and other short lines.

THE SENATE OF CANADA

Mr. Inky Mark (Dauphin—Swan River, Ref.): Mr. Speaker, in the third petition the petitioners of Dauphin—Swan River request parliament to advise the government to summon a fit and qualified person, democratically elected by Canadian citizens residing in Manitoba, to take a place in the Senate of Canada whenever a seat becomes vacant.

YUGOSLAVIA

Mr. Lou Sekora (Port Moody—Coquitlam—Port Coquitlam, Lib.): Mr. Speaker, I am pleased to present a petition signed by a number of Canadians, including those of my riding of Port Moody—Coquitlam—Port Coquitlam.

The petitioners call upon parliament to amend the decision to participate in NATO military action against Yugoslavia, to call upon our allies in NATO to cease their participation in the undeclared war against Yugoslavia and to support a peaceful solution to the crisis in Yugoslavia which is fair and acceptable to all sides.

The petition contains some 2,700 signatures.

* * *

[Translation]

QUESTIONS ON THE ORDER PAPER

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

The Acting Speaker (Mr. McClelland): Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

• (1015)

[Translation]

BUDGET IMPLEMENTATION ACT, 1999

The House proceeded to consideration of Bill C-71, an act to implement certain provisions of the budget tabled in Parliament on February 16, 1999, as reported (with amendments) from the committee.

SPEAKER'S RULING

The Acting Speaker (Mr. McClelland): A motion in amendment stands on the notice paper regarding the report stage of Bill C-71, an act to implement certain provisions of the budget tabled in parliament on February 16, 1999.

[*English*]

Motion No. 1 will be debated and voted on.

[*Translation*]

I will now put Motion No. 1 to the House.

MOTIONS IN AMENDMENT

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ) moved:

Motion No. 1

That Bill C-71, in Clause 4, be amended by deleting lines 13 to 43 on page 3 and line 1 on page 4.

He said: Mr. Speaker, earlier I was listening to the Parliamentary Secretary to the Minister of Finance, who was not pleased because we want to delete some lines in his minister's bill. But we are extremely happy to propose the deletion of these lines. We hope that all parliamentarians in this House will realize that our motion only makes sense.

Bill C-71 includes measures that are clearly inadequate, such as those designed to fight poverty, particularly child poverty. The legislation also includes measures that are outrageous. I will just mention the unilateral change in how the Canada health and social transfer is distributed among the provinces.

As for child poverty, one would have expected that, in this budget, the Minister of Finance and the whole cabinet would have shown a little more compassion.

There is some improvement with regard to the national child benefit. This is clearly not enough, given that the Minister of Finance could have taken that measure as early as last year, let alone this year, with the huge surpluses that are accumulating daily in the federal treasury.

Last year, that is during the fiscal year that ended on March 31, 1999, the Minister of Finance accumulated a surplus of \$15 billion. He used almost all of that money to pay off part of the debt. The minister could have taken a more balanced approach. There is balance and there is balance; a balanced approach should also be taken to making choices about how the tax dollars of Quebecers and Canadians should be spent.

The Minister of Finance could have set aside a few billion dollars of this surplus of \$15 billion, instead of handing it over to creditors who do not need it. He could have waited a few more months. He could have used this money to further increase the national child tax benefit.

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Do people realize what this increase in the child tax benefit will mean in dollars for low and middle income families? It will put an additional \$180 to \$350 a year into their pockets. This benefit for Canada's poorest children is not a lot when compared to the substantial tax relief the Minister of Finance made available to top income earners.

Here is an example: the savings for someone earning \$250,000 a year will be \$3,000 a year starting this year and continuing in subsequent years. A child who probably goes hungry every day gets an additional \$350 a year at most, while someone with an income of \$250,000 gets a \$3,000 tax break.

Did the Minister of Finance make the right choice? From the standpoint of equity, social justice, and compassion, it is the worst choice a finance minister has made in quite a few years.

Let me give the figures again: a surplus of \$15 billion for the fiscal year just ended. This year, if the tax dollars continue to come in at the same rate, the Minister of Finance will have over \$20 billion in the surplus at the very least. It seems to me that he could have made an effort. He could have kept back some of this money to help poor families.

• (1020)

This clown rises just about every day in this House to proclaim his desire to improve the lot of the most disadvantaged members of society and of the children of Canada who are living in poverty. He ought to walk the walk, not just talk the talk. For years we have been waiting for some action from this man, and none has yet been forthcoming.

It would have been very simple for him for several years, and this year even more so, to plug up the tax loopholes, as we have been promised every year since 1993. He had even told us that, in 1999, the famous family trust loophole would be eliminated.

We will recall that, in 1996, the auditor general had uncovered a scandal involving two family trusts with total assets in excess of \$2 billion, which had been transferred to the United States without a single cent of tax being levied, a loss of some \$600 million or \$700 million in taxes to Revenue Canada.

Those trusts were allowed to escape. This year, the Minister of Finance promised that this leak and the tax loophole that made it possible would be plugged. This has not yet happened. The Minister of Finance has not yet done anything about the tax loophole which makes tax evasion possible for millionaires and billionaires, with his blessing, while Canada's poorest children get \$180 a year from him.

This is unfair. It is not logical to see children going hungry, while tax loopholes are being maintained for millionaires. These loopholes save them hundreds of millions of dollars in taxes. To give a tax saving of \$3,000 to those with an income of \$250,000 and over but only between \$180 and \$350 to the poorest families in this country does not make any sense.

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The Minister of Finance is also still talking about the tax reductions to middle income taxpayers. These, however, are not real. There is talk of broadening the base for GST credits, which is good news. But when one looks at what this means at the end of the day, given how much taxpayers are paying out, since ours is among the highest taxation levels in the world, this is all smoke and mirrors.

Let us see, since 1986, how Quebec and Canadian taxpayers have had to pay out because the tax tables and the entire tax system are not fully indexed.

Between 1986 and 1996, the fact that income tax on supplementary income did not take into account the increase in the cost of living, the GST credits did not reflect the change in the cost of living above 3% inflation, federal family allowances were not fully indexed as they should be, the child tax credit had to be paid back, all this and the fact that all Canadian tax measures are not indexed meant that between 1986 and 1996 average Quebec families paying tax to Ottawa—for a while yet, perhaps several years—paid \$7,000 more than they should have paid had the tax tables been fully indexed.

Residents of Ontario subject to the same mechanisms as Quebec taxpayers paid \$10,000 too much. Had the tax tables been fully indexed, we would have had this as net income in our pockets over a ten year period from 1986 to 1996.

The cup is nowhere near our lips. We are nowhere near substantial reductions in taxes, when our tax system systematically robs us because taxes are not indexed. This is the first thing the Minister of Finance should have done when he took office, had he been a little more dynamic and stopped watching the economy work for him and the provinces and the unemployed doing his work by eliminating the deficit and increasing the surplus. But he did not.

We have a lazy Minister of Finance, who lets things go as they will, but takes all the credit. He does not say that every year he creams off the employment insurance surplus, which represents several billion dollars.

• (1025)

We are now talking \$20 billion that were literally grabbed by the minister from the fund. But he does not mention that. He does not mention that he starved the provinces, through the Canada social transfer, of cash needed to fund health, post-secondary education and social assistance. No, the minister says nothing on that score.

He does not mention that it is the unemployed, the workers contributing to the employment insurance fund and the provinces that did the job for him. He is taking all the credit. He is no doubt getting ready for the leadership race. This is outrageous. It is despicable to play petty politics on the backs of the poor, as the

minister is doing, while taking credit for the sacrifices made by others. This is shameful.

As for the Canada social transfer, the Minister of Finance had a little surprise in store for us in the last budget. Without any warning, without informing anyone, he decided that, to reward some provinces, particularly Ontario, which was so quick to get down on its knees to sign the social union framework agreement, but also British Columbia and Alberta, he would give them a nice present, again without informing Quebec.

Ontario was probably in the know. Mike Harris reacted so strongly during the first few minutes of the budget speech, that he could not possibly not have known.

The minister offered these provinces to change the method, based on population, used to distribute the money from the Canada social transfer. The result of this was that Quebec lost \$350 million annually, while Ontario got about 50% of the Canada social transfer.

My motion today seeks, among other things, to change the calculation method announced without warning by the Minister of Finance, and to revert to criteria based on the province's needs, as was previously the case.

[English]

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it is a pleasure to rise and debate Bill C-71 today. I will start by addressing the amendment from the Bloc Québécois.

I appreciate the concerns expressed by my colleague from the Bloc but I simply do not know of any fairer way of dispersing the CHST other than on a per capita basis. While I understand his concerns, I must disagree with him and say that per capita is the way to go.

Having said that, I certainly have grave concerns with Bill C-71. I think it is an example of the failure of the government to understand the real legitimate concerns of Canadians. To put this into context, I simply have to refer to the remarks by the Prime Minister that we read in the newspaper this morning. He said that Canadians did not need to have tax relief in a big way any time soon, that he would basically take his time reducing taxes and that what we really needed was bigger government. He said that we needed to spend more money on making government bigger.

I do not think I can find words to express how much I disagree with that whole approach that the government is taking. We see it again in Bill C-71 where we have a piece of legislation that is absolutely bereft of tax relief at a time when Canadians have made it very clear that we need to have tax relief.

I want to back up for a second. Last year we saw the government go about \$3 billion over budget in its program spending; this year it

was \$7.6 billion roughly. At every turn, the government is taking steps to ensure that the surplus never gets big enough that there is money to actually give back to Canadians in the form of lower taxes. It is critical that starts to happen.

Across the hallway in the finance committee right now, we have experts from around the country who are coming to talk to us about the issue of productivity. Again, the government seems to think that we can make the country more productive by spending more on social programs and by having a children's budget in the next budget. We reject that.

We say that the way to make everybody better off, the way to make children better off is to start lowering taxes. If we do that, people will not only have more money in their pockets directly because taxes will have come down, but we will have all this increased activity in the economy. When that happens, there will be more jobs created, more people actually paying income tax and ultimately more revenues coming into the government for important things like paying down debt and even reinvesting in health care.

• (1030)

Government members seem to think it is a better approach to take that surplus. They assume it belongs to them and not the taxpayers, which I think is crazy. It is standing on its head the idea of delegation to the federal government from the people. They take that money and spend it in a way they think is best, not realizing that 30 million Canadians have different priorities they want to spend that money on.

I emphasize the government's approach is wrong headed. The degree of tax relief it proposes to offer is of such tiny magnitude that it could not possibly have the impact it hopes it will have. It is a question both of direction and of degree.

I also want to refer to a red herring which the Prime Minister tossed out in his remarks as reported in this morning's newspaper. He said that we do not want to be like the United States and if our taxes are cut to the degree of the United States we will somehow be like the United States and have all the problems it has. I want to tackle those comments head on.

I reject the idea that prosperity is purely a United States phenomenon. It is ridiculous. It is a red herring. The Prime Minister is desperately trying to create the spectre of a U.S. style economy with U.S. style health care and all the things Canadians have made very clear they reject, simply so he can get out of lowering taxes.

I suggest to the Prime Minister and to the government across the way that it was not very long ago when we were the economic betters of the United States. We had taxes that were lower but still had our own country. We had our own set of values and we were not at all like the United States. We had prosperity that equalled and was even better than that of the United States. Why can we not have

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that again? I think we can. We can have our own priorities and be prosperous.

What does the government have against an improved standard of living? After all, the industry minister pointed out that our standard of living has fallen behind that of the United States. According to the industry minister our standard of living fell behind those of the poorest deep south American states of Mississippi, Alabama, Georgia and Louisiana.

The official opposition believes we can have prosperity and still be uniquely Canadian. Because we have low taxes we do not need to be exactly like the Americans. The Prime Minister is dragging this issue out so he can avoid the whole debate about tax relief, simply because he would much rather spend that money and have his bureaucrats and people in government spend that money as opposed to leaving it in the pockets of individual Canadians who desperately need it.

The standard of living of Canadians is being eroded every day. Canadians have made it clear they would like to see that money used to redress some of the inequalities in the tax system.

We had a debate in the House not long ago brought on by questioning of the junior finance minister by the official opposition. We pointed out that single income families were discriminated against in the Canadian tax code. We should be using that surplus to give some tax relief to single income families that are struggling to get by. They have seen their standard of living eroded. They want to give their children and ultimately their grandchildren a better life than they have had. I think that is exactly what all parents aspire to.

They will not get it if the surplus is used to build bigger bureaucracies, big social programs, and make government bigger at a time when government is full of waste and continues to mispend that money. Government is not omniscient. It does not know what people will use that money for in their individual private lives. People should be allowed to make those decisions for themselves.

For all their talk across the way about compassion, I must point out that we could be using that surplus to reduce the unbelievable levels of taxation on Canada's poor.

• (1035)

Believe it or not, the government takes \$6 billion a year from Canadians earning less than \$20,000 a year in taxes: every year \$3.7 billion in income taxes and \$2.3 billion in payroll taxes.

The Liberals talk a good game about cutting taxes and trying to help the poor but at the end of the day they tax the hide out of Canada's poor. That is unbelievable. It is time to reverse that trend. It is time to start to push up those basic exemptions a lot further than the piddling tax relief they obtained from the government in the recent budget. It is time to lower rates. It is time to eliminate

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the inequalities in the tax system to get rid of bracket creep, the inflation tax the government has profited by over the last several years at the expense of taxpayers.

Bill C-71 is inadequate. I do not think it addresses the priorities of Canadians. It continues to tax at ridiculous rates. It is time to reverse that trend and use that surplus to start to ease the burden of long suffering Canadian taxpayers.

Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP): Mr. Speaker, I was looking forward to speaking to report stage of Bill C-71. I certainly understand the situation my colleagues from the Bloc and those from Newfoundland are encountering with respect to transfers to the provinces. However we have to look at the issue in a broader way and use very understandable language.

It is very clear that poverty is increasing in the country. I do not think anyone could argue that. We have 500,000 more children living in poverty since the Liberals came to power. The Liberals are bragging that the country is doing better than ever. I certainly would not want them to start saying that we are not doing very well, because then definitely there would be a lot of people in trouble.

There is nothing in Bill C-71 to help the children living in poverty. The same children who were hungry before the last budget are still hungry today. That will not change unless the government changes its direction. Unfortunately we have an official opposition that is pushing the Liberal government to cut even further.

Earlier a Reform member referred to social programs as being a waste. I find that very unfortunate. I hope people who need social programs recognize what is being said in the House sometimes by the same parties that are trying to tell Canadians they care about what is happening to poor children.

Perhaps some in the House would like to talk about the poor bankers, but I would rather talk about poor children and the poor parents. My goal is to try to help the children and the teenagers who are living in great difficulty.

[*Translation*]

There are serious problems in this country. There are students who accumulate \$40,000 in debt during four years of university. They have a mortgage on their home and have still not even found a job. Someone should talk with them and begin to give them some hope.

Since June 2, 1997, when I was elected, I have not seen much done to give hope to young people, to single parent families living on welfare or inadequate salaries. These people cannot afford day care.

If we look at what the Liberals promised in 1993, a national day care program was right up there. What became of this promise that was so important in 1993? They have had enough time to imple-

ment this program. But instead they decided to go after the surpluses.

And where did they look? In the EI fund, which belongs to employees and employers and which is there to help employees through periods of unemployment when times are tough.

• (1040)

The Minister of Finance is quite a creative fellow. The President of the Treasury as well is starting to take a pretty creative approach to the pension fund of federal employees. The two of them went after \$25 billion in the EI fund and \$30 billion in the pension fund respectively.

Questions are in order when people contribute to a pension fund and, overnight, the government can decide to lay claim to it and say that it belongs to all taxpayers. A look needs to be taken at who actually contributed to this fund.

When the government cut the EI program, the result was widespread poverty. Today the 500,000 children who are poorer than they were in 1993 have not benefited from a better economy. That is not true. It is a known fact that the ones who benefit from a better economy are the richest people in this country. The gap between rich and poor is wider than it has ever been in this country.

The decisions taken by governments have helped one group, the people who already had money, while causing suffering to many families. We see the results in our communities. We see the results of a lack of job creation. We see the lack of understanding of the situation in the Atlantic provinces, when we hear comments made here about those people not wanting to work.

The reality in our regions must be seen first hand. We live in regions where the jobs are seasonal. Last week, they were calling for 20 centimetres of snow down there, while people were going around in shorts here in Ottawa. The tourists wandering around Parliament Hill are not doing the same on the beaches of New Brunswick, at this time of year. We can still see ice on the beaches.

This must be understood: we live in a country of great diversity. This requires a strong central government with a desire to continue to help the entire country, not just the few richest provinces, which is what we are seeing today.

It is a great pity that we again had a budget that does not respond to the needs of everyone in the country, just those of a few provinces and a few groups. The rich get richer and the poor get poorer. Children who went hungry before the budget are still hungry, and will continue to be. One day, I hope, we will have a government with a conscience.

The Minister of Finance should visit food banks, as I did a month or two ago, and meet the families that have to rely on these food banks. We must get it out of our heads that people are just pretending that they need to go to food banks. Not too many people

get up in the morning and muse about which food bank they will go to, to get their groceries.

The majority of people going to food banks need help. The Minister of Finance should have dinner in one of these places every now and then, instead of eating with his friends, the bankers. He might reconsider some of the decisions he is making.

The problem today is that too many people making decisions are associated with just one group. The Prime Minister put the Minister of Labour in charge of the homeless issue, but we have yet to see any related budget or structure. Very little action has been taken.

I am convinced the minister is prepared to do her job. However, she must be provided with the necessary tools to do it properly. I am convinced that, so far, she has not been given the resources she needs. She will not be able to do her job until she gets those resources.

I hope that, in the future, opposition parties will start looking after the interests of the poor in this country. This is difficult to do when the official opposition's goal is to lower taxes. But at what cost? Some provinces need help. Our party says that a tax reform is in order, because there are people who should not be paying taxes, while there are others who do pay taxes but should be paying more. We all recognize that, but we must also recognize that social programs are needed. We need to help those who are suffering. The \$42 billion deficit has been eliminated.

• (1045)

Who paid off part of that deficit? It is the unemployed, the elderly and the young university graduates with debts of \$40,000 or \$50,000. It is these people who eliminated the \$42 billion deficit. We must help them, because they are in need. Bill C-71 clearly does not meet the needs of all Canadians.

[*English*]

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, it is with pleasure that I rise to speak to Bill C-71, the budget implementation act.

I am going to address some specific and very important issues which I feel the budget has not addressed fully. Then I will speak in a more general sense about tax relief. The time constraint of 10 minutes does not allow for a detailed discussion of some of these issues, but I will focus on a few specific areas that I feel the government has failed to address.

The first area the government had an opportunity to address more fully was EI premiums. The government says that it has

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reduced EI premiums over a period of time, but the fact is it has maintained EI premiums at a rate that is significantly higher than the necessary rate of \$2 per \$100 contribution. That rate would be enough to sustain the EI fund even during an economic downturn.

The question that has to be asked is why would the government want to maintain a direct tax on jobs, a payroll tax that directly reduces the incentives for companies to expand and hire more workers at a time when we have unemployment rates in Canada at twice those of the U.S. Why would the government want to do this?

The government has slashed benefits to an extent that only 30% of those making EI contributions can actually withdraw or qualify for EI benefits when they are in need. At the same time it is maintaining unnecessarily high premiums to create a surplus that can help pad the government's books in other areas. The government is trying to make its numbers look better.

It is consistent with the government's actions in Bill C-78. That legislation will effectively provide the government a mechanism by which to access the \$30 billion surplus in the superannuation fund. Again the government is trying to find any means by which it can pad its books, use the money for other unrelated spending and create a less transparent process, a more Byzantine and circuitous fiscal process.

The government hopes that Canadians will not be able to figure out what is going on with the federal budget process and that Canadians will not realize the degree to which a real tax cut, significant broad based tax relief, is possible in Canada. At the same time, this provides the government with the opportunity to spend more of Canadians' money on programs it deems are important.

There is the issue of the seasonal worker. In the finance committee we are talking about productivity issues. I would assert that the issue of the seasonal worker in Canada is one that should be incorporated into this discussion.

There was a time in Atlantic Canada when much of the workforce was employed seasonally, particularly in the fisheries, forestry, agriculture, and other industries which are inherently seasonal. The government through its changes in the EI program has effectively eliminated the opportunities that once existed for seasonal workers in Atlantic Canada.

The government thought that if it eliminated the potential for seasonal workers to draw EI, more of them would be working. I do not know where the government's leap of faith came from, but the fact is the result of its policy has been perversely to create disincentives for individuals who did work seasonally to work at all.

Currently these disincentives have been created for those who did work in seasonal industries in Atlantic Canada, Quebec or rural

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Canada. Those people did work at least part of the time and contributed. They are facing a direct disincentive to working at all. Many of them are on provincial social assistance programs.

• (1050)

This has caused an increase in poverty. This has caused increased strains on the provincial governments which are facing other cutbacks and now have to face a higher social burden because the government has tried to create this huge surplus within the EI fund to pad its books.

The issue of high marginal tax rates in Canada has to be addressed. I recently participated in the Canadian Tax Foundation's annual conference. The theme came up over and over again that our high marginal tax rates, particularly relative to those in the U.S., need to be addressed. While the government has tinkered a little bit around the fringes, it has failed to deal not just with tax reduction but with a more holistic set of tax reforms.

There has not been meaningful tax reform in Canada since the late 1980s under the previous government. This government is ignoring some of the significant issues we have, particularly the huge tax gap between Canada and the U.S.

Innumerable reports have provided information to the government on how to reform both personal and corporate taxes to create a more competitive environment, better productivity, less disincentives for Canadians who want to succeed here in Canada. The latest of these reports was the Mintz tax report that came out in June to which the government has not really responded. In all likelihood that report will collect dust because the recommendations are so good that the government is afraid to implement them. The political will is not there.

In 1994 Industry Canada worked with the Canadian Federation of Independent Business and other organizations to write the report, "Breaking through Barriers: Forging our Future". It was a great report that addressed tax issues and regulations and all kinds of policies that should have been dealt with. Again, the government has shelved the report.

The industry minister said earlier this week that in the upcoming budget he would like to see 50% of the budget dedicated to productivity and 50% dedicated to lower taxes, the inference being that lower taxes have nothing to do with productivity. This is the same industry minister who said a few months ago that high taxes may help improve productivity because they would make people work harder. They would have to work harder to pay the burden of a bloated government.

Yesterday we read the Prime Minister's comments in the *National Post* that the so-called brain drain will not be reversed through lower taxes alone, that it would take the kind of positive actions we

have already taken to foster economic dynamism. Effectively the Prime Minister is saying that only the government can create positive action and foster economic dynamism. The Prime Minister is still focused on a 1970s command style economy. He is ignoring the fact that true economic growth can only come through unfettering the Canadian public from an over-burdening tax system that continues to pummel productivity and continues to pummel initiative.

The Liberals still believe we can spend our way to higher levels of productivity and that somehow we can create initiatives through government that can somehow exceed the level of growth that is possible from the private sector.

It is interesting that one of the members opposite said "Let's hear it for Brian Mulroney". I think he has an incredibly important point. Former Prime Minister Brian Mulroney reduced the deficit as a percentage of GDP from 9% in 1984 when it was at \$38 billion in 1984 dollars to around 5% by the time he left office. He reduced government program spending growth from 15% to 0% by the time he left office. He implemented the free trade agreement, against the wishes of the Liberals of course, and the GST. By the way, I read recently the current finance minister's comments on the GST back when he was a critic, that the Liberal government would be tearing up and getting rid of the GST.

The fact is those were the types of policies and initiatives, the long term approach to very serious issues that Canada faced then, which this government should be trying to effect and produce now.

• (1055)

Instead of taking a crisis management knee-jerk reaction approach to issues, instead of using Liberal focus group and poll driven economics as opposed to true economically sound and rooted policies that will drive productivity and growth into the 21st century, the Liberals continue to focus on the short term politically palatable. They ignore what in the long term will provide the type of growth Canadians need in the 21st century. They ignore the types of initiatives that will actually generate a Canada that in the 21st century will be leading the world in productivity instead of being embarrassed by the fact that Canada continues to lag and is underperforming relative to the other economies.

I look forward to the comments of the other members.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I listened attentively to the parties' representatives as they spoke on this motion. With the exception of the mover of the motion and the Reform Party which spent all of five seconds on the particular motion, I do not believe there is very much support in this House for a motion that attempts to gut the equal per capita formula that is in place. That is in fact saying that

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what we are attempting to do in providing each and every Canadian with an equal amount of transfer from the federal government to the provincial government is somehow unfair. Essentially the Bloc is saying that it is unfair for the federal government to treat each and every Canadian regardless of what province they come from in a manner that is fair and equitable.

What we have done is eliminated the cap on CAP, a program and an initiative which was put in place in 1990 by the previous Conservative government. It limited growth of the CAP payments to Ontario, Alberta and British Columbia. Now that our fiscal situation has improved, this government is in a position to correct this inequity, which is what we are doing with Bill C-71.

All provinces, including Quebec, will get the same amount of money per person of the new CHST health money. It is only fair that Canadians regardless of where they live receive equal federal support for health and other social programs.

When the Bloc and the Government of Quebec cry foul, they are really distorting the facts to suit their purposes. The figure they talk about does not in any way include the new funds the Government of Quebec receives under the equalization program. When we count the equalization programs, Quebec will be getting 34% of the total increase in federal transfer payments announced in the last budget. That is quite a bit higher than Quebec's 24% share of the Canadian population.

I find it somewhat disturbing and obviously quite ironic that the Bloc would get up today and ask that members of this federal House support a motion that essentially says to Canadians that we do not want to treat them in a fair and equitable manner, that we do not want the federal government to transfer moneys to each and every province of this federation in a way that reflects their population so that an equal per capita amount of money is transferred. I find that disturbing.

I call upon members of this House to support the bill and to vote against this motion. Members would find it very hard to go back to their constituencies and say that they supported as members of parliament a motion in the federal House that said that we do not want to treat each and every Canadian in an equitable manner.

With that being said, there is not a lot more to say on the motion with one exception. The Bloc member said that there were unilateral changes made to the transfers to the provinces. I must correct that statement with some fact.

I point to the number of meetings over the past couple of years that our finance officials had with the finance officials from the various provinces and their counterparts. They dealt with all questions involving transfers to the provinces. At each of the meetings the subject of the CHST allocation among the provinces was raised.

• (1100)

At a meeting of ministers of finance last June the province presented a document proposing an amended allocation formula, whereby all provinces were to receive an equal amount per capita. Two methods were proposed and the government chose one method that was the fairest to the less well off provinces. The current legislation allows for moving in this direction and removing the disparities completely in the years to come.

I mention the equalization program because it is important to note that along with the technical improvements being proposed to the equalization program again Quebec receives more than its fair share in that respect as well.

I want to turn for a second to each comment made by the various parties so far. The Bloc talked about helping kids but did not feel that a transfer to the provinces was essentially responsible. I am sure members of the Bloc would not at this time be proposing, in their minds at least, that the government intervene in programs of provincial jurisdiction.

Transfers are a method of the federal government providing support to provincial programs, delivering social programs and helping children. I find it ironic the hon. member would say that the government has not been able to assist children in the province of Quebec when it has been increasing equalization payments. There are increases in the CHST allocation over five years. These moneys are within the control of the provincial governments that support and deliver programs which help poor kids in the provinces.

Bloc members also think the equal per capita formula was a gift to Ontario. For some reason they feel that treating each and every Canadian in an equitable and fair manner is a gift. I do not consider it a gift. I do not think many members of the House consider it a gift. I think members believe it is the very least government can do. The expectation of Canadians is that governments will treat each and every Canadian in a fair and equitable manner.

I suspect that motion will not receive very much support in the House, with the exception of members of the Bloc. I do not profess to know how they think. I think that is beyond my ability and probably the ability of most members.

I turn to Reform Party members who indicated that they did not feel anything was wrong with this part of the bill. However they felt other parts of the bill raised some concerns. The Reform member went on to say that big social programs were the focus of the government and made reference to the Prime Minister's remarks in the paper this morning.

I am not sure most Canadians would consider an \$11.5 billion transfer to provinces for health care to be a return to big social programs. Essentially we have restored cuts that were made to deal with the deficit. We have indicated our commitment to continue to

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fund health care and to continue to provide transfers to the provinces. I do not consider health care and education big social programs. I consider them to be at the centre of what the country needs to continue to prosper.

Health care is a very important component of the country, as are education and skills training. Many high tech companies talk about skills training. If hon. members had an opportunity to look at the recent edition of *Maclean's*, they would see it talked about the recruiting methods of American companies, what Canadian companies need to do, and how Canadian companies need to compete and create that kind of work environment. I agree we need to participate in that domain. As a government we would do what we could.

We continue to say that a balanced approach will continue to provide health care and education, which certainly are priorities of the government, as is the tax burden which Canadians continue to shoulder. We have indicated that we will continue to reduce taxes. We have provided \$16.5 billion over the last two budgets. We will continue to do more. However, we will not turn around tomorrow morning and put forward a \$10 billion tax cut that will put us back into deficit. Canadians would not support that. We have indicated that we will continue our measured approach.

It is easy for opposition parties to say do it yesterday, but government has a responsibility to Canadians. Our responsibility is to ensure that we do not go back into a deficit and that we do not add to the phenomenal debt we had. We pay an exorbitant amount of interest on that debt. We need to continue to reduce it. We need to continue to reduce taxes. We will do so, but at the same time we will not jeopardize health care and education, which are Canadian priorities.

• (1105)

Very quickly I will turn to what the Conservative Party talked about in terms of EI. When we took office EI premiums were \$3.30 per \$100 of employment income. We have reduced the EI premium over \$5 billion since coming to office. We will continue to provide a very equitable way of dealing with it.

I reiterate that Bill C-71 is crucially important for Canadians. It provides the tax relief for which they have asked. We will continue to do more as we continue to reflect Canadians priorities.

Mr. Rick Casson (Lethbridge, Ref.): Mr. Speaker, it is a pleasure to discuss the ongoing assault by the Liberal government on the Canadian taxpayer, this time propagated through Bill C-71.

The last time I rose in the House to discuss the budget I chronicled the failure of the government to adequately protect the environment. I told the House that despite the fact taxpayers were paying more, they were getting less in environmental protection. I told the House how the budget for Environment Canada had been so deeply slashed that the department could not even enforce many of its current regulations, never mind any future considerations.

The House also heard of the failure of the government to take serious action to clean up the contaminated sites which spread like cancer across this beautiful country.

Today I will speak to the budget in a broader sense, outlining the harm the government's reckless tax and spend policies are having on our country.

When the Liberals came to power in 1993 the Canadian taxpayer was reeling from 30 years of excessive taxation. Like a punch drunk fighter, the taxpayer was dazed and confused after repeated blows to his after tax take home pay and the level of government service.

For year's the government sucker punched the taxpayer, nearly knocking him out with nickel and dime jabs, a 7% shot below the belt, an upper cut to health care services, and a resounding haymaker to the tax equality of single income families.

Each time the taxpayer was nearly knocked out, the government showered cold cash on his nearly lifeless body offering up a coal mine here or some cheap western gas and oil over there. No subsidy was too large, no project too small. They were all showered with cold cash, cash that came from the blood and sweat of that same taxpayer. Take it out of one pocket and give it back to another. So it went for 30 years.

However, when the Liberals came to power in 1993 they had a chance to change all that. They had a chance to clean up government. They had what we call a golden opportunity. They could have seized the moment and cut out government waste. They could have followed through on their promise to scrap the GST. They could have taken charge of out of control government departments.

Best of all, they could have revived the taxpayer. They could have given him the best health care that money could buy. They could have helped his family by streamlining the tax system. They could have promised him a future by fixing his pension plan. They could have given him a safe secure job through increasing national productivity.

Unfortunately the Liberal government blew that chance. Instead of reviving the taxpayer with the sweet smells of tax cuts, the government body slammed the taxpayer by dropping the Canadian health and social transfers by 31%.

These cuts in federal government transfers caused great distress across the country as the provinces had to scramble to make up for the lack of federal money. Hospitals were closed. Medical staff were let go. Emergency rooms were filled to overflowing.

Canadians heard stories of patients sleeping in the hallways because there were not enough beds. Patients were made to wait weeks, sometimes even months for surgical procedures. Wealthy patients often elected out of the Canadian system and fled to the U.S. where they could buy the care they needed. A two tier health system exists in the country today. Year after year the assault

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continued with the cumulative reductions soon totalling over \$20 billion with no end in sight.

The government made a big deal out of the budget this year, boasting that it would increase government transfers to health by \$11.5 billion. The Parliamentary Secretary to the Minister of Finance bragged that the budget was a well thought vision for tomorrow.

Let us have a look at what tomorrow will bring. First, we will notice the increase in CPP premiums coming off our paycheques. Under the government's proposals for the Canadian pension plan Canadians will see their CPP premiums skyrocket over the next four years.

• (1110)

Next Canadians can look forward to reduced after tax income, thanks to the government's refusal to fully index income tax brackets. This insidious tax is costing taxpayers hundreds of thousands of dollars as brackets fail to keep up with the pace of inflation. This is a way the government can increase revenues without seeming to increase taxes, but indeed it is. This discriminant policy places a disproportionate burden of the increase on the shoulders of those who can least afford it, the poor.

Canadians can look forward to a reduced standard of living vis-à-vis their American neighbours. High taxes and onerous regulations have stifled the Canadian economy and have driven many of our best and brightest educated at taxpayer expense out of the country.

An hon. member: Name one.

Mr. Rick Casson: I will. Just pay attention. In a rare scene of a cabinet minister coming to his senses, even the industry minister echoed the calls of the Reform Party for lower taxes. Imagine that.

Is that the parliamentary secretary's well thought vision for tomorrow? In spite of the \$11.5 billion the government is adding to the health care system, the fact remains that federal transfers are still \$4.3 billion less than when the Liberals took power.

If I go back to our earlier analogy, how does the taxpayer feel? Is he still reeling from the effects after that 30 year beating? The Liberals probably think he feels pretty good. After all, he was just given a free flag. In case that did not cheer him up, maybe the heritage minister can give him a copy of the dumb blonde joke book that he is paying for.

It seems a bunch of Liberals are going around western Canada trying to figure out how western Canadians feel. As someone who is trained in the fine art of grassroots representation, something members across have a little trouble with, I can say he is not doing so well. He is starting to feel the crushing burden of the national debt which has topped \$580 billion, 94% of which was rung up

since 1975. Each year two out of every three dollars he pays in income tax are gobbled up by interest charges on the national debt.

His family is feeling the pinch of these high taxes. Despite having the same household income as his neighbour, he is paying 24% more in taxes. That does not even include the cost of living expenses.

Feeling somewhat overtaxed and under appreciated, our friend went to the hospital to see what ailed him. When he got there he was told there would be a small wait. "No problem", he said. Then he asked how many people were ahead of him. "Only about 188,000 or so", said the nurse. "If you would please sit down, we should get to you within the next year".

Instead of resuscitating Canadians with the tax relief they deserve, the Liberal government continues to spend, spend, spend. The budget announced \$14.1 billion in spending initiatives over the next four years, including the remainder of this fiscal year. The government is expected to reap \$156.5 billion for 1998-99, about \$5.5 billion higher than what the finance minister predicted last year and about \$12.5 billion higher than what he predicted the year before.

The finance minister calls these differences errors of prudence. This sleight of hand accounting will allow for plenty of new spending initiatives.

A recent poll taken by Compas showed that between 96% and 98% of people in each of the provinces believe that controlling taxes, spending and debt are important. Nine out of ten say that tax relief, not new spending, is their number one priority. These numbers are not at all surprising when one considers that the average taxpayer pays \$2,000 more in taxes today than what he did when the Liberals took power six years ago.

The country needs to get competitive again. In December 1998 the chief economist of CIBC Wood Gundy said:

From a tax competitive standpoint, Canada ranks dead last in the G-7. While virtually every other G-7 economy lowered its personal income tax burden over the last 15 years, Canada's rose sharply, both as a percentage of GDP and of household income.

If there is one message that I want to hammer home today, it is that Canada needs a tax break and it needs it now. Canadians cannot wait for the finance minister's grand plans of tax breaks spread over the next 15 years. We need them now.

Here comes the person the parliamentary secretary was asking about. Just a week or two ago a constituent of mine, Professor Kurt Ellenberger, an accomplished musician and respected instructor at the University of Lethbridge, accepted a position with an American university. Kurt told me that he could not turn down the chance to double his after tax income. He said he could no longer bear to see his wage increases gobbled up by bracket creep. As a result, the University of Lethbridge and the community have lost a talented

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musician and teacher. That is just one example of brain drain in this country.

• (1115)

How many more Canadians are going to have to leave before the government wises up and implements some tax breaks?

[*Translation*]

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Mr. Speaker, I am delighted to support the motion of my colleague from Saint-Hyacinthe—Bagot to delete lines 13 to 43 in clause 4.

In essence, this would re-establish the calculation formula planned at the time when the Minister of Finance announced the Canada social transfer in 1996. I must point out what the Canada social transfer is, or what it was, since it has just been changed again.

The Canada social transfer is a set of transfers to the provinces made by the federal government in the past for health care, post-secondary education and social assistance. I remember that the 1995 reform of the social programs took two years. At that point, I was a member of the Standing Committee on Human Resources Development, which travelled around the country consulting people. I recall the type of consultations we had. There were demonstrations everywhere, because people were concerned about what was going to happen with the cuts to employment insurance and the changes to the social programs.

By putting all that into a single fund, the government seized the opportunity to cut payments to the provinces. Quebec was hit particularly hard. There was nothing to be proud of, but it is a fact. There were more unemployed and poor people in Quebec than the Canadian average. I might point out as well that there is a link between cuts to employment insurance and the transfers to the provinces and today's debate.

The intent of the member for Saint-Hyacinthe—Bagot in his motion is to bring things back to the way they were in the 1996 budget. It must have meant something. It was planned.

I will mention it in conclusion, but we had not just the word of the Minister of Finance but his written word that the government perhaps did not agree to it all, because there were cuts, but there was a formula. This is the commitment the Minister of Finance made to carry out this reform, to bring everything together in the Canada social transfer.

With its 1996 budget, the federal government established a mechanism to reduce current disparities in per capita entitlement between the provinces by half by 2002-03. The mechanism in

question would have increased the per capita weighting from 10% in 1998-99 to 50% in 2002-03.

That was what the Minister of Finance promised. But, in the 1999 budget, without a word of warning to Quebec, the federal government is proposing to completely eliminate these disparities in three years. The new increases under the CHST, including the one for this year, will be distributed equally, per capita, in every province and territory.

The budget proposes a weighting of 70% in 1999-2000 and 100% in 2002-03. Because of this unilateral decision by the federal government, Quebec will lose out on more than \$350 million annually. This explains why Quebec is getting only 8.3% of the \$11.5 billion increase in the CHST over five years, while Ontario will get 47.2% or almost half.

In the circumstances, we should not be surprised to see Ontario MPs take turns applauding this measure, because it is to their advantage.

• (1120)

They have short memories. Now they have harsh words for the member for Saint-Hyacinthe—Bagot, when all he is saying is that this was not what was promised. These were not just idle words from the Minister of Finance. This was a promise made in the budget. That is all the member is saying.

Today, the member for Saint-Hyacinthe—Bagot is being called all sorts of things I would rather not repeat, is accused of being nuts, wrong, unfair, and told that the concept of need took precedence over the concept of per capita distribution. That was the Minister of Finance's plan and philosophy in 1996.

The hon. member for Saint-Hyacinthe—Bagot merely raises this point. Great consternation is stirred up on the other side. They say "My goodness, what he is proposing is insignificant, wrong, and far-fetched". Is the Liberal side saying that what the Minister of Finance proposed scarcely three years ago was far fetched and wrong? All those adjectives can be applied, for that is what the commitment by the Minister of Finance was.

Recently, the Minister of Intergovernmental Affairs claimed that the provinces had called for this change on June 15, 1998. There is a connection with the social union, which was accepted by the other provinces, but not Quebec. The others accepted that in future provided there is advance notice of three months, I believe, the federal government can change provincial social programs as it sees fit. Quebec did not accept this, because it is unacceptable to Quebecers, and the premiers of the other provinces accepted so that they would get some money.

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I know that there are some words that cannot be said in this House, but when principles are cast aside in favour of money, there is a word that springs to mind: intellectual prostitution, at the very least. This is terrible, scandalous.

The Minister of Intergovernmental Affairs claims the provinces asked for this change. This is no excuse for the government's not giving any advance notice of its intention to modify the transfer formula in its 1999 budget. There was no advance notice. At any rate, had there been one, it would have been only seven months, whereas the social union framework agreement calls for a minimum of one year. The Liberals reneged on their own signature on social union.

That is not all. The Prime Minister said that the premiers' letter of January 23, 1999, concerning the reinvestment of the new transfers in health satisfied him and that he considered it a sort of agreement on health.

The Prime Minister broke his word in the weeks before the budget, since the letter on health care asked the government to totally reverse, within a reasonable timeframe and through existing arrangements under the Canada social transfer for health and social programs, the cuts it had made in its transfers in recent years.

One aspect concerns me increasingly and that is respect for and the promotion of democratic process. One of the conditions of democracy is that information be provided. There is, however, another condition. People who give their word or who agree on a commitment must honour it afterward. Otherwise, it means nothing.

Again yesterday—I would just refer to this matter of particular concern to me, shipbuilding—we debated for an entire day a motion of the Progressive Conservative Party, which, in the end, had used word for word the resolution passed by Liberal Party faithful at their latest convention. Most Liberal members were probably in the hallway, sipping coffee or something, but I asked whether they remembered being at that convention. They did not say yes, of course. They nodded their heads, but did not recall having voted on this resolution. However, they did vote in favour of it.

But in the House, that means nothing. It is like the election promises in the red book. They are meaningless. The Prime Minister said he would scrap the GST. He did not do it. At one point, he also said he would tear up the free trade agreement and change it. He did nothing of the sort.

• (1125)

We could make a long list of such commitments and broken promises. We could talk about promises made during election campaigns and at conventions, but the issue today is a commitment

made by the Minister of Finance in his 1996 budget to reform the Canada social transfer.

To put all this together and to make his cuts more palatable, he said "I will tell you in advance how the amounts will be calculated and how much the provinces will be getting". He said that for two or three years and then, suddenly and unilaterally, in another budget speech, the minister said "This is it. It no longer works that way".

We must condemn this kind of about-face. People are losing confidence in the Canadian political system because they are increasingly aware that it is plain rubbish.

[English]

Mr. Reed Elley (Nanaimo—Cowichan, Ref.): Mr. Speaker, it is my pleasure to speak today to Bill C-71, an act to implement certain provisions of the budget that was tabled recently in parliament.

While this bill has many parts to it, I intend to speak primarily to concerns that I have with part 1, regarding the Canada health and social transfer, and part 5, regarding the tax on fuel and tobacco for some aboriginal bands. I am particularly concerned with the sections of the bill that affect my riding and will therefore address these concerns.

My constituents in Nanaimo—Cowichan, indeed all Canadians, find it galling that this Liberal government has the intestinal fortitude to actually feel good about its historical actions with the Canada health and social transfer.

The Liberals are big on emphasizing that they are putting \$11.5 billion back into the health care system. Let us be very clear about this. This is money that the Liberal government took out of the health care system to start with. This was money that was in the health care system to begin with.

When the Liberals came to power in 1993, the Canada health and social transfer per taxpayer was \$1,453. By the time this budget is fully accounted for, this amount will have dropped by 31% to \$1,005 per Canadian. Anybody who can do the simple math realizes that the Liberals are putting in less than half of what they took out of health care in the past five years. These are the facts.

The Liberals can point fingers in any direction they want in trying to spin doctor this, but the undeniable truth is that they have taken far more out of the Canada health and social transfer than they have put in. They laid the groundwork for our present two tiered health system and they must be held accountable for their actions.

I know they will squeal and probably bleed over this accusation, but the truth must be spoken. They have slashed the Canada health and social transfer to the point where it seems to be beyond repair without a major overhaul of our health care system in Canada.

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I know that every member on this side of the House could tell horror stories about the quality of health care in their riding. Let me offer an example from my own riding of Nanaimo—Cowichan.

The Nanaimo Regional General Hospital is the main hospital for central Vancouver Island. It directly serves a population of approximately 85,000 people and offers support to a further 60,000. In the past weeks, the hospital has experienced a serious overcapacity of intensive care patients and patients on ventilators. This is nothing new. Due to Liberal cuts in the Canada health and social transfer, this life-threatening situation has been ongoing for some time.

The most perilous date recently was Wednesday, April 7, only a few weeks ago. Chaos reigned supreme on that day. At one point, four ambulances were lined up outside the emergency room. Inside, the intensive care patients and heart monitor patients were backlogged. In total, the 12 intensive care beds were filled with critical patients. Half of them were dependent on ventilating machines. Another four intensive care patients were being attended to in the emergency department. Six telemetry patients were in the recovery room because the hospital's ten telemetry beds were full.

I know this is beginning to sound like a very bad soap opera, but it gets worse. In the waiting room there are another four patients experiencing chest pains who have not yet seen a doctor.

• (1130)

The Nanaimo hospital was so full that other Vancouver Island hospitals were looked to for assistance. Guess where the only available bed was? Port Alberni. That hospital is almost two hours away by road, and it is not the best road either I might add.

Sadly this is not a Hollywood soap opera. This is a real Canadian nightmare. Elective surgery patients are being cancelled three, four, up to eight times. Think of the mental anguish to those patients. This is unnecessary pain and suffering. It is lost productivity. These are lives hanging in the balance. Why is there such chaos? Why are lives hanging in the balance?

Of course the Minister of Health would have a variety of excuses, but let us say it like it is. There is a lack of money in the system and the system itself is in need of massive reform. The Liberal government has taken a world class medical system and ruined it.

On February 12, almost three months ago, I called for a review of Canada's health care system. Canada's health care system is in crisis. We need an immediate overhaul of the entire system. Today, in the House, I reiterate my call for a full review of Canada's health care system.

The Liberals have decimated the level of health care for Canadians. Something needs to be done, and done soon. Although the Nanaimo Regional General Hospital is one of the most drastically

affected in all of Canada, the same story may be heard at any number of locations all across the country.

This simply is not good enough. It is not acceptable in a country of our stature. This bill is simply band-aid treatment for the life-threatening wounds the Liberals have inflicted upon the Canadian health care system.

Now I turn my attention to part 5 of Bill C-71, which allows some first nations bands the right to impose a 7% value added tax on fuel or tobacco. Besides being, as a Reformer, philosophically opposed to any new or increased taxes, I feel that I need to explain to the House one example of a similar situation in my riding of Nanaimo—Cowichan.

Not long ago one of the local aboriginal bands wanted to impose a tax on all tobacco sales. Under Bill C-93 they were allowed to make a bylaw imposing a direct tax on consumers of tobacco at a rate prescribed in the bylaw. This was to be used as a means of raising funds for the band. Under Bill C-93 clear guidelines were laid out as to how the band could proceed with this.

At first glance, this may not seem to be much of a problem. However, to say that there was intimidation in this whole scenario would be an understatement. In this case the band bylaw has never been published, nor was it publicly advertised as Bill C-93 stated that it had to be. The contents of the band bylaw are then unknown. Therefore, the tax collection, calculation and distribution are all unknown. Talk about misrepresentative taxation.

Furthermore, the vote by the band members was held on welfare cheque day. Lo and behold, to receive one's cheque, one had to vote. This kind of thing goes on time and time again at the band level and it is directly a result of Liberal bills like this one.

According to the information I have, as of last June the band had collected \$1.6 million and the distribution of these funds was to include housing for individuals through the welfare office of the band. Despite requests by band members, this information does not appear to be forthcoming.

At that time no housing was being worked on and nothing was projected. Big money and no action.

This story has an all too familiar ring to it. As we have seen all too often, if one is not a part of the chosen circle within the band, the support services do not come one's way.

As can be seen in this case, and as has been brought up time and time again in the House, the real issue at stake is one of band accountability. The media is filled with cases of band money disappearing, being unaccounted for or misspent. This simply will not do.

The Minister of Indian Affairs and Northern Development can say all she wants, but the Indian affairs system is broken even worse than the health care system. Today the health care and

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Indian affairs systems are prime examples of why there is such a high level of mistrust among many Canadians over the Liberal government's action. Let us remember that 62% of Canadians voted against the Liberal government in 1997 and these are good examples of why they did.

● (1135)

Democratic leadership of all stripes must be accountable to the people it serves. The grassroots aboriginal people are crying out for real leadership, accountable leadership, leadership that can look at the grassroots concerns and bring solutions to them. Accountability is a large part of such solutions.

The health care system affects everyone at some time. Whether we use it on a regular monthly basis or sporadically every few years, we will all use it. The problem is that in creating the crisis in our health care system the Liberals just do not get it. They do not have a solution. They do not know how to get themselves out of the quagmire they have created. It is out of their control.

Much the same could be said about the sad way the department of Indian affairs has paternalistically dealt with our first nations people. This bill is only a small example of the problem that exists. The Nisga'a agreement is another example. Once the doublespeak and rhetoric is wiped away we find another bureaucracy out of control.

In matters of both health and Indian affairs the government has failed. For these reasons I cannot support Bill C-71.

[*Translation*]

Mr. Bernard Bigras (Rosemont, BQ): Mr. Speaker, it is with great pleasure that I take part in today's debate on Bill C-71, the Budget Implementation Act, 1999.

First, I must say that this is the first time I have spoken to the 1999 budget brought down by the federal government. I am pleased to speak today because, through its budget, this government has implemented measures that have inevitably had a major impact on Quebecers.

I say this based on what we see in our ridings when we visit our constituents during recesses, when we go door to door, when we meet with local citizens and organizations.

Last week, I met with representatives of the Comité logement de Rosemont, an organization that has for many years called on the federal government to invest in housing. In ridings such as mine, the list of applicants for social housing grows daily.

For years now, these groups have been fighting to increase the availability of social housing for the neediest members of society, and have called on the federal government to back large housing projects and invest in housing. If poverty is to be eliminated,

people must be able to do three things: put food on the table, clothes on their backs, and a roof over their head.

Since 1994, this government has frozen all spending on housing. Quebec is not receiving its 25% share under existing programs and projects. Local organizations have told me that the federal government must include new funding in the 1999 budget. Unfortunately, this budget contains nothing for the poorest inhabitants of my neighbourhood. It contains nothing for Quebec's neediest.

There are nine different parts to Bill C-71 to implement the budget. First, there are the fiscal arrangements between the federal government and the provinces. The second part concerns the pension plans of the Canadian armed forces and of the RCMP. The third measure is the suspension of arbitration. The fourth concerns the management of public funds. The fifth involves the Sliammon first nation. The sixth part concerns the child tax benefit.

Finally, the ninth part concerns farm product marketing programs.

Today, I would, primarily, like to draw the attention of the House to the changes in the formula for calculating the transfers the federal government established in the latest budget. The transfer calculation formula in the 1996 budget provided for a demographic weighting of 10% for 1998-99.

● (1140)

This figure increased to 50% for 2002-03. What we have to understand today is that the 1999 budget will have the effect of increasing the demographic weight criterion in the calculation of the transfer to 100%.

The members of this House from Ontario, those on the government side, among others, are perhaps unaware of the effect these changes in calculation may have on Quebec, but the changes are significant and unacceptable. They are unacceptable not only for the Parti Québécois government of Quebec, but for the people of Quebec, in health care, education and social assistance services they will receive in the coming years.

It must be pointed out that these changes in calculation will penalize Quebec considerably, by reducing its share of the \$350 million yearly. Inevitably, other richer provinces will profit from this penalization. Ontario, Alberta and British Columbia will get a larger share.

In the forecast increase in the 1999 budget, transfer payments are raised by \$11.5 billion. Only 8.3% of that will go to Quebec. Let us look at what will go to the other provinces. Take a neighbouring province, Ontario, as an example. Quebec will receive 8.3% of the \$11.5 billion. But what will Ontario receive? It will receive 47.2% of the \$11.5 billion. This does not make sense. The only

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consequence of changing the calculation is that the richer provinces will benefit.

Earlier, while in my office, I heard the parliamentary secretary comment "What do these Quebecers have to complain about? The decrease in transfer payments will be made up with an increase in equalization". The Parliamentary Secretary to the Minister of Finance needs a reminder of what equalization payments are for. They are there to help the poorest provinces. Does this mean Quebec is a poor province?

If this government really wants to help the people of Quebec with health, education and social assistance, it will not only have to increase equalization payments, it will also have to increase what I might call productive spending.

We know what productive spending means in Montreal area ridings: they are what goes to purchase goods and services. They are what gets the economy going and encourages economic growth. They are what makes cities like Montreal able to compete with other major world cities.

The only consequence this budget will have for Montreal is to place it in a non-competitive position. There must be major changes in this method of calculation, which has never worked in Quebec's favour.

• (1145)

Not only is the formula unacceptable, so are all the measures in this budget.

The people hurt most by this budget are the unemployed. The Liberals opposite had promised help for the unemployed. I remember hundreds and thousands of Quebecers rallying on Parliament hill five years ago to tell the government that the reform by the then Minister of Human Resources Development would have a major impact on women, youth and the middle class. These Quebecers were looking for a sign of hope, some breathing room, in this budget. They found nothing.

I will be told that, five years ago, these people had no cause. But that was not the case. The statistics speak for themselves. In the case of youth alone, 75% qualified for EI in 1990, as opposed to 25% today.

In conclusion, there is nothing in this budget to improve the situation of Quebecers. The formula offers nothing for Quebec.

[English]

Mr. Deepak Obhrai (Calgary East, Ref.): Mr. Speaker, I rise today to speak on the motion by the Bloc party which says it would like to delete the component of clause 4 dealing with the provincial share of the cash contribution under the CHST from April 1, 1999 to March 31, 2004.

At the outset I would like to say that my party opposes the motion. While we are on the subject of the CHST, the Canada health and social transfer, let me dwell on the issue.

Contrary to what the government has been saying, that it is restoring funding to the CHST, it is actually restoring partial funding. In 1993 when the Liberals took power the CHST per taxpayer was \$1,453. Taking this into account, today the CHST transfer after what is stated in the budget will be \$1,005. There is a decrease of \$448, a 31% decrease compared to the year 1993. I fail to understand how the government can say that it has restored the funding.

Perhaps many of us saw the documentary on the CBC last night on the health care crisis in our country. The nurses across the country, the front line health care workers, are saying enough is enough on the cuts. The documentary clearly pointed out what is wrong with our health care system. It all started with the federal cuts to the transfers to the provinces which resulted in the provinces cutting as well. This was when the federal government could have easily changed its spending focus and capped the health care funding, but no, it elected not to do that.

In last night's documentary the nurses were saying that they were sick and tired of cuts, of overtime, of part time jobs. The stress and the pressure were so heavy that they could not do their jobs. The nurses feel they need to create a personal bond with the patient and they cannot do that because of all the cuts.

One of the nurses pointed out that all the governments are saying that they will hire more nurses. Where will they get the nurses? It takes four years to train a nurse. Where will the trained manpower come from? Not to mention the fact that nurses are now moving south. We have heard time after time that headhunters from the U.S.A. are in our country offering incentives, bonuses and career development for them to move south.

• (1150)

Naturally we are facing this crisis in our health care system as a result of the government's cut in the budget. Now the Liberals will probably say they are going to throw some more dollars toward it, but it is not going to address the issue.

I got a call last night from a constituent of mine in Calgary. She said she was scared of the erosion of the health care and education systems. This woman has contributed and lived in this country for over 70 years and she is expressing fear for the future. Her exact words were "I do not know what is in store for my grandchildren".

Canadians are scared. It arises from the fact that the government is not able to get its spending priorities in order. It has cut health care when it could have cut something else. Now it is putting money back.

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There is the education system as well. Imagine the government coming out with this millennium fund. It is only going to look after 300,000 students. What about all the rest? I have two daughters in university. They are not going to be subject to anything. How are they going to be helped? Right now their debt is \$20,000 and they have not even completed their degrees.

Yesterday I got another call from a constituent who is fiercely concerned about high taxes. Actually, I get calls every day in my office. Constituents walk in every day with one single theme, high taxes. They are tired of working harder and their standard of living does not seem to be rising. Their disposable income is not right.

One constituent said something very interesting. He said "Perhaps we should let Canadians have the gross amount they actually earn and then 15 days afterward they can send the taxes in that are charged to them. Only then would Canadians recognize how much money they are losing in taxes, how much money the government has been taking from them time after time".

Yesterday we heard the Prime Minister say there is no bracket creep. That is something new we have heard. Canadians are facing higher taxes and deterioration of health care and education. Canadians are saying enough is enough.

Lately we have heard the debate on productivity. One minister is saying productivity is low due to higher taxes. The finance minister is saying that everything is hunky-dory. He was not taking anything seriously despite the fact that all evidence indicated there was something wrong with our productivity, that there was a brain drain.

The Leader of the Official Opposition talked about the brain drain last year and the finance minister would not acknowledge it. He only woke up when Nortel and the big guys said "Yes, there is something wrong. We are going to look at this whole situation". Then he woke up. Now he has said he is going to meet with the high tech leaders to see what is wrong.

Let me say what is wrong. I was in Toronto last weekend and I visited individuals in a high tech training program. The principal told me that in that class over the last six months they had lost six students who had moved to the U.S.A. Canadian taxpayers are paying for it. Why have they moved to the U.S.A.? Because of the lower taxes. It goes back to their disposable income so they can address the needs of their children.

• (1155)

Then we come along and say "No, no, but we have the health care and you have got to pay for all those things". Yes, but there is also frivolous spending by this government. There is the millennium project where the government is spending money. I do not know why we are spending money on that project.

The Minister for International Trade today in committee said that he was very proud to take young entrepreneurs to the Silicon Valley. That is great. I applaud him for that initiative, it is good. Our young entrepreneurs need that. I understand he also said "We are a good exporter. We are a good exporter of our bright young individuals". We are good exporters after we have spent so much money on them.

Our economy has high taxes, brain drain and low productivity and the government has been refusing to acknowledge it but the government is slowly acknowledging it as the opposition parties keep hammering it. It needs to be addressed, but not with a band-aid solution, not with the government saying that it will throw a little money here and a little money there. It needs a comprehensive solution.

I hope that the finance minister when he wins his leadership bid will try to give tax relief as an election goody. The days of election goodies are over. Canadians will challenge that. They now know not to put their trust in the government any more.

Before I sit down I must say that something has to be done about Revenue Canada which is becoming more and more unreasonable in going after Canadian taxpayers.

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, I am pleased to have the opportunity to speak to this particular motion.

I should say at the outset that we oppose this motion. We oppose this motion because it deals with certain provisions of the budget and it introduces provisions which are contrary to the priorities and values of the New Democratic Party. We recognize that the Liberals' political choices are certainly not the choices of our party.

This budget was touted as a health budget. The government put forth this health budget on the basis that it was injecting \$11.5 billion to health care funds. We have to look very closely at what this really means.

We note that this money is spread out over a five year span. It will only bring health care spending back to 1995 levels in five years, and even then only back to 1995 levels. This budget is not attached to any comprehensive long term planning. Rather it allows the pressure for two tier American style health care to grow. There is no delivery on the Liberal promise to build national home care programs or a pharmacare program. In reality it provides only a perception that health care needs are being addressed.

We know when we look at our health care system that there is a lot of pressure. People are overworked. People are underpaid. More and more is demanded of the system. There are long waiting lists in various hospitals. This budget does very little to address those issues.

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The finance minister has given the wrong prescription for the health care crisis. The dosage is too low and the recovery is too slow. This was supposed to be a health care budget, yet we see no real leadership when it comes to health care.

Let us put this budget in perspective. We note that the Liberal cuts to the Canada health and social transfers, that is, the entire social program funding envelope, since 1995 now amount to \$21.5 billion and more than half of that has been in health care. This year's budget puts back only \$2 billion, not quite the cause for celebration that we have been led to believe.

Members of the government keep repeating \$11.5 billion, \$11.5 billion. In reality they have not emphasized the amount that has been cut from this budget. What they want us to believe and to forget is that the \$11.5 billion will be spread over five years.

• (1200)

This budget also failed to address a number of very important issues. It failed to help the hundreds of thousands of Canadians who are still looking for work. It failed to improve benefits for the unemployed. In fact what we have seen take place in the past is just the opposite of helping the unemployed. We have seen the government seize funds belonging to the unemployed. It wants to put these funds into the general account to pay down the debt.

This budget has failed to combat the homeless crisis. All we have to do is walk down our streets. Even as we walk from the House of Commons down Rideau Street we see many homeless people who are sitting by the side of the road. Yet this budget does not really deal in any concrete fashion with that particular problem.

It has failed to reduce the GST. It has failed to provide federal funding for our highways. In many parts of our country the highways are in severe need of repair. In my home province of Nova Scotia there is a need for highway work. We know that if the highways are not in good shape it reflects upon the potential for tourism. Tourists do not want to come to a province or to a part of the country to drive on poor highways. The government has failed to address that particular issue in its budget.

It has failed to provide proper tax relief. Instead it has eliminated the 3% surtax for people earning \$50,000 to \$65,000. It addresses the concerns of those who perhaps least need it, whereas the poorest in our country do not receive any real relief from this budget.

One very important issue which has not been addressed by the budget is infrastructure money. The government had a program, which has now come to an end, whereby infrastructure money could be shared among the federal government, the provinces and the municipal governments. This program certainly aided in providing much need infrastructure in many of the small communities throughout our province.

I can tell the House of a need in my riding, a need that is felt by a small black community. The families do not have adequate water. We may think that in this day and age how is it possible that people do not have an adequate water supply? What makes it even more striking is the fact that this community lives and borders the lake that supplies water to Halifax and Dartmouth.

The main water supply is directly adjacent to this small community, yet it is not hooked into the water supply. The people are drinking from wells where the water has been deemed to be unsafe and lacks the proper aesthetics that drinking water should have. People have wells that run dry in the summertime. Quite often they have to call upon the local fire department to deliver water to them. They live next to this large, pure lake which boasts the best treated water in North America and they are not hooked up to it.

These people have been attempting to obtain a hook up to the main water supply. Unfortunately, because they did not come in on time under the previous infrastructure program, they now do not have access to that kind of money to assist them with this project. The cost of the project is very difficult for people who are living on fixed incomes, many who are widows, older people, people with only a small income. To hook up to the water supply may cost many of them \$20,000 or \$30,000 because of the frontage charges for their properties.

It comes down to a matter of priorities. I have been pursuing this issue on the federal level. I have tried to seek whatever funds might be available from any of the programs that the federal government might have in the area of health, the environment and so forth. However, I have been unable to secure any meaningful funding from the federal government to assist in this project going ahead.

Where does the government put its priorities? Where are the priorities when it comes to serving the needs of people? When I see projects being approved under the millennium partnership program, such as projects to fund a dumb blond joke book, projects to establish mermaids for western towns which are not even near the sea and various other projects, I question the validity of the priorities of the government in meeting the real needs of people.

• (1205)

People can be without water, yet we can find funds to create books which poke fun at various segments of our society. This, to me, is wrong. The government has the whole process of its priorities wrong and this budget simply illustrates that fact. We have to start getting back to the meaningful things in a budget, the things that will assist those people who are unemployed, that will give aid to people who are in need of health care, that will provide home care for people who need it, medicare and so forth. These are the kinds of issues that must be dealt with in a realistic way in our budget.

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It is for this reason that I find it very difficult to stand and support a motion which calls for CHST payments to be made to any province because the CHST payments are not being directed in the proper direction and they are not being used to help people. We must get back to the real root causes of helping people to accomplish the things that must be accomplished to enable them to lead full and productive lives.

We see right across our country all kinds of examples of things going wrong in our society. A lot of these things stem from the quality of life within our communities and homes. It is incumbent upon the federal government to provide the kind of financial support and programs that make it possible to have a good quality of life in our homes, communities and throughout our country.

[*Translation*]

Mr. Jean-Paul Marchand (Québec East, BQ): Mr. Speaker, I am pleased to address Bill C-71. A number of things were said on this bill and many more could be added to stress the importance of this legislation, which deals with several aspects of the federal government's finances.

I want to emphasize three points. First, I will discuss the issue of the transfer of federal funds to the provinces. Then I will deal briefly with the national child benefit, before concluding with a suggestion to the government to improve public finances.

As for transfers to the provinces, earlier, someone who is rather thick and who sits across the floor accused the Bloc Québécois of not having any respect for the per capita formula. It goes without saying that the Bloc Québécois and all the democrats in this House respect that principle, but this is not what is at issue when we are dealing with transfers to the provinces.

The federal government was petty and dishonest in the way it went about changing the formula. That formula was based on a number of factors, including population, but also on other factors that are not strictly related to the population. There were even some clearly defined agreements and announcements. In the 1996 budget, the government clearly stated that, if changes were made to the formula used to calculate transfers to the provinces, 50% would be based on population until 2002-03.

That is not what happened. In fact, the federal government changed the formula used in the calculation of transfer payments without telling Quebec and the other provinces, and the new formula it imposes upon them will come into effect in 2001. Not only was this change not announced, but there was an agreement in place. At least, that agreement was mentioned in the 1991 budget. Moreover, this was done only a few weeks after the signing of the social union agreement, which stated clearly that the federal government would not change the formula without giving the provincial governments at least 12 months notice.

Again, the federal government did not keep its word and changed the formula, which means that Quebec will lose \$350 million a year for three or four years. Quebec will lose nearly \$1 billion, maybe more, because of a cheap trick by the federal government.

• (1210)

What I find particularly appalling is that the Prime Minister and the Minister of Finance, the two most powerful people in this government, are not protecting Quebec's interests, in spite of the fact that they both come from Quebec and that Quebec has the right to demand that the formula be maintained as agreed, in other words that it not be changed until 2002-03. This is a cheap and dishonest move, and the Bloc Québécois has stirred up a lot of discussion on this issue.

I see this as anti-Quebec behaviour on the part of the Prime Minister and the Minister of Finance. And there are more examples of anti-Quebec behaviour. For example, I could speak for some time on the social union, the millennium scholarships, and the way the government is trying to harm Quebec's interests.

On the one hand, these attacks have been more pronounced since 1995 and the referendum. On the other, the Liberal government and the Prime Minister seem to lack the courage and political will to develop fair economic policies.

A case in point is the national child benefit. As we know, the needs are huge in Canada. In spite of the fact that the government had promised it would reduce it, child poverty in Canada is worse now, in 1999, than it was in 1993 when the government came to power.

There are many other examples. The member for Rosemont mentioned housing, from which the federal government withdrew completely. Employment insurance is another one. These are instances of gross social injustice. On the one hand, this government has been multiplying its attacks against Quebec, there are countless examples of this. On the other, it seems to be somewhat indecisive, weak, and lacking in courage when it comes to social and justice issues across the country.

I would like to suggest to the Prime Minister something that might help him be remembered in the future. I read this morning in *La Presse* that he was bemoaning the fact that very little was made of his accomplishments. The fact of the matter is his government did not accomplish anything. He has done nothing we might remember him by.

If the Prime minister wants to do something that will stick in the memory of Canadians and Quebecers, I suggest he abolish the other place, where people sleep and snore, wasting \$60 million of our hard-earned money. If the Prime Minister had the courage to do what has to be done to abolish the other place, he could recover the \$60 million wasted on 104 senators, who do very little work, and use this money to meet the needs of the poor, the children and the unemployed, as well as for housing.

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To illustrate how the \$60 million could be better spent on other projects than for those 104 friends of the government, this amount could be used to create some 20,000 summer jobs for young people.

If, as he says, the Prime Minister is really concerned by the future of young Canadians, he should take his political responsibilities and abolish the other place, take the money and spend it on summer jobs for youth. If 20,000 jobs could be created in one year, this means that over a period of ten years 200,000 jobs could be created for young people by using the money which is presently being wasted on the other place to maintain 104 friends of the government.

There are ways of doing this. Indeed, I sent a document in my riding of Quebec East, in which I proposed a way to empty the other place.

• (1215)

The solution would be to reduce the other place's budget, which now stands at \$50 million, to \$104, that is \$1 per senator per year. There is not one single senator in the world who would accept such a budget. This would encourage senators to retire and to enjoy a comfortable pension.

If the Prime Minister introduced in next year's budget for the Senate a provision allocating \$104 for the next fiscal year, I am convinced that a majority of members of the House would vote for it. We have the authority to do so, because we have political legitimacy and we represent voters. This budget could not be rejected by the Senate.

Senators do not represent anybody. They represent nothing but political parties, special interests, or the Prime Minister's interests. This would be a way to emptying with the Senate without abolishing it. This kind of budget would encourage senators to retire. Those who wanted to stay on with a salary of \$1 a year could do it on a voluntary basis, or for the love of their country, but not to collect a big pay cheque and numerous costly benefits for very little work.

Today, in 1999, we have no need—and it is even scandalous to keep it—for the other place, we do not dare and are not allowed to name in this House. In my view, it is an abomination that a proud democratic country should tolerate such an institution.

This proposal is on the table, and concrete and realistic means have also been suggested. Now, it is only a matter of political will, a political will the government could muster to meet the needs of all Canadians. If the Prime Minister wants to leave an achievement of lasting memory, let him take up this challenge. Let him reduce the budget of the other place and use the savings to create jobs for young people. With 20,000 jobs a year, we could get 200,000 over a period of 10 years.

[English]

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, I appreciate the opportunity to speak today to the implementation of parts of the budget and to the proposed amendment, which we oppose for many reasons.

Basically, I would like to talk about the budgets over the last six years and to what I feel budgets are supposed to do.

For about 30 years, I have always felt that budgets were supposed to be drawn on a priority basis. We were supposed to collect the money through revenue sources and then determine how to spend the money in a manner that would be beneficial to Canadians across the land. It is not how we spend this money to benefit a few here or a few there, but how we spend the money where Canadians will receive the best benefit possible from the revenue collected, keeping in mind that we must determine what some of these priorities are.

I will come up with a list of priorities by saying we should add health care to that particular list. It certainly plays a major role in the lives of most Canadians. We all want to be healthy. We all want to have access to maintain that health.

Education certainly has to be high on the priority list. It is something that will benefit all Canada. The better educated our youth are and the more we offer in opportunities for education, the benefits will be felt throughout the country for the good of all Canadians.

• (1220)

One of the most elemental duties of the House of Commons or a government is to make legislation that will provide for the protection and safety of the lives and property of its citizens. This is pretty elemental and should be a high priority.

When we have a military unit, the primary purpose forever being in existence for defence is to protect the sovereignty of a nation and to be ready to go to arms if ever necessary to do that.

Then we have our industries which we want to make sure provide good jobs that will make our communities feel much better in their standards of living and the lifestyles that we would all like to be accustomed to.

If we take a look at the industries around, we recognize agriculture as being the number one industry in the nation. It has to be looked after, as most Canadians agree, because it is very beneficial to keep a vibrant industrial base going in this land, particularly at the agricultural level.

If we looked around the nation, we would see people who are in genuine need. We would see the poverty and say "we must address this". There is no reason why we should live in the greatest country

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in the world and still have poverty to the extent that it is in many places, particularly on native reserves.

On the reserves I have visited, I have seen the conditions that our native friends are living in, the grassroots people who are fighting hard for some accountability and for a lifestyle that their children can grow up in and enjoy, that can give them some hope, education and opportunity for their futures. Instead, we see people living in squalor and committing suicide. We are doing a very poor job. This should be a high priority.

What about the environment? There is nothing better than to live in the greatest country in the world and have an environment that is liveable, with water that is safe to drink and air that is good to breathe. We have to work on all those things. Those are the kinds of things that I believe a budget should be addressing.

Unfortunately, over the last 30 years, I have seen a deterioration in these priorities, particularly over the last six years. This federal Liberal government took around \$20 billion in transfer payments from the provinces. Instead of looking at the public accounts and finding out where the billions of dollars were being spent, and not necessarily for the good of all Canadians, it cut immediately from the priority lists. This was done to the point where we now have a health care system with line-ups and people suffering because they cannot get the treatment they need. I have a family member who will not get an urgent operation until August.

People begin to point at the provinces and say "Shame on you, Mike Harris, Ralph Klein and all the provincial premiers, for having done this". Nobody remembers that it was this Liberal government that cut those transfers and put the pressure on the provinces to do something as a result of a decision made here and one that was not beneficial to the Canadian people.

We hear about all the difficulties in the education programs being delivered in our primary, elementary and secondary schools and what they are causing.

Because of the depletion in the police forces, they are no longer able to do the job. The RCMP, where a number of officers are needed in the field, no longer have the staff available because their numbers have been decreased.

Here we are on the verge of a war and we have a military unit that is not properly equipped. It is outdated. That needs to be reinforced and helped. It is a priority.

We have an agricultural industry that is nearly collapsing in the west in particular, but in other parts of the country as well. There were people who suffered last summer. We have debated in here on how to deal with it and we have done that dismally.

● (1225)

We hear of 1.5 million children living in poverty in this land. I heard that in 1993 when I came here. Nothing has been happening there.

Every day we get reports. Recently, we received one from the auditor general stating how deplorable it was the way the government deals with aboriginal people on reserves. It stated that there was no excuse for them having to live under the conditions they do and that we are not doing a good job.

What I am saying is that we are drawing up budgets that attack the very things that ought to be priority while we continue to fund special interests and give away free flags because it is such a wonderful thing to do.

We strike all kinds of weird committees. When I look at the public accounts, I cannot help but wonder why we spend thousands of dollars for a committee to figure out what kind of recipes we can use blueberries in.

There is one committee that always rips me up, I guess because of my age. When we put together a committee to study seniors and sexuality and spend thousands of dollars for this committee to do that, it makes absolutely no sense.

We give grants to big business. Since when was a government ever supposed to be in the business of supplying money to the private sector big business companies in order for them to survive and thrive? I always thought that in an entrepreneurship one invests and takes one's chances. If one does a good job in management, it will work.

CIDA comes up with all kinds of projects. It just amazes me when I look at public accounts and see where we spend the money.

Multiculturalism. It is a wonderful thing that we have multicultural people in our country. In the beautiful community of Strathmore, Alberta, they put on a program once every year, which I attend at a cost of \$25. I was more than pleased to put up my money.

Fourteen nations were recognized in the community the last time I was there. Many have different cultural backgrounds and different roots. They put on illustrations of food from the old country. They put on arts and entertainment to show us what kind of a background they come from. They all had a great weekend working together and doing this. These people were from all walks of life and from all backgrounds. It was a great weekend and we all paid for it ourselves. We paid admission and it went well.

After it was all done, each one of the participants congratulated each other, patted each other on the back and said "Well done". They went back into their communities and became Canadians. They are Canadians.

We spend thousands and millions of dollars because we, the government, have to promote this or that. It is time that we started lining up these priorities. If we did that, and if we remembered what this country is all about, then we could take a look at these

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budgets and not only address these priorities, but also provide the kinds of tax cuts that the Canadian people deserve.

We are completely out of proportion with the rest of the world in taxing our people, and it has got to stop. We have to start putting budgets together that implement addressing priorities. We must stop the foolish spending that the government is so capable of doing and start today to look after the needs of Canadians.

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I am pleased to enter the debate on Bill C-71, the budget implementation act, 1999. I am pleased to enter the debate because what I hear from the opposite side is not really reflective of what the 1999 budget is all about.

The Bloc Quebecois continue to whine about the per capita adjustment in the budget. Let me go over some of the history of the equalization payments and the CHST transfer.

Over the last number of years there has been a cap on the transfers from the federal government to the provinces of Alberta, Ontario and British Columbia to deal with health care, secondary education and welfare. That cap was there because of the economic prosperity in those provinces.

• (1230)

Now that we have returned to a point where we have some fiscal responsibility and have eliminated the deficit, it makes absolute sense to go now to an equal per capita payment on the CHST. It means that we are returning to equity.

A member of the Bloc Quebecois said that he would not support the aspect of the budget which dealt with bringing the budget back to a fair and equitable arrangement under the CHST. The provinces of Ontario, British Columbia and Alberta would be put on an equal footing with the other provinces. They have not been over the last many years. His argument seems to be totally illogical, but we all know the motivation of Bloc Quebecois members. They want to create an impression that Canada is not working and is unfair. Their agenda is to promote the single minded issues of Quebec.

Let us talk about equalization. If we look at transfers from the federal government to the province of Quebec, not only do we have the CHST which deals with health care, secondary education, post-secondary education and welfare, but we have equalization payments. The equalization payments for the province of Quebec in this budget are around \$5 billion. They are more than 50% of total equalization payments given to all provinces and territories in Canada.

What a shame. What a disgrace. The province of Quebec was strong; it was an economic powerhouse before the separatists became engaged in Quebec. What a tragedy that Quebec, because it

is a have not province now, has to participate in the lion's share of equalization payments from the federal government. Why? It is a poor province. Why is that?

[*Translation*]

Unfortunately, Quebec is a poor province because of the policies the Bloc Quebecois and the Parti Quebecois are implementing there. It is unfortunate. It is a tragedy.

[*English*]

I would like to talk about some of the positive aspects of the budget because members opposite totally ignore them. The member for Wild Rose spoke about the model he sees in budget building. In other words, a budget should reflect the priorities of the Canadian people.

Perhaps the member for Wild Rose did not read the last budget. It had \$11.5 billion directed into health care, one of the largest single transfers under the CHST in modern history. Of that \$11.5 billion, \$3.5 billion goes to the province of Ontario. The people of Ontario were saying very loudly that we need to deal with health care. We have hospitals that are crowded. We have waiting lists.

The delivery of health care is a provincial responsibility, but we provide funding to the provinces through the CHST, the Canada health and social transfer. I will try to clarify some points around that.

Although the member for Wild Rose is from Alberta, he postulated that the reason health care was threatened in Ontario and other provinces was that the transfers from the federal government had been reduced. What a neat little theory. I hear it in Ontario from time to time, more often than I would like, and I would like to correct the record on it.

If we look at the reduced transfers under the CHST to the province of Ontario since 1993, they amount to less than \$1 billion per year. In contrast I will outline what the Government of Ontario has done. It implemented tax cuts, which is great. We have been implementing tax cuts. We would like to implement more tax cuts.

In the last budget we had to redirect more money to health care because the Government of Ontario said explicitly and implicitly that it values tax cuts five times more than topping up federal transfer reductions. The 30% tax cuts in Ontario, and I gather Mr. Harris will announce more today, are great.

We will be announcing more tax cuts, but we have to keep topping up health care and education because the Ontario government keeps gutting those programs. One day, hopefully in the next budget or the budget beyond, the federal government will get into massive tax reductions.

• (1235)

We have already provided for \$16.5 billion over the next three years but we need to do a lot more. When the Government of Ontario says it will reduce income tax by 30%, it costs the federal treasury about \$5.5 billion a year. Our reductions in federal transfers to the Government of Ontario were less than a billion a year. That says tax cuts are five times more important than topping up the federal transfer reductions to the Government of Ontario.

It is very simple. When the member for Wild Rose talks about priorities, the Government of Ontario is reflecting those priorities. In the next month or so the people of Ontario will have their chance to express their view on whether that was the right set of priorities.

In the gallery are some school children, young adults from my riding of Etobicoke North. They attend Mississauga Private School. I would like to give them an insight into what the government is doing about youth employment.

The 1999 budget builds on the Canadian opportunities strategy announced in 1998. It makes available an additional \$455 million over three years for the youth employment strategy used to create employment opportunities for young Canadians. That money is providing youth internships and summer jobs. In my riding of Etobicoke North right now I am signing off a Human Resources Development Canada program that will create 170 summer jobs.

We have also shown some leniency with respect to student loans. We allowed tax deductibility of interest on student loans in the 1998 budget. We allowed for deferral of repayment of student loans. We made tax provisions so that Canadian families could put more money into their registered education savings plans which are tax deductible, put together a little nest egg to help educate their children.

In the last budget the Prime Minister and our government announced the Canada millennium scholarship program of \$1.3 billion or \$2 billion. It is a huge amount that will be used to help students who have good academic records but maybe not the means to go through university or college. Our government is responding to youth.

I have seen youth internship work in my riding of Etobicoke North at Humber College which trains students to work in the tool and die industry. Our government subsidizes the company which hires them so that they can be trained on the job. They take classroom instruction and go to the tool and die company. Some 95% of those students get jobs. I have been at some of the ceremonies where students receive awards.

This budget is a good news budget. While the Bloc Quebecois keeps whining, if I can use that term, about the transfers, the

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province of Quebec is a net beneficiary and the province of Ontario is back to a fair and equitable transfer of funds under the CHST.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I hope the hon. member who just spoke will remain in the House to listen to my speech. I have rarely heard so many falsehoods. Maybe ignorance is bliss.

This morning, the *Globe and Mail* reported that Quebec business leaders are highly optimistic. I quote "Quebec business leaders are more optimistic than they have been in five years. Not since the election of a sovereignist government in Quebec has the province been basking in such optimism. Quebec anticipates increases in sales, profits, price reductions, an increase in employment and a drop in inventories, all conditions needed for economic growth".

When the hon. member says that Quebec is poor, he is treating Quebecers like a colonized people. This is exactly why we want out.

The hon. member should come to Quebec. He should see how we live, how dynamic a people we are, how we are getting known, especially Montreal, as the best centre in Canada for the new economy.

• (1240)

The members opposite should stop thinking that they are the fathers of Canada, that the rest of the country relies on them. I happen to think that the attitude of the federal Liberals from Ontario is one of the main reasons we will leave the country. We are sick and tired of their paternalistic attitude, especially when they convey falsehoods like the previous speaker just did.

Why are we so disgusted by the CHST? Because it will cost Quebec \$350 million every year. The federal government has unilaterally decided to change the rules of the game and now Quebec will only get 8.3% of the extra \$11 billion in transfers over five years. How can you expect Quebecers to be satisfied and say "we have 24% of the population and, we get 8.3% of transfer payment increases, so everything is fine and dandy?"

I think there is something positive in all of this in that it has inspired the Bloc's position. In our view, now that these types of transfers are based on the population, we will simply keep the GST payments and the federal government can keep the corresponding Canada health and social transfer, and that will allow us to put money into productive spending. This is a fundamental problem in Canada: for 100 years, productive spending has been going to Ontario and that province has been systematically benefiting from

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the establishment of high technology centres. The maritime provinces and Quebec have had to make do with transfer payments. That is the kind of balance that Ontario has imposed upon Canada, and it is unacceptable for the country as a whole.

With regard to the budget, yesterday, the Prime Minister told Quebecers "I do not understand why people are not aware of the good things we do. We are unable to show who we are". When a bill that gives Quebec only 8.3% of the \$11 billion increase in CHST payments comes before the House the very next day, one can understand why the Prime Minister is not welcome.

One can understand also why he is not welcome when he lets the issue of the millennium scholarships drag on for a whole year just to gain visibility. There were actions on the part of the Bloc Québécois, the Government of Quebec and the Quebec National Assembly in this regard. The latter was unanimous on the millennium scholarships, not only the sovereignists, but also the Quebec Liberals, who are federalists, as well as the ADQ. The leaders of the three party wrote the Prime Minister of Canada to tell him "You absolutely must respect the resolution adopted by the National Assembly. Our jurisdiction over education must be respected".

Maybe we will finally get results because Quebec is united and able to formulate requests, but let us think of all the time lost because we must always spend more energy than Ontario to get our fair share.

It is the same thing with productive spending. Anybody here would be ready to replace transfer payments with productive spending. If the federal government gave us our fair share of productive spending, it would not take us long to outpace Ontario in terms of economic development.

I will point out what I would have liked to see in the budget. I would have like a new balance in EI. Last week's consultations in the regions by the federal Liberals regional prove me right. The Quebec section of the Liberal Party of Canada is travelling around Quebec right now. There, as elsewhere, their own grassroots members are telling them that what they are doing does not make sense.

For example, a former liberal candidate in the 1997 elections, Jean-Guy Doucet, asked the Liberal establishment to re-examine some aspects of EI. "There are major irritants and unfair elements that need to be corrected" he said during the preliminary meeting leading to the provincial convention of the Liberal Party of Canada.

The message is coming from their own grassroots members. You saw it in Trois-Pistoles, where there were more demonstrators than people interested in the consultation. It was the same kind of reaction in Trois-Rivières. In Gaspésie, the Minister of Human Resources Development was even shut out. Are they waiting to be shut out, to be unwelcome everywhere in Quebec before acting and

coming up with answers? We were hoping the budget would include something on employment insurance so as to give back some credibility to the program, but not so.

We were also hoping to find a shipbuilding policy. This is the kind of productive spending we had in mind. The federal government is sorely lacking in initiative and innovation; all it had to do is copy a number of measures that are implemented by the provinces, particularly Quebec, to revitalize the economy.

● (1245)

Why does the government not do so? Perhaps because the weight of federal Liberal members from Ontario is too heavy, they are just cruising along or they do not particularly care about nationwide development. Whatever the reason, the results are obvious. The government continues to want to send transfer payments to the regions while setting aside productive expenditures for Ontario. This is a fundamental option that leaves no choice to Quebecers but to leave this country.

There are also more concrete elements. Last week, a report was tabled on amateur and professional sports. I want to draw the attention of the House on a specific measure in that report. That measure could easily have been incorporated into the budget. We could have had the consent of the House to incorporate that measure and give it immediate effect. I am referring to the granting of a tax credit to parents whose children are involved in competitive sports.

Such action would have clearly reflected our belief that the physical and mental health of our children are perhaps the best way to avoid unacceptable situations.

The government could also have included measures to promote regional economic diversification. Again, there are no such measures in the budget. This is a straightforward budget, a budget that allows those who have more money to keep it.

With all these shortcomings of Bill C-71, clearly the Bloc Québécois will be forced to vote against it. The interests of Quebec are at stake.

No member from Quebec will vote in favour of this bill and agree, with the increase in Canada social transfer payments, to Quebecers having only 8.3% of the \$11 billion increase. Not one of the members from Quebec voting in support of it, when visiting their riding and being asked whether they did their job this week, whether they defended the interests of Quebecers, will be able to stand up and say "Yes, we did a damn fine thing. We arranged for Quebec to get only 8% of the increase in the Canada social transfer payments".

Nobody on the other side will be able to say that. When the Prime Minister of Canada says "No one knows about the good

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things we do", it is true, because, when it comes to good things like that, there is not one member on the other side with the courage to mention it in his or her riding and reveal that he or she has become more the defender of Ottawa in Quebec than the defender of the interests of Quebec in Ottawa. That is the difference between the members of the Bloc Quebecois and those of the majority, who keep limiting our rights, trying to put a straitjacket on Quebec.

The member from Ontario who spoke before me would do well to take note of this message. Perhaps, in the next federal election, the federal Liberals in Ontario will hang on to a certain number of important ridings. However, the way things are going, they will certainly not have the small majority of five members they have at the moment. They will receive a clear message from all the regions in Canada "Out with the current Liberal government".

[*English*]

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I am honoured to be able to stand in Canada's parliament this afternoon to debate the issue of the budget.

If I go by the things that people in my riding talk to me about, then the budget, taxes and the way the government spends our money are the biggest issues.

I had the privilege of standing at a couple of trade fairs a few weeks ago. One was held in Sherwood Park in my riding, which is probably the largest trade fair in the province. Around 25,000 or 30,000 people came through in the two and a half days we were there. In Fort Saskatchewan there was another very large sample of people. Almost all of them brought up the question: When will we ever get a tax break?

To speak to Bill C-71, which is a budget implementation bill, is indeed an honour and I think a high responsibility. I will do my best to represent the wishes of the people in my riding as I speak.

In a prologue to my speech I would like to comment on some of the things that have been said here. Until today I have said to many people that one thing about the Bloc members is that they are very focused. Their issue is one issue. They want to take their province out of our wonderful country and every speech which they give, every time they rise to speak, is focused on their goal of separating from Canada. I profoundly disagree with that goal. We know that the majority of people in Quebec do not want to leave Canada. Bloc members are really riding a dead horse. They are flogging it to try to make it run, but it will not go anywhere. However, today they have switched horses. Today they are not talking about separation. Today they are talking about wanting more from Canada.

• (1250)

Unfortunately, the whole program of transfer payments to the provinces is very convoluted. I have done a little study of it and the

more I study it the more convoluted it seems to become and the more difficult to understand. However, the public accounts indicate that in proportion to the population Quebec has had above average transfers, that is, averaged over the population of the whole country. If we take the total number of contributions and divide that number by the population of the country, we get a smaller number than the contributions that are given to Quebec divided by its population. Quebec is above average. I do not think Quebecers would generally want to acknowledge that, but it is the truth.

Today we hear them talking about being against this one part of Bill C-71. In fact, what we are debating at report stage is their amendment to remove that part where the federal government transfers money to the provinces for health care, for the CHST. The reason they are giving, and it has been quite clear in their speeches, I do not think they have tried to obfuscate it, is because the amount of money they will be getting will be going down and they are against that.

I have a lot of respect, not only for the people of Quebec, but for the members of the Bloc party who were sent here by their ridings to represent their ridings. I have a lot of respect for them individually. I believe they are doing well to speak this way and to put this amendment forward because they are doing it to protect their constituents, which is a legitimate role in debate in parliament.

However, if we look at the larger picture for all of the country, and of course this is where they are sort of out of the picture, it seems to me eminently responsible and eminently fair that the amount of money that is transferred by the federal government to fund programs, which in some cases are administered by the provincial governments, should be equal with respect to a per capita contribution.

I regret that in the House we cannot use props. I taught for 31 years and I would have been lost without the use of a blackboard in the old days, or the whiteboard with all the colours nowadays and the overhead projector and the computer generated image on the screen. I wish I could show a chart of some of these things because I think we would communicate much better. It is unfortunate that we cannot do that in the House, as they do, for example, in the Congress of the United States.

If I had the ability to communicate in that way I would draw a picture of a huge barrel. All of the taxpayers of the country would contribute money which would be put into that barrel. Some time ago I computed at what rate we were putting money into that barrel. Actually it is not a difficult thing to do. I think we have around \$150 billion a year in government expenditures. Clearly money goes into the barrel if we are going to spend it, either by borrowing or from another source. We have in the neighbourhood of 15 million taxpayers, so it works out very easily to about \$10,000 per person that we put into this barrel.

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My question to the members of the Bloc party and to all members of the House is, what is an equitable way of distributing that money with respect to the support of education, health care and social services in the different provinces?

• (1255)

When it comes to health care and education, I really think an equal per capita grant for all of the provinces would be pretty fair. The cost of educating a student, whether in British Columbia, Saskatchewan, Ontario, Quebec, New Brunswick or any one of the other provinces, would be reasonably close. It would not be exact. We know there are different costs of living. There are different costs of getting an education in different parts of the country, but it would be really close.

The same is true for health care. There are some variances. If there is an area with a dense population it is more economical to provide health care to that population. If there is a larger area with the same population it costs a little more. There could be a small adjustment for a sparse population.

If we talk about a sparse population, I do not think that Quebec is more sparsely populated than any other province in the country. We have more densely populated areas in the south of my province and in all provinces. When we get away from the south there are sparsely populated areas where we have the costs of medical helicopters and so on.

Speaking specifically to this amendment, I think the House of Commons should be against it. If I may be so bold, I am going to appeal to the members of the Bloc who represent their ridings and constituents to consider voting against this amendment, in the interest of fairness, in the interest of getting along with each other in our country. Rather, let us look at budget implementation which gives fairness on a per capita basis.

I would also like to say that while they want to amend this bill because their actual contributions are going down, that is a tacit recognition that their per capita contribution from the federal government is higher. If we move to an equal per capita rate and theirs goes down, logically they have admitted that theirs is too high in comparison to other Canadians.

I would also point out that in the same budget, but in a different bill, we implemented the matters of the transfers to the provinces through the transfer payments. In that particular instance Quebec is getting a great deal more money, while the transfers to provinces like Manitoba are being reduced, and we did not see those members proposing amendments to change that.

Ms. Judy Wasylcia-Leis (Winnipeg North Centre, NDP): Madam Speaker, I am also pleased to have the opportunity to participate in the debate on Bill C-71 and in particular to address the amendment proposed by the Bloc.

Let me begin by starting where the Reform Party left off. I take some umbrage with the last speaker's comment. What we are dealing with here is more than a mathematical equation. When we address health care needs, if we are at all serious about formulating good policy, we have to look at need. Surely the member from the Reform Party understands that a straight cap will not necessarily reflect the needs, particularly the acute needs in various regions of this country. It certainly would not reflect the third world conditions that we now see in northern and remote communities in all parts of the country.

We must go beyond looking at a straight per capita formula and start looking at questions of ensuring that our publicly administered health care system can be funded to the extent to which it is the dominant mould by which we provide health care in the country.

• (1300)

I would urge the members of the Reform Party to look very carefully at how the ratio between public and private spending is shifting. Under the present system and under the formula proposed by the Reform Party, we will soon see private control over our health care system dominate completely.

It would put at risk the fundamentals of our health care system, the very notion of a universally accessible health care system. Certainly if not in a direct way, in a most insidious way we would see the end of medicare, the end of the five principles under the Canada Health Act and the end of our system that is the envy of the world over, a single tier, universally accessible, publicly administered health care system.

Having made those introductory comments in response to Reform's proposition, let me say how important it is to have this opportunity to participate in the discussion on the 1999 budget particularly because it has been called the health care budget. It is important to have this debate because the government has denied us opportunities on every front to ensure that we hold the government accountable for its expenditures particularly when it comes to health care.

I want to say for the record that if it were not for this opportunity today, we would have little chance to scrutinize the government's expenditures in any area, particularly health care. The estimates process at the committee level has become a charade. There is very little opportunity at the committee level, because of the way the government controls the committee process, to ensure that we have ample time to scrutinize the expenditures of the government. That particularly applies in the area of health care. Based on the committee of which I am a member, given the dictates of the Liberal government and its hold over the committee system, we will be lucky to have four sessions, maybe eight hours of discussion on an incredibly large and costly part of our system.

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I want to take every opportunity I can to speak on health care because of the arbitrary and autocratic way in which this government has operated. It has taken away so many opportunities for true participation by members of the House and for true democracy to prevail.

This government has tried to portray the 1999 budget as a health care budget. The question for all of us today is does it in its details actually accomplish that objective and meet that description? We have heard today and from Canadians everywhere that it does not. One could actually say that the government has presented us with another example of smoke and mirrors, another attempt at illusory politics, another way to disguise the real issues.

What the government has done in this budget when it comes to health care is that in five years time it will get us back to the level we enjoyed in 1993 when the government began its very massive cutback and offloading in health care. I do not need to repeat the statistics. Canadians are fully aware of them. They were as shocked as we were when we realized the full impact of this budget and what it actually meant in terms of federal support and federal responsibility for quality health care.

The best way I can put it is to recognize that when all is said and done, federal spending as a percentage of all health care spending amounts to 12%. Just think back. That is a long way from the notion of 50:50 cost sharing as was once the case. In actuality it truly happened; we used to have a 50:50 federal-provincial cost shared arrangement on health care. That is certainly a long way from the 25% goal that many experts in this field have recommended as the bare minimum for government.

• (1305)

Where are we at? We are at 12%. Where is private spending in this country? It has grown to 30% of all spending on health care. It does not take much calculating to figure out what that actually means and what kind of system we end up with. We end up with a two tier health care system, no ifs, ands or buts.

Some would say that we already have a two tier health care system. Absolutely. Why do we have a two tier health care system? Because the federal government dropped the ball, offloaded responsibility, cut back to the point where it has created a wide open climate for private investment to insert itself and encroach on a whole area once considered absolutely sacred as a public service. How does that show up in the lives of ordinary Canadians?

It shows up in Alberta where the provincial government continues to advance the notion of a private hospital. There has been no retreat from that despite public outcry. It shows up in Prince Edward Island in the form of the possibility of a hospital that will be run on one of the so-called public-private partnerships.

It shows up in the fact that privately funded MRIs, magnetic resonance imaging machinery, are springing up all over the country and are available on a two tier basis. People who have the money can get access. Those who do not, tough luck. It shows up in the form of private eye clinics springing up all over the country.

An hon. member: So blame them.

Ms. Judy Wasylycia-Leis: Madam Speaker, yes, I blame the Liberal government. But Reform members who are advocating and talking about accommodating the notion of a parallel private health care system are seeking the same objective as the Liberal government. Both parties are seeking the dismantling and erosion of medicare to the point where we will have nothing but an Americanized, privatized two tier health care system.

Our plea today is to reverse this agenda. The federal budget made a tiny step in that direction by putting back some of the money it took out of the system in 1993. But it is not enough to stop that encroachment on the private sector. It is not enough to stop the waiting lists. It is not enough to ensure access to quality health care services for all Canadians. It is not enough to take the stress off nurses who feel they are not able to perform their lifelong goal of providing quality care for patients because of the financial pressures on the system.

If we all share that goal and for the sake of medicare, if the Reform Party truly accepts this notion of the universally accessible publicly administered health system, then for goodness' sake let us join together in convincing the government that it must reverse the trend. The government must ensure there is adequate support for the provinces in our health system. The government must show leadership to ensure that the principles of the health care act apply to every aspect of our health care system to stop the emergence of a private two tier health care system.

[*Translation*]

Mr. Pierre de Savoye (Portneuf, BQ): Madam Speaker, I am pleased to speak to Bill C-71 this afternoon. This is a bill which addresses certain of the provisions contained in the 1999 budget.

A number of areas are involved; in fact, the bill has nine parts. In the next few minutes, I would like to address one of them in particular, which concerns tax arrangements between the federal and provincial governments.

As we know, the federal government collects taxes, lots of taxes. Not just personal or corporate income taxes. There is also indirect taxation, the sales tax, the famous GST. As well, through employment insurance, it collects another large amount, far in excess of what is needed to operate the employment insurance program.

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• (1310)

In fact, when one sees all the tax and employment insurance collected by the federal government, one quickly realizes that the totals far exceed the budgetary requirements resulting from the federal government's responsibilities.

This is, moreover, what prompts the federal government to habitually and repeatedly, I am tempted to say sneakily, interfere in provincial areas of jurisdiction. The federal government spends money where it has no right to even be involved, instead of the provincial governments whose responsibilities these areas are.

The consequences are obvious. Individuals and corporations are being taxed excessively. Workers pay some 35% or 35% too much in contributions to employment insurance. In all this, we can draw a simple conclusion: the federal government should reduce its tax bases.

It is also clear that, in the agreements on transfers between the federal and the provincial governments, the federal government gives them money so they may assume their responsibilities in the areas of health, higher education and social services.

Very simply, what we realize is that, with one hand, the federal government recovers its money and, with the other, it gives it out, to a limited extent, to the provincial governments so they may assume their responsibilities.

There is only one justification for this approach, that of redistributing to the less fortunate provinces money collected from taxpayers in the more fortunate provinces so that each province may fully carry out the responsibilities under its jurisdiction in the areas of education, health care and social services.

This may have been the case in the past, but it is no longer so. In fact, in the budget brought down in February by the Minister of Finance, the concept of a redistribution according to need was dropped. Redistribution is now according to the number of individuals living in each province. That is what they call per capita redistribution.

If the money is given to each province on a per capita basis and not based on its relative wealth, then the federal government no longer has any reason to collect from taxpayers money it will give them back anyway.

Since health, education and social services come under the jurisdiction of the provinces, it would be much better to let the provinces themselves adjust their taxes according to their needs, instead of watching the federal government act like a Mr. Know it all and take it all and then try to redistribute the money.

About two weeks ago, I attended the Bloc Québécois general council, in Rivière-du-Loup. We talked about tax issues, among other things. We discussed the Canada social transfer, which is of

course mentioned in the 1999 budget, since the government just changed its nature by redistributing the money under an equalization system.

In one of our workshops, it was suggested that Quebec should let Ottawa deal with the Canada social transfer and opt out of it, but be compensated by getting the full amount of the goods and services tax. The GST revenues are more or less equivalent to the Canada social transfer. In other words, under that arrangement, Quebec would neither win nor lose from a financial point of view.

• (1315)

However, both sides would win in that the duplication of the tax collection process would be eliminated. In Quebec, rather than collecting both the GST and the TVQ, there would be only a single collection, and the total amount collected would remain in Quebec.

As we saw this morning, we often hear comments to the effect that Quebec benefits from the Canada social transfer and similar money transfers between the federal government and our province. This issue would become a moot point. It would no longer apply, since Quebec would no longer benefit—if you will—from the Canada social transfer, since it would get an equivalent amount through the GST.

But there is more. It will be recalled that, when the federal government implemented universal medicare just over 20 years ago, it agreed to share the cost with each province. But, over the years, the federal government has reneged on this arrangement, with the result that it now pays just over 10% of provincial health expenses.

The big problem with the federal government is that its promises are never good for very long. In fact, Ottawa's share of social transfer payments has dwindled over the years.

There is no denying that, if Quebec were to opt out of the CHST and keep the whole GST, it would be safe from further erosion of the CHST by the federal government because it would control its own GST.

There are a good many advantages to the formula put forward in Rivière-du-Loup during the Bloc Québécois' general council. The first is that it eliminates double taxation from the outset. Taxes would be collected once in Quebec, and remain there. The Government of Quebec could then adjust the amount collected to keep pace with its socioeconomic and cultural needs.

The other advantage is that Quebec would be safe from the federal government's policy changes. The federal government would be able to play around all it wants with provincial transfer payments. Quebec would not have to worry because it will have opted out.

There are many who claim that transfers are a good deal for Quebec when, as they know very well, a per capita CHST would

mean disgracefully disproportionate spending by the federal government on goods and services, and research and development. A per capita transfer would mean a 6%, 7%, or 8% increase in federal spending in Quebec, which is not what it is getting.

I see that my time is up. I could go on and on.

[English]

Mr. Peter Mancini (Sydney—Victoria, NDP): Madam Speaker, it is a pleasure to follow the remarks of my colleague from the Bloc Québécois although on some matters we may see things differently.

The budget that was brought down by the government can cause us to reflect on other times. It can cause us to reflect upon times when there was a commitment by the federal government in Ottawa to ensure that there were national standards across the country regardless of what community one lived in, regardless of what city one lived in, and regardless of what province one resided in.

It ensured that the harmony of Canada—and I think that is a word we can use with some sincerity—was kept in place because people across the country knew it was a generous country. As a country we shared with one another. Those provinces that were well-to-do because of certain government policies or certain natural resources shared with the provinces which found themselves not as well off for whatever reasons, because of government policies or because of transitions in industry and whatnot.

• (1320)

However, changes adopted by this government and begun by the prior Conservative government began to erode public confidence in the harmony and in the fact that whether one lived in rural Alberta, Manitoba or Saskatchewan one had entitlement to the same benefits as those who lived in urban centres.

When I discuss the new funding formula based on a per capita basis it leads into a discussion about who is entitled and who is not, and what is the real hidden agenda of a government that says it will pay so much money per person without taking into account all kinds of other factors such as unemployment in a particular region or health care concerns in one province or another.

It reflects a move toward an urban Canada. Not only the per capita funding but also the decrease in funding coming from the federal government over the last 10 years has forced the provinces to realign their priorities. The downloading of cuts on to many provinces has meant that they have had to slash health care, about which my colleague in the New Democratic Party has already spoken so eloquently, and to cut back in terms of education and social assistance.

The people listening to this debate or who will read *Hansard* should be aware that there was a time when the federal government

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cost shared with the provinces on a 50:50 basis the costs of social assistance. This to me was only fair in light of the fact that many government policies have a direct impact upon whether or not people are employed. If people are not employed they fall on to social assistance rolls, sometimes through no fault of their own.

I come from a community and province which have a great understanding of that. I can point to the recent announcement in January by the Minister of Natural Resources in my own community that will result in the end of the coal mining industry in Cape Breton, resulting in perhaps 1,100 people falling on to the provincial social assistance rolls.

The federal government has decided that it is no longer committed to the economic welfare of the people in Cape Breton. That is a decision it can make. It has a majority. It can decide if it wants to abandon those who are most in need. That appears to be a decision it makes with very little remorse and indeed very little concern.

What does that mean for the province of Nova Scotia as the government turns its back on men and women who have been employed in a crown corporation in my community for some 25 or 30 years? There are men and women, miners who have gone underground, who have injured themselves and are no longer able to retrain in the new technological workforce.

What does it mean when the government abandons such people in the cavalier and callous manner it has chosen? Many of these families will fall on to the provincial welfare rolls or provincial social assistance rolls.

What does that mean for the province of Nova Scotia? Not only does that province lose the \$300 million a year spin-off from the Cape Breton Development Corporation mining industry. It means that it has to come up with the social assistance money to provide for these families that have been abandoned by the federal government.

Somewhere in the resources of a province that is already considered a have not province we have to find the money to provide for these families. That means that the province has to cut further in other areas of its jurisdiction. That means that the children of the families on provincial social assistance because of the abandonment of the federal government will go to schools with fewer resources than the children in Ontario. Perhaps I should say in Toronto because the northern parts of Ontario and Manitoba and the rural parts of Saskatchewan will find themselves suffering the same fate as we move to two solitudes. Those two solitudes will not be French and English but urban and rural. Because of the measures brought in by this budget people who reside in large urban centres will perhaps find themselves with the necessary resources to complete the social safety net that we have grown to know. By urban I do not mean cities of 30,000, 40,000, 50,000 or 60,000. I mean large urban centres of one million, two million, three million or four million.

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• (1325)

In reality, those who live outside those urban centres will find themselves in a struggle with scarce provincial resources for things like education and health care. They will find themselves forced to migrate to the urban centres where those services may be provided.

That is essentially what is happening if we look at the country. This is why the Liberal Premier of Newfoundland was so adamant in his objection to the type of funding and the formulas proposed by the government. He understands that his province is suffering an outward migration, as are my own community, the province of Prince Edward Island and all other have not provinces.

Within provinces the rural communities are suffering from the migration of their young people, the greatest resource they have, to the urban centres, which I think is the underlying policy of this government.

I go back to what will happen in my community, to the province of Nova Scotia, as a result of this federal government's abandonment. I talked about the impact on schools. Let me talk about the impact on the environment. There was not a shred of evidence in the budget to indicate a commitment by the government to clean up the environment or to ensure that we have a sustainable environment for the next generation.

I appeared before the Standing Committee on the Environment to talk about a major concern of mine and I think of most Canadians, the tar ponds in Nova Scotia. I urged members of the committee to see the tar ponds for themselves. I was well received.

The chair of the committee asked a pointed question of me. He asked what was the municipality's commitment to clean them up. It told the chairman that the municipality had no money. The municipality just had most of its tax base hived away by the Minister of Natural Resources when he decided to lay off 1,100 coal miners in my community.

What is the municipal commitment? It is to try to sustain some sense of order in a community which finds itself reeling because of federal government's decisions reflected in its budget and budget priorities.

I want to make a few other points. There is a real lack of creativity in the budget. We talk about how to stimulate economic growth, but there was nothing in the budget to look at community economic development. There was nothing in the budget to talk about tax credits for investment in communities with high rates of unemployment. We are not only talking about the maritime provinces. We are talking about every province in this federation which suffers regions of high unemployment and unfair conditions.

Let me conclude by saying that I welcome debate on this legislation on behalf of the constituents in Sydney—Victoria. I

urge the federal government to reconsider its commitment to ensuring that Canadians in every part of the country, whether they be urban, rural, eastern, western, French or English, have a national standard of which we can all be proud.

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, the debate today has been fairly wide ranging. We are discussing the Budget Implementation Act for the 1999 budget and in particular the Bloc motion that refers to the speed at which the government dispenses money.

For the first time in a long time I have heard the Bloc arguing that the government is dispensing money too quickly. That is usually something Reformers are arguing in spades. In fact, part of the reason I rose today was to talk about how the Budget Implementation Act authorizes the finance minister to spend far too much money once again and far too quickly for most people.

• (1330)

A couple of weeks ago we received a rather lengthy document sent out from Heritage Canada telling us about all the spending that has been done at the millennium bureau of Canada. I remember the Prime Minister making the promise in the House a year or so ago that we would not be having a big send up party and nothing left at the end of it.

In looking through the spending at the millennium bureau of Canada I have come to the conclusion that it is an almost unbelievable binge of questionable spending. To me, it looks like a bunch of giveaways that have absolutely nothing to do with leaving us something after the party. I can give some good examples. The folder which came from Heritage Canada had each province in a separate booklet. I made a quick scan through it. It was unbelievable some of the spending that was going on.

The millennium bureau seems quite happy to have been dispensing \$145 million on all sorts of crazy projects. The bureau is quite proud of the spending. It is almost guaranteed that the average taxpayer would be appalled at what is going on with the dispensing of money to special interest groups, especially as many of the projects have only the vaguest connection to the start of the new millennium, especially when we consider that the true start of the 21st century is not until December 31 in the year 2000. It is not at the end of this year, it is at the end of next year. Everyone has been caught up in this millennium fever in the wrong year.

I will give some examples of the sort of spending at the millennium bureau which in my opinion and my constituents' opinion is the dispensing of money far too quickly and is a complete waste. It should not have even been in this budget at all.

There are impressive undertakings such as \$15,000 to detail the experiences of garment workers in Canada. Tell me how that

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relates to the millennium. There is \$300,000 for concerts featuring a separatist singer; \$15,183 for the Apple and Cider Interpretation Centre in Quebec; and \$5,333 to build two giant mastodons in Carroll's Corner, Nova Scotia. Any of these projects may be justifiable as standalone projects, but they do not have anything to do with the millennium. They are an excuse to spend money.

I will give a few more examples from B.C. and Ontario in particular. McDonald's Corners/Elphin Recreation and Arts will receive \$2,003 to help organize the building of a labyrinth on the grounds of the 1868 McDonald's Corners schoolhouse. They claim that the project will be constructed of willow bushes which grow about two metres annually allowing them to be harvested for use by local artisans, and that this living labyrinth with its roots in earlier millennia will provide lasting effects into the new age. Frankly I am absolutely convinced that the artisans will forget to harvest the willow, so we are going to be on the hook for more grants next year to trim the bushes. Of that I am pretty sure.

There is a really big one in the Vancouver area. The Vancouver Symphony Orchestra thinks it would like to break three Guinness world records with a grant of \$129,667, almost \$130,000. They are going to amass the world's largest collection of musicians to perform O Canada, Beethoven's 9th Symphony and a new work which will reflect the music of the future.

According to the project description "The orchestra along with more than 21,000 students and possibly as many as 40,000 from throughout British Columbia will enjoy a once in a millennium experience". We can be sure of that because the millennium only comes once in a millennium. Listen to this, Mr. Speaker. This is a project description to justify \$130,000. "It will increase their appreciation for music and their self-esteem and over the long term discourage crime, drug abuse and participation in gang violence, a worthy legacy for a new millennium". That is a quote directly from the project.

Another example, "The Canadian Canoe Museum will steer unerringly into the new millennium", says the millennium bureau, "with \$1,057,933 to develop a new 15,000 square foot exhibit in the Canadian Canoe Museum in Peterborough". The project summary states, "The travelling and educational exhibits will focus on the canoe as a unifying national symbol that brings Canadians together as we enter the new millennium".

• (1335)

If members are not yet convinced that these projects are a complete and utter waste of money, let me give another one. The Friends of the Ruins of St. Raphael's will spend its grant of \$146,000 on ensuring that the fire gutted ruins of St. Raphael's Church survive as an interpretive site well into the new millennium. This church burned down 30 years ago. I do not know why

nobody has rebuilt it but obviously not too many people are interested. For some reason a special interest group has managed to extract \$146,000 from taxpayers to ensure that it remains as an interpretive site well into the new millennium.

The Waterfront Trail Artists of Etobicoke are guaranteed not to have any problems with bird droppings in its project. The Flight of Passenger Pigeons, thanks to a \$13,614 grant from the millennium bureau, involves only birds made of papier mâché. The project organizers hope to convince, and they still have to do this, 2,000 students from 13 area schools to make life size replicas of the extinct passenger pigeon for display in their schools and public places.

In addition, "those too young to sculpt will draw their passenger pigeons"—sketch them instead—"and have their messages attached to the sculptures, bringing the total number of messages to 4,000". The project says "the replicas will remind people of the fragility of our environment and the importance of nurturing it in the next millennium". I suspect that the papier mâché pigeons, once they get a little wet, will gradually disintegrate and the paper will blow all over Etobicoke, Ontario and make a huge mess, probably more than the real passenger pigeons would have made if they were alive today.

This is another big one also in B.C. Unfortunately, some of the big ones have gone to B.C. The Leadership Initiative for Earth will use \$599,514 to help finance the building and sailing of a sustainable Lifeship 2000 tall ship. "The life story of every tree used in its construction will be documented". This is very worthy. I do not know how they are going to get the life story of every tree. I know if we cut them in half we can count the rings and that tells us how old they are, but I have never read anything else in there that tells me what they were doing along the way. I am not sure if we are going to get \$599,000 worth of action out of that project.

In an absolutely rare display of common sense, the millennium bureau turned down a project that emanated from North Vancouver. It was called the Multicultural Mask experience. It was submitted by Earth Muffin Productions of North Vancouver. I think most of us know what earth muffins are. It was submitted by Earth Muffin Productions but it was turned down mainly because the proposal, and I quote from the turn down letter, "did not demonstrate a sufficient level of support from the community or other financial partners". I wonder why. I did read about the project and it was appalling.

That is the millennium bureau. It is a big excuse to spend money and is a real example of the waste that is in this budget.

In the last couple of weeks when we have talked about the west, members on the government side still seem to think that throwing money at things is the way to make friends. They keep talking about the western diversification fund and how wonderful it is to

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throw away hundreds of millions of dollars, as if westerners want money spent on them. They do not. They would get rid of the western diversification fund in return for tax decreases. That is what should have been in this year's budget.

[Translation]

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, not only am I pleased to speak to this bill, but I was really anxious to do so. For the benefit of those who are listening, this is the budget implementation bill. It therefore contains a number of technicalities. I will not address technicalities, but the substance of this bill, which brings into being the finance minister's budget.

• (1340)

In Quebec and among Bloc Québécois members, this budget was received with anger because, without any warning, the Minister of Finance changed something that had been agreed between the federal government and the provinces. I am referring to social transfers.

The Minister of Finances has decided that the Canada social transfer, which used to be proportional, would now be calculated on a per capita basis. As a result, the Quebec government—whose health care system had been seriously affected by the federal deficit reduction efforts and cuts in transfer payments—is now short-changed to the tune of \$350 million over 5 years. That it angered the Bloc Québécois, the Parti Québécois government and Quebecers at large was to be expected.

I suspect that, so far, nobody has understood where I am coming from. I will try to explain in a straightforward manner what the finance minister has been doing since he came to power. I will start with a history lesson.

In the late 1960s, the federal government came up with the Canada Assistance Plan to help the provinces assume the costs of poverty. In fact, through the CAP, the federal government was covering 50% of the provinces' expenditures to provide help to people in need over and above benefits. This had been going on since 1969.

When the Liberals took office in 1993, the first thing they did, in their first budget, was to cut social spending. They had just announced a major reform of social policies. They had asked a committee to travel across Canada to listen to what Canadians and Quebecers had to say about social programs.

This great desire for reform, from which no specific proposals were really expected, led in 1995 to the announcement of radical changes by the Minister of Finance, who decided to group social

transfers for education and health into one single transfer. Up to that point, the large amounts of taxpayers' money spent by the federal government on health and education and called social transfers were made on a per capita basis. In other words, until the Minister of Finance decided to make changes in 1995, federal transfers for health and education were based on the population.

As I said earlier, there was also a specific plan called the Canada assistance plan, which was based on poverty. It took poverty into account. What did the Minister of Finance do as he was getting ready to make drastic cuts? He grouped all transfers for education, health and poverty into one single transfer.

• (1345)

Therefore, population could no longer be the sole criterion, nor could poverty in each province apply completely either.

So the government announced that it would establish an average, with the result that Quebec, which had a little more than 25% of the Canadian population, received approximately 28% of the total. Why? Because when we had the Canada assistance plan, Quebec received 34%. This means there is a real poverty problem. It does not mean that Quebec does not have a great future as a state, but that there is a serious historical problem of poverty.

It was announced that we would very gradually go from 28% to 50% only of the population criterion. What did the Minister of Finance do in his budget? He decided that in three years poverty would no longer be taken into account. The federal government does not take poverty into account in the equalization formula and we know that the poverty level is different from one province to another. The federal government will no longer take that into account. This is what we wanted to condemn in all possible ways.

I must say that the federal government used a trick to slip Quebec a lump of coal. The government took advantage of the fact that the equalization formula would allow Quebec to receive, because of good economic performance, in Ontario among others, an amount of \$1.4 billion. Was this a novelty, a reform, a gift? No, it was the result of prior commitments and agreements.

The federal government, taking advantage of what was Quebec's due on the one hand, took advantage on the other hand by doing away with something that had been in place since the late 1960s, and had been planned as something quite different: the recognition of the weight of poverty and assistance to the provinces with the heaviest burden of poverty.

Under such circumstances, Quebec could not do otherwise than to react sharply, particularly since it had been hit especially hard by the employment insurance reform. This reform was also a desire to do away with inter-regional subsidies, to use technocratic jargon.

This meant that, where employment insurance was concerned, Quebec got it in the neck, if I may put it that way.

In other words, in both social program reform and employment insurance reform, Quebec got more than its fair share of cuts. But it did not get its fair share on another level: productive spending. We must keep repeating this. The reason we want sovereignty is to have control over everything we produce, all of our taxes, to use as we see fit, in order to develop.

Many people see sovereignty as a means of seriously addressing the phenomenon of poverty, which unfortunately—it must be said, shouted from the rooftops even, given the way the federal government has decided to fight the deficit—has increased.

The Minister of Intergovernmental Affairs recently tried to tell us that Quebec was getting its share of federal productive spending. He used science and technology spending as his example, saying that Quebec got 28.3%.

• (1350)

What was extraordinary was that he proposed that the Hull-Ottawa area be excluded. What people need to know is that in the Hull-Ottawa area, 87% of expenditures are in Ontario, and 13% in Quebec. So not taking it into account was how the Minister of Intergovernmental Affairs could conclude that Quebec was getting its share of productive spending.

[*English*]

Mr. Grant McNally (Dewdney—Alouette, Ref.): Mr. Speaker, today we are talking about Bill C-71, an act to implement certain provisions of the budget that was tabled by the finance minister in February.

I would like to talk about some of the things that the finance minister has done in his reign of terror, as some would say, his reign of taxation. The minister of high taxes, who sits across the way, has slashed and burned health care spending to the tune of \$20 billion from 1993 to the year 2000. Since he took office that is what the minister has done and that is unconscionable. This is also the finance minister who says that he is reinvesting \$11.5 billion over five years and wants Canadians to be happy about that.

Let us look at the big picture of what he is asking Canadians to do. He is asking Canadians to accept the fact that he has taken away \$20 billion in spending on health care and social services, the CHST, and is putting back \$11.5 billion. I do not know very many Canadians who would be happy to hear that they will lose \$1 from their pocket but that they may get 50 cents of that back or a little bit more. That does not make sense, but that is exactly what the finance minister has done. He has slashed and burned health care in the country.

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The Liberal finance minister, who stands in this place and tells us he is the defender of health care and the creator of everything good in the country, cannot run from his record. He can run, but Canadians are not going to let him hide from his record, nor should they. Members of the official opposition will continue to point out the facts of what the finance minister has done in his slash and burn approach to health care spending.

The minister of the high taxation that we have in the country, and who has been the finance minister for six years, has also implemented or allowed a policy to continue for years concerning the whole issue of family tax fairness. We brought this up not long ago in the House of Commons and had wide agreement on it from the members of the opposition and from members of the government as well.

This is a finance minister who says he cares about the tax rates in the country and the burden of taxation on families, yet he does absolutely nothing for those families who make the decision to have one of the individuals in the home stay home to look after and give care to their children. There is an inequality that has been entrenched in policy by this minister of high taxation and he has not addressed that for six years.

If we look at a person's words and actions, words can be empty after awhile if they are not followed up by action. We must first listen to what somebody says and then look at what they do. If what they do, does not match up with what they say, then we should be questioning what it is they are saying to see whether what they say and what they do are actually the same thing. In this case, they are not.

The minister of high taxation has told us that he cares about families and about lowering tax rates for average Canadians. However, that is not what I am hearing from constituents. That is not what I heard from the individuals I talked to in Hamilton last night or in Stoney Creek, Ontario a few weeks ago.

I have talked to individuals in Dewdney—Alouette and to many young families this past weekend at an event in Maple Ridge. They asked me how a government could be in place that says it cares about families yet has a discriminatory tax policy in place that favours one situation of care giving over another. They said to me, "It looks like the government does not see the value in the commitment we are making to have one of the individuals on our family stay home and look after our children." That is a shame, because there are many families who are making that sacrifice and commitment to their families for the good of the country.

• (1355)

The Liberal government and members of the government say such things, as the hon. member from Vancouver—Kingsway did,

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that mothers or families who would make the decision to stay home are taking the easy way out. That is the response we hear from the government.

The member for St. Paul's referred to the individuals who came before the all party finance committee to plead their case as elite white women.

These are members of the Liberal government saying these kinds of things. They can run and they are trying to run, but they cannot hide from their record and what they have done. Canadians are waking up to the fact that the policies that are being put in place—

An hon. member: More Canadians think they have been abducted.

Mr. Grant McNally: Even the Liberal members on the other side are echoing in agreement with me about their high tax policies and how they need to be lowered. In fact, the Minister of Industry just yesterday and last week said that taxes are too high in the country and that taxes need to be lowered to the rate of the American model.

We have the Prime Minister contradicting the Minister of Industry and the Minister of Finance looking both ways, as if at a tennis match, trying to figure out what is going on. The Liberals cannot even figure it out over there. The Minister of Industry has figured it out. Taxes are simply too high and they need to be lowered. There is a debate about that over on that side because they do not want to let go of those dollars. They do not want to provide the tax relief that is necessary to provide the care for families.

I hear the hon. member from Coquitlam chirping away, a man who said he was no yes-man during his byelection campaign yet voted with the government to punish families through high tax policy. He continues to chirp away, as do other members of the Liberal government who are trying to run from the record. Canadians are not going to let them hide any longer, because it is their high tax policy that is putting down a lot of people in the country, keeping them from taking their rightful place by working hard and providing for their families.

It used to be that individuals would work really hard to put some money aside for a second car or for a cottage at the lake. Today, families are working harder and harder to put food on the table and provide clothing and shelter for their families.

In conclusion, I simply say to my Liberal colleagues across the way, who seem to be deaf to the voices of their own constituents and Canadians across the country, that substantial tax relief is necessary to provide relief to Canadian families. We would have hoped to have seen that in Bill C-71, but, alas, the government continues to punish Canadians with high taxes.

The Speaker: It is almost two o'clock. We will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

THE LATE STEVE CHIASSON

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, Steve Chiasson of the Carolina Hurricanes was tragically killed when his pickup ran off the road yesterday.

Steve was born in Barrie and his career highlights included a Memorial Cup with Guelph where he was selected the tournament's most valuable player. He represented Canada at the 1987 world junior championship.

A steady two-way defenceman, Steve had 398 points in 751 NHL games with Detroit, Calgary, Hartford and Carolina. He played in the NHL all-star game in 1993 and was a member of Canada's gold medal team at the 1997 world championship.

I remember him speaking at a Canada Day Peterborough rotary meeting about being an ambassador for Canada in the States. This was a special meeting with lots of students present. As he spoke, he handed his notes sheet by sheet to his son who was sitting on the floor at his feet. He was a dedicated player and a family man.

He made his off-season home north of Peterborough. On behalf of the people of Peterborough riding and all Canadians, I extend our heartfelt condolences to his wife, Sue, and three children.

* * *

• (1400)

KOSOVO REFUGEES

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, today I am proud to be a Canadian. This is the day our country will accept the first flight carrying over 200 refugees from Kosovo.

After an assessment of refugee camps in countries neighbouring Kosovo, our Minister of Foreign Affairs and the United Nations have determined that refugees must be removed from these camps to relieve pressure due to deteriorating conditions.

We must trust that this assessment is reliable. Soon those hundreds and thousands of Canadians who eagerly volunteered to open their homes and their hearts to these unfortunate people will be allowed to act on their generosity.

In a very direct and personal way I want to thank them all for giving in such a meaningful way. Today I am proud to be a Canadian, a citizen of a country whose people can be counted on to extend a helping hand when help is truly needed.

DR. CROSBY JOHNSTON

Mr. Lou Sekora (Port Moody—Coquitlam—Port Coquitlam, Lib.): Mr. Speaker, it was with great pride that I attended a special presentation of the Governor General's awards in New Westminster, British Columbia, earlier this week.

Among those receiving the Governor General's Caring Canadian Award from our community was Dr. Crosby Johnston. The award was well deserved. As former mayor of Coquitlam I had the honour of bestowing the title of Freeman of the City upon Dr. Crosby Johnston in 1992.

As His Excellency stated, Dr. Crosby Johnston has indeed done a great job for the community. I am proud to know this deeply caring Canadian. There are many more Canadians like him across our great country of Canada.

* * *

NISGA'A TREATY

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, this morning we signed an agreement designed to ensure equality and opportunity for the people of the Nisga'a Nation. The agreement is the result of the negotiations carried out in good faith over an extended period and testifies to Canadians' willingness to reconcile historical and cultural differences through negotiation and, where necessary, pragmatic compromise.

Congratulations to President Joe Gosnell of the Nisga'a Tribal Council and to all the Nisga'a people whose ancestors first paddled their canoes to the provincial capital, Victoria, a century ago.

Congratulations to the Nisga'a for their perseverance and patience in bringing their historic quest for an agreement to a successful conclusion.

* * *

WORLD WAR II

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, on May 7, 1945, Germany surrendered unconditionally to the allied forces at Reims, France, meaning victory in Europe.

In the six years of conflict Canada had enlisted more than one million men and women in our armed forces. More than 45,000 gave their lives in the cause of peace and freedom.

For a population of 11 million, our contribution was remarkable, from the battle of Britain, the battle of the Atlantic, Dieppe, Sicily, Italy, Normandy, the Netherlands and the Rhineland. We must remember the contribution of our soldiers, sailors, merchant marines and air crews.

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Canada matured through the ordeal of war and emerged ready to assume new responsibilities in the world community.

On May 3, 1915, Lt. Col. John McRae composed his poem *In Flanders Fields* in 20 minutes while overlooking the grave of a fellow officer at Ypres.

Some 54 years later we must remember those who served for Canada and honour the words written by him:

Take up our quarrel with the foe:
To you from failing hands we throw
The torch; be yours to hold it high.
If ye break faith with us who die
We shall not sleep, though poppies grow
In Flanders fields.

* * *

ROCKY ELEMENTARY STUDENTS

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, every few weeks the House acknowledges the presence of distinguished visitors in the gallery. It is only right and proper that we do so.

Today I would like to draw the attention of members to a special group of visitors which is in our gallery. Today a group of students from Rocky Elementary School in Rocky Mountain House, Alberta, from my riding, are here watching us. They are part of a French immersion class on a field trip to Montreal, Ottawa and Quebec City.

They may not be prime ministers, cabinet ministers, mayors or public officials, at least not yet, but they do represent something just as important. They are just a small portion of this country's future. It is for them that we are working here today and ultimately our success or failure will most clearly impact upon them.

I know that all members share this sense of responsibility. And I know also that this House will join me in welcoming these students to Ottawa, Parliament Hill and the House of Commons.

* * *

● (1405)

VOLUNTEERS

Mr. Paul Bonwick (Simcoe—Grey, Lib.): Mr. Speaker, today I pay tribute to a group of volunteers leading a relief effort for the Kosovo refugees, the likes of which we have not witnessed in many years.

These volunteers from Angus, Ontario have been working diligently for many weeks collecting enormous quantities of clothing, toys and much needed goods. When I visited their facilities this past Saturday I was astounded at the mountains of donated goods I witnessed. These great Canadians have collected an amazing 40 tractor-trailer loads of goods.

On behalf of my colleagues I want to congratulate Rita and Dan Heffernan, Tamara and Larry Culham, Carmen Angus, Bill Dunk-

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ley, Vera McIntosh, Shirley and Bill Coleski, Teha and Tasha Brown, Ralph Hodsdon, Janet Dalton, Suzanne Finck, Lori Ignatov, Thea Lavoie, George Nitsche, members of the St. John Ambulance corps and cadets, and the 2408 Base Borden army cadets.

They make us all proud to be Canadians.

* * *

NATIONAL FOREST WEEK

Ms. Bonnie Brown (Oakville, Lib.): Mr. Speaker, May 2 to May 8 is National Forest Week, providing a unique opportunity to acknowledge the contribution of Canada's forests to our environment, our economy, our culture and our history.

[Translation]

Our forests are a natural resource whose maintenance and management concern all Canadians.

[English]

The forest industry supports 337 communities and provides jobs for over 877,000 Canadians, including some residents in my riding of Oakville. As well, this industry is the net largest contributor to our balance of trade, representing over \$31.6 billion in 1998.

This year, 1999, also commemorates the centennial of the Canadian Forest Service. Canadians can be proud of the vision of the Right Hon. Sir Wilfrid Laurier who 100 years ago created what has become Canada's principal forest research organization.

* * *

JASON LANG

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, in the last week the eyes of the country have been on Taber, Alberta, as that community struggles with the tragic death of Jason Lang.

Yesterday Jason's memory was honoured before 2,000 mourners and the national media in a remarkable way. The service was conducted by the Reverend Dale Lang, Jason's father. Dale Lang, his wife Diane and their children displayed tremendous courage and forgiveness, buoyed by their deep faith in God, as they asked that some good come from this tragedy so that Jason's death would not be in vain.

There could have been bitterness and blame and a call for revenge. As a parent, I would have understood. The loss of a child is every parent's worst nightmare. But the Lang family saw the chance to use the death of their son to challenge the people of Taber to take back their school where this tragedy occurred and to reach out to those young people who have lost their way.

I know the House will join with me in expressing our deepest condolences to the Lang family on the death of Jason and our thanks for their wonderful example of the Christian faith in action.

As well, we extend our best wishes and our prayers for a speedy recovery to Shane Christmas, the other brave young man who was seriously injured in Wednesday's tragedy.

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[Translation]

GRAND PRIX D'EXCELLENCE-MODE QUÉBEC

Mrs. Pierrette Venne (Saint-Bruno—Saint-Hubert, BQ): Mr. Speaker, today I want to congratulate Isabelle Gendron from Saint-Hubert, who won the Grand prix d'excellence-Mode Québec, in the student category, at the Quebec young designers competition, on April 8. The winner's name was announced during the Salon de la Jeunesse held in Montreal's Palais des Congrès.

Isabelle Gendron, who is a student at CEGEP Marie-Victorin, also won the Grand prix "Vêtement féminin at the provincial level". The theme of this year's competition, which is in its 15th year, was "Interculturalism: a world reality".

The winners of the competition shared \$14,000 in prizes. All the garments created by the finalists and winners were shown to visitors, during a fashion show organized as part of the Salon de la Jeunesse.

Congratulations, Isabelle, and good luck in your new career.

* * *

YOUNG ENTREPRENEURS

Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.): Mr. Speaker, it is today, in Ottawa, that the public hearings of the Liberal task force on young entrepreneurs will begin.

This national task force will prepare a report that will be submitted to the Prime Minister by October. This report will include an assessment of the programs and services available to young people who have business projects, and it will determine how the federal government, the private sector, associated groups and young people themselves can create a better synergy.

● (1410)

So, the hearings begin here at 6 p.m., in the Centre Block. The task force will then be in Montreal on May 14 and 15, in Sainte-Marie-de-Beauce on May 17, and in Laval on May 28.

This tour of the Quebec regions is an excellent way of contacting young entrepreneurs and organizations that help them with their projects, in their own environment.

This is an opportunity to hear their views on their projects and on what they expect from the government.

[English]

CANADA POST

Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP): Mr. Speaker, the Canada Post Corporation Act says that Canada Post is not expected to pay dividends to the government. Instead, surplus revenues should pay for improved services and provide decent wages and benefits for postal workers. However, Canada Post will be giving \$200 million to the federal government as a dividend payment.

Meanwhile, Canadians are worried about their postal services. In Sackville there are super mailboxes which freeze in the winter. In Shediac there are long line-ups. In Richibucto the post office building is for sale. More and more it seems that Canada Post's only concern is to make profits. Could it be to make deregulation or privatization easier?

The NDP strongly believes that Canada is best served by keeping Canada Post as a public service. Deregulating or removing the post office's monopoly would increase postal rates in rural areas, raise post office deficits and eliminate postal services and jobs.

Canada Post should work toward offering better service to all Canadians.

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[Translation]

LIBERAL GOVERNMENT

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, yesterday evening in Montreal, the Prime Minister of Canada delivered an important message, reaffirming his commitment to liberal values.

This commitment means that his government will follow a line of economic realism and social progress.

The liberal values the Prime Minister is referring to are the cornerstone of a society that wants to protect its health care system, ensure economic growth through job creation and develop policies encouraging entrepreneurship in Canada and Quebec.

These liberal values also apply to a society as modern as Canada, open to partners throughout the world who share our ideas of liberty and our concern for improving people's quality of life.

Long live Canada.

* * *

EMPLOYMENT INSURANCE

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, on April 11, the Associ-

S. O. 31

ation coopérative d'économie familiale de Bois-Franc announced the winners of its 13th D'éméritas consumer price awards.

The garbage can award went to the federal government for appropriation of the surplus in the employment insurance fund to pay the deficit.

As of March 31, 1999, the surplus was \$7 billion. Obviously, the federal government is very interested in this surplus, an interest that is especially upsetting because it does not contribute at all to this fund, since it is funded by the contributions of workers and employers.

The ACEF supports the statement by the Coalition régionale sur l'assurance-emploi, which says, and I quote "that the employment insurance fund is a unique social safety net".

Workers will never support the federal government's immoral approach in pillaging the surpluses in the employment insurance fund. Canadians and Quebecers will never condone this behaviour.

* * *

[English]

SHAG HARBOUR FIRE

Mr. Gerald Keddy (South Shore, PC): Mr. Speaker, last Saturday I surveyed the damage caused by the Shag Harbour fire. Only the quick response of local volunteers and professionals prevented complete devastation.

Two thousand acres were destroyed by this fire, which swept the edge of Shag Harbour and travelled nine kilometres to the sea. Two homes, along with other workshops, were completely destroyed and other homes were extensively damaged.

Four hundred and eighty-seven houses were threatened and 1,800-plus people were evacuated from the fire zone. Had this fire, which travelled north to south, been 250 metres farther west, Shag Harbour would have been destroyed.

Thirteen fire departments and two Department of Natural Resources helicopter crews battled the flames. Fire Chief Ricky Banks of Shag Harbour and Chief Darren Nickerson of Woods Harbour, Emergency Medical Organization co-ordinator Ed Nickerson, Bill DesChamp, Department of Natural Resources fire boss, local RCMP, Tina Wickens, warden of the Municipality of Barrington, and all field and support staff deserve commendation.

Typical of Canadian communities, Shag Harbour and Woods Harbour drew upon the strength of their human resources and survived against great odds.

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MEMBER FOR CALGARY SOUTHEAST

Mr. Joe Jordan (Leeds—Grenville, Lib.): Mr. Speaker, last Thursday, which can only be described as a vast expenditure of

Oral Questions

human voice, the member for Calgary Southeast rode into the great riding of Leeds—Grenville and addressed a packed closet of about 40 Reformers.

He spent a great deal of time attacking me personally—and I am quoting him directly now—my “lack of courage and lack of guts”.

I do not know how they define courage in Calgary Southeast, but in Leeds—Grenville it does not involve taking cheap personal shots at a colleague when he or she is not there to bring some truth to the discussion.

• (1415)

My actual point is that the member for Calgary Southeast made a great public announcement recently about being celibate. When he tours the country to simply preach this type of partisan nonsense—

Some hon. members: Hear, hear.

The Speaker: Order, please.

ORAL QUESTION PERIOD

[English]

ABORIGINAL AFFAIRS

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, today the Indian affairs minister signed a document with enormous ramifications for the Nisga'a people, the people of British Columbia and the people of Canada.

This Nisga'a treaty was rammed through the B.C. legislature over the objections of the B.C. Liberal opposition which challenged its constitutionality. Today the federal government signs it without a national discussion, without a debate in parliament, without a vote in parliament, and without a mandate from parliament.

Why would the government flagrantly violate democracy and the democratic process on such an important subject as Nisga'a?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the government has not violated the democratic process. The democratic process will be fully followed in the House and in parliament.

The signatures today are subject to the overall approval of the House of Commons and parliament as a whole. The proper process will be followed, a democratic process in which we believe fully.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the Prime Minister has been spending too much time with Castro—

Some hon. members: Oh, oh.

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

Mr. Preston Manning: The Prime Minister increases Canada's military commitment to Kosovo without a vote or a mandate from parliament. He fails to consult parliament on the appointment of justices to the supreme court. He consistently ignores the results of democratic Senate elections in Alberta and he uses his party discipline to force his own members to vote against tax fairness and stronger measures against child pornography. Now he is taking exactly the same approach with respect to the Nisga'a treaty.

How can the government expect the Nisga'a or anyone else to respect the democratic process when the Prime Minister does not respect it himself?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, let me say how proud I was today on behalf of the Government of Canada to sign the final agreement.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, there was once a prime minister who stood in the House and said that he was terribly proud of trying to arbitrarily amend the Canadian Constitution. He too held a signing ceremony, but he neglected to consult the people or parliament in advance of the signing and he refused a national referendum. In the end the Meech Lake accord failed and that prime minister alienated and embittered the very people on whose behalf he claimed to be pushing that accord.

Why does the Prime Minister think we can go down exactly the same road with the Nisga'a people without producing exactly the same negative and divisive results?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, Canadians will be very disappointed to hear the Leader of the Opposition disparaging the Canadian Constitution in a totally unwarranted way.

Some hon. members: Oh, oh.

The Speaker: Order, please. We want to both hear the question and the answer. I would ask members to listen to the answer.

Hon. Herb Gray: Having said that, I reiterate that the signature of the Nisga'a treaty today is simply the first step toward having the treaty fully considered through the democratic process of the Parliament of Canada.

• (1420)

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, let us look at some of the constitutional changes the government is trying to bring through the back door with the Nisga'a treaty: taxation without representation, race based government, regulation of trade by race, and entrenched inequality for aboriginal women.

Why has the government abandoned the cherished Canadian value of equality?

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Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, the opposition should be embarrassed by these questions.

Since 1989 when that party has had a representation in the House, there have been no less than four and now five treaties presented for consideration. In every case there was a signed treaty delivered to parliament to debate fully and to decide whether to accept or reject.

They belittle the parliamentary process by asking such inane questions.

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, eight short months ago the House had the privilege of an address by Nelson Mandela. Mr. Mandela spent his entire life fighting against legislated segregation. He spent 27 years in jail fighting against legislated segregation.

Why has the government abandoned the cherished Canadian value of equality of all Canadians?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, members of the Reform Party continue to show their lack of credibility on the issue of treaty writing in Canada.

First and foremost, they do not understand our Constitution, our Constitution that protects aboriginal rights in the country.

Second, I must point out again that the hon. member for Skeena has yet to go and discuss the Nisga'a treaty with the Nisga'a themselves.

In addition, I point out that the city of Terrace where the hon. member lives has proclaimed the week of April 25 as Nisga'a appreciation week.

[Translation]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the creation of Nunavut provides an opportunity to settle an old dispute between Quebec and the federal government as to who has jurisdiction over the James Bay and Hudson Bay offshore islands.

Since these islands are used by Quebec's Cree and Inuit for traditional hunting and fishing, will the Prime Minister admit that it is only common sense that these islands over 1,000 kilometers from Nunavut belong to Quebec?

[English]

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, in settling land claims we ensure that the rights of other interests will be considered and overlap issues will be undertaken to be negotiated.

In this case the Cree have taken us to court as of February and there are issues that obviously I will not discuss.

I would say, however, that we have had scoping out discussions with the Cree. We are keeping the province of Quebec informed and we will work together to resolve these issues.

[Translation]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, four times since 1974, federal Indian affairs ministers have said the same thing, recognizing the validity of Cree and Inuit arguments.

Could the federal government not show some real common sense and grant the request of the Government of Quebec, which is also the request of the Cree and Inuit living in Quebec?

[English]

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, as I have already indicated, we are doing that. We have had scoping out discussions. In fact, it was on March 29 that we talked with the Cree to scope out the issues around their concerns.

As I said, we will continue to include the province of Quebec and we will find a reconciliation to this issue.

[Translation]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, Quebec's Minister of Natural Resources wrote a letter to the federal Minister of Indian Affairs and Northern Development on March 30 reminding her that, for more than a century, Quebec's governments have been saying that Quebec's territory should include the islands, waters and ocean floors adjacent to its coastline.

Does the minister intend to reply in the near future to the letter from Minister Brassard so that negotiations to sort out this problem that has already gone on for far too long can finally begin?

[English]

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Yes, Mr. Speaker.

[Translation]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, Robert Bourassa also raised the matter of these islands in 1993. Senator Lise Bacon, who was a Liberal minister in Quebec City at the time, said that the only reasonable, effective and economical way to administer these islands was from Quebec.

Does the minister agree with this statement?

• (1425)

[English]

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I share the view that we should complete our scoping out exercise. We have begun that with the

Oral Questions

Cree and we will include the province of Quebec in those undertakings.

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RAIL SAFETY

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, my question is for the Minister of Transport.

The minister will be as aware as all of us of the tragic accident a week or two ago where two VIA crew members were killed as a result of a derailment when a passenger train went through an open switch.

We found out after the accident that there exists sections within the Canadian rail system where there are so-called dark zones, where there is not the appropriate technological control.

Could the minister commit to the House today that he and his department will be making sure that this kind of situation exists for only a very short time hereafter and that he will do something about it?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, as I said at the time, I know I speak on behalf of all members of the House in extending condolences to the families of the victims who were injured and killed in that particular accident. The TSB will be investigating this matter rather thoroughly and will determine the causes of the accident.

We had a Transport Canada inspector on site who determined that a threat does exist. As a result we have issued a notice to Canadian National Railways to have it deal with that threat within 10 days.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, we are dealing with something after the fact. I want to raise another matter with the minister and he has a chance to deal with it before the fact.

The United Transportation Union and others are concerned with the way that marshalling requirements are being handled by the railway. We have cases where crews are going out with trains that have more cars than are on the records that they have, which means that they can make mistakes with respect to sidings, with respect to what is on the train in terms of hazardous materials, and so on.

I know the rail safety directorate has been contacted about this matter. Could the minister make a commitment to look into it himself and make sure that something is done about it before we have to raise it after an accident?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, this matter has been raised at the transport committee by the hon. member. I have discussed it with members of the various unions involved. Certainly it is something that we take very seriously because safety is Transport Canada's top priority.

I certainly will undertake to investigate more fully the problems with marshalling yards to ensure that rail safety meets the very high standard that Canadians expect.

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PREMIER OF ONTARIO

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, the Ontario budget will be delivered later today. Over the past four years the Premier of Ontario has reduced taxes significantly. He has increased provincial spending on health care and education. He has reduced the provincial deficit well ahead of schedule and he has created nearly half a million jobs.

Some hon. members: Oh, oh.

The Speaker: Order, please. The hon. member for Kings—Hants.

Mr. Scott Brison: Mr. Speaker, we seem to have the attention of members opposite. Perhaps they can start acting on tax cuts like Mike Harris has done.

Would the industry minister rather have Mike Harris as a boss, somebody who believes in lower taxes, instead of a Prime Minister who does not believe that lower taxes will benefit the Canadian economy?

The Speaker: I am not sure that relates to administrative responsibility. I see the minister on his feet. I will permit him to answer it.

Hon. John Manley (Minister of Industry, Lib.): Perhaps not, Mr. Speaker, but I am delighted to have an opportunity to respond to that question. After all, after the nine years of deficits piled up by the party that member represents, we brought them to zero. It enabled us to make tax cuts. That is the difference between us.

What is happening in Ontario? Mike Harris promises tax cuts. Where does he get the money? He borrows it.

● (1430)

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, we have an industry minister who one week says cut taxes, a Prime Minister who says we really do not need to cut taxes and a finance minister who says maybe we should, maybe we should not but we should not do it right now or too quickly.

Perhaps the industry minister who believes in cutting taxes should run for the government of Mike Harris in the next election. That way he could sit around a cabinet table and work with a group of people who are committed to cutting taxes and creating economic growth.

Is the real reason we do not have tax cuts in Canada—

The Speaker: The hon. Minister of Finance.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, if I could just add something to what my colleague the Minister of Industry said, the premier of Ontario is not only going to have to

Oral Questions

borrow the money. We gave him \$900 million and reversed what the previous Tory government had imposed on the province of Ontario.

Some hon. members: Oh, oh.

The Speaker: Order. The hon. member for Fraser Valley.

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ABORIGINAL AFFAIRS

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, there is not much left but the Liberal government knows how to give things away. Let us look at this Nisga'a treaty one more time.

First of all it creates a state within a state, an idea which I think the Bloc Quebecois would find fairly palatable. This is sovereignty association in the heart of British Columbia. Not just that but this new kingdom of Nisga'a actually has constitutional superiority in 14 areas. The new Nisga'a government will have incredible powers, including the powers to tax, regulate trade and even dole out civil rights, if it so chooses, based upon a person's race.

Since when did the Prime Minister become a booster for sovereignty association?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, it is clear to me that the Reform Party needs some lessons in history. It is clear to me that the Reform Party needs to take some time to understand how Canada was built.

In our Constitution, the highest law in our land, we recognize and protect aboriginal interests. Section 35 identifies aboriginal rights as not being better rights than ours but being different by virtue of the fact that they were here first. The challenge we have as Canadians is to find ways and means in modern Canada to reflect those rights in a real and substantial way.

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, I always thought one of the cherished Canadian principles was equality of all citizens. That is something this party has stood for for a long time.

Let me quote directly from the Nisga'a deal: "In the event of an inconsistency between a Nisga'a law and a federal or provincial law, the Nisga'a law prevails to the extent of the inconsistency or conflict".

If Canadian laws no longer apply, if parliament is no longer the supreme authority, and if the Prime Minister is no longer the top elected official, why have we created an independent state within our borders? That is what we have done.

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, here again the Reform Party shows its lack of credibility as it relates to understanding the treaty.

Through negotiations we have found ways and means to reconcile the interests of all parties. The Constitution applies. The Canadian Charter of Rights and Freedoms applies. The Criminal Code applies.

The Reform Party would do well to actually read the treaty so that its questions could be taken seriously.

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[Translation]

KOSOVO

Mr. Daniel Turp (Beauharnois—Salaberry, BQ): Mr. Speaker, yesterday I asked the Prime Minister whether he had any plans to freeze the Canadian assets of close collaborators of the Milosevic regime. All I got was a very evasive answer.

I would therefore like to submit a very concrete case, that of Bogoljub Karic, a Serbian minister, who owns a television station in Yugoslavia, three companies in Canada, and a luxurious home in Toronto.

Does the Prime Minister not think that, by freezing the assets of this man, who is propagandizing for Milosevic and against NATO, Canada would be taking concrete action to step up the pressure on the Milosevic government?

• (1435)

[English]

Mr. Julian Reed (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, Canada has enacted a number of sanctions against the former republic of Yugoslavia including a freeze of the assets in Canada of the former republic and Serbian governments. Should multilateral sanctions be adopted in this respect, Canada could impose measures to freeze the assets of government officials under the Special Economic Measures Act.

[Translation]

Mr. Daniel Turp (Beauharnois—Salaberry, BQ): Mr. Speaker, my question is a very simple one: Is the government going to freeze his assets? Have they been inventoried? Could the moneys seized in this way not be put into a fund to ensure the reconstruction of Kosovo?

[English]

Mr. Julian Reed (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, Canada could put in place the appropriate regulations if an appropriate international organization or association of states, most likely NATO in the current context, decides that such a measure should be taken.

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ABORIGINAL AFFAIRS

Mr. John Cummins (Delta—South Richmond, Ref.): Mr. Speaker, this treaty is a backroom deal negotiated by nameless, faceless bureaucrats without the direction of parliament. Today

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before the document has even been tabled in the House, the minister signed off on the deal. Next fall parliament we will be asked to rubber stamp the deal, no changes required, thank you very much. What happened to the democratic process?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, what the hon. member is suggesting is that the right of this House to consider a negotiated agreement and have full authority to accept or reject it is somehow not significant. I feel quite differently about that.

If the hon. member looks at history, the policy of Canada has always been to introduce to the House a signed agreement for full debate and consideration by parliament. Parliament can choose to accept or reject it and we will be bound by that decision.

On this side of the House we know that writing treaties in British Columbia is the right thing to do. We know that the treaty that we have with the Nisga'a is fair, affordable and right.

Mr. John Cummins (Delta—South Richmond, Ref.): Mr. Speaker, the right of the House is to amend legislation that is brought before it. The democratic process is being trampled in this deal. The government has made parliament completely irrelevant to the process. Under this Liberal administration, parliament has become an ineffectual, irrelevant talk shop.

Let us ask the real question. Is this treaty so bad it cannot stand the scrutiny of parliamentary debate prior to ratification?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, let us understand that the house of parliament can amend the enabling legislation. We have always introduced signed agreements. We introduced signed agreements for the Gwich'in. We introduced a signed agreement for the Nunavut land claims agreement, for the Sahtu Dene and Metis agreements, and for the umbrella final agreement for the Council of Yukon First Nations. Why would we do it any differently for the Nisga'a agreement?

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[Translation]

JUSTICE

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, in response to Quebec experts who fear the negative effects of the principle of harmonization of sentencing, the Minister of Justice claimed, in a letter made public on Saturday, that her bill on young offenders merely encourages what she calls "consistency in sentencing" in Canada.

According to the minister, is there consistency in sentencing under Canadian law and the measures taken by Quebec with its approach?

[English]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the hon. member knows full well that the provision that is being discussed is a provision that exists presently in the Criminal Code of Canada. I point the hon. member to the fact that there continues to be regional variation in sentencing under the Criminal Code.

[Translation]

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, the minister is confusing the Criminal Code and the Young Offenders Act. That is not reassuring.

For her bill to make any sense, does the minister realize that the principle of harmonized sentences, or if you prefer, the new concept of consistency in sentencing, implies that either Quebec must change its approach, or the Canadian west must? Quite obviously, the two approaches cannot coexist.

[English]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, that is not the case and I think the hon. member knows that. Our proposed youth justice system acknowledges the diversity of approach, the diversity of concern that exists among provinces and territories in this country. The youth justice scheme is one that provides sufficient flexibility to acknowledge that diversity not only in sentencing but in other aspects of the administration of justice.

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● (1440)

ABORIGINAL AFFAIRS

Mr. Derrek Konrad (Prince Albert, Ref.): Mr. Speaker, last night the Prime Minister warned Canadians that they should beware of political leaders who believe countries should be populated by people of the same blood. That is exactly what is happening with the Nisga'a deal. The government just signed on to a deal that will entrench government by race, government based on bloodlines.

Why does the Prime Minister point fingers at other leaders when he himself is guilty of entrenching government based on race?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, to my mind the Nisga'a treaty gives us the opportunity to yet again show how this side of the House, how the Liberal government, wants to make progress for the benefit of first nations in Canada.

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I would like to remind the House of some of the approaches of the opposition. First of all, members will remember that their solution to the devastating poverty on first nations communities was to cut \$1 billion from my ministry's budget. I would remind members that they were so committed to the Inuit in Nunavut that when we had the debate in the House, all they focused on was the Senate issue. Here is a good one. I want to remind the House that their enlightened solution at Ipperwash was to call in the army. Are we to take them seriously at all?

Mr. Derrek Konrad (Prince Albert, Ref.): Mr. Speaker, we certainly should take the Canadians who elected us to parliament seriously.

Let me give an example of how the Nisga'a treaty hands out rights and privileges based on race. If you are a non-Nisga'a you do not have a right to practice a profession on Nisga'a land; no lawyers, doctors, mechanics, shopkeepers without getting special racial permission.

Why does the Prime Minister want to entrench race based employment in the Constitution?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, the hon. member and the party opposite talk about race based decisions. Let us clarify this. It is not race based; it is rights based. If they would take the time to read the highest law of our land, the Constitution, and appreciate the unique and dynamic approach that Canada has taken in building a strong partnership with the first peoples of this country, they would be appalled at their own questions.

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[Translation]

MILLENNIUM SCHOLARSHIPS

Mr. Bernard Bigras (Rosemont, BQ): Mr. Speaker, yesterday, while a parliamentary secretary was intimating that the federal government could not appoint a government negotiator in the matter of the millennium scholarships, because the foundation manages the money of taxpayers, we learned that the Minister of Intergovernmental Affairs made a commitment on Saturday to Jean Charest to delegate a federal deputy minister.

Why did the minister, who knew there was a government appointment and a negotiator on the way, refuse to so inform the House? Why is he hiding this appointment he has been asked to make for quite some time?

Some hon. members: Oh, oh.

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, are the members of the Bloc Quebecois interested in an answer, yes or no?

Some hon. members: Oh, oh.

The Speaker: Order, please. The hon. Minister of Human Resources Development.

Hon. Pierre S. Pettigrew: Mr. Speaker, I would point out that I began my answer at 18 seconds, given the delay.

I would say, however, that the students' interests remain the number one priority of the Government of Canada. We heard very encouraging news in the media recently, and I hope this matter will be resolved in Quebec quickly.

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[English]

RAIL SAFETY

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): Mr. Speaker, I welcome the transport minister's response to an earlier question on the April 23 derailment of the VIA passenger train in the village of Thamesville in my riding.

In addition to having the problems with dark areas of our rail system addressed, can the minister please expand further on our efforts to ensure rail safety to all Canadians?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, I would like to publicly thank the people of Thamesville for their very timely action in helping all those who were injured and helping to save lives.

As I said earlier, Transport Canada is conducting an investigation independent of but complementary to that of the Transportation Safety Board under the Railway Safety Act and part II of the Canada Labour Code. As a result, we have issued a notice under the Railway Safety Act to CN to deal with what we call main track hand operated crossover switches in multi-track non-signalized areas, otherwise known as dark territory.

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• (1445)

TAXATION

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, from day to day I have no idea where the government stands on the issue of taxes. We have the industry minister who says that taxes need to come down to U.S. levels. Yesterday, we had the Prime Minister who essentially kicked the industry minister right between the pockets when he said that high taxes are the Canadian way.

I would like to know what the government's position is today. What is the government's position on across the board tax relief?

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Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we have made it very clear. We want to bring taxes down, we have brought taxes down and we will bring taxes down.

At the same time, there is no doubt as to where the Reform Party stands on a number of issues. Last week, for instance, on health care, the member from Okanagan basically said that he thought health care spending was questionable and that we should not have done it. The member for Elk Island, when asked, confirmed that spending on health care was totally irresponsible. Yesterday, the member for Calgary—Nose Hill confirmed that opinion.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, instead of words, let us look at the government's actions on health care.

The government cut \$21 billion out of health care. It cut more hospital beds than all the provinces combined. That is the record of the finance minister. He is the Jack Kevorkian of health care.

How can the minister get off saying that he cares about health care when it is people like Mike Harris who are putting money into health care while the government guts it?

The Speaker: Order, please. I did not really hear that statement because there was too much noise. We are getting a little bit close to being injudicious. I will go to the Minister of Finance.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it is sort of interesting watching the Tories and the Reformers trying to claim credit for Mike Harris. They can have him.

The fact is we, on this side of the House, are going to stand behind a modern and effective health care system, one that is based on compassion. We are going to stand behind an education system that works. We are going to stand behind balanced cuts in income taxes and investments in the future of Canadians. That is what this side of the House stands for. We understand what the united alternative stands for.

* * *

CANADA PENSION PLAN

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, the government is linking its new CPP investment fund to the TSE 300 index. That index includes Imasco, Imperial Tobacco's parent company, a company that profits from the targeting of young smokers. The health minister should know that any plan for persuading Canadians not to smoke cannot and should not be good for tobacco profits.

Does the Minister of Health agree with the Minister of Finance that it is okay for CPP funds to support tobacco companies like Imperial Tobacco?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, as stated in the House, the Minister of Health has, on a number of occasions, set out the very important measures that the Government of Canada has put in place to discourage young people from smoking.

The fact is that the Canada pension plan was set up on a joint agreement between ourselves and the provinces. An essential part of that agreement is that there will not be political interference in the investment decisions made by the fund. It is investing in the index. Under those circumstances, we are not going to interfere with what they are doing.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am wondering why the Minister of Health cannot speak for himself and why the Minister of Finance has to keep pulling rank.

I want to ask the Minister of Health specifically what he thinks about public money, Canadians' dollars, our funds, going into tobacco companies which prey on young people. I want to know what he is going to do to ensure that he puts together a comprehensive strategy for preventing smoking among people. That includes an ethical investment policy for the CPP.

The Speaker: Colleagues, we all know that the question is asked to the government and any minister or parliamentary secretary on this side can answer.

Now, who would like to answer this one? The hon. Minister of Health.

● (1450)

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the member knows, or certainly should know, that in the last five years we have taken active and effective steps to reduce the level of smoking in Canada.

Tobacco is a legal product, but we are interested in reducing the level of smoking and preventing young children from starting to smoke. We have introduced the toughest, most effective anti-tobacco legislation in the western world. There are countries around the world that are copying it and using it as a model. We are investing \$100 million over five years in enforcing that statute and in efforts to discourage young people from starting to smoke.

* * *

THE ECONOMY

Mr. Jim Jones (Markham, PC): Mr. Speaker, every single Industry Canada document in the past several years has stated that productivity is essential to Canada's economic prosperity and social security.

In February, the Minister of Industry told the Empire Club "productivity is the most important determinant of our standard of living". This past weekend, he called for tax cuts to improve our productivity, the worst of the G-7.

Oral Questions

Does the minister agree with his Prime Minister that more money spent on health care instead of tax cuts will improve productivity?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, as members know, the previous government knew very little about productivity and laid the basis for this country's problems in productivity by running up a debt and a deficit of \$42 billion a year.

That is the essence of a number of the problems we face. It is the essence of the reason we have had to take our tax cuts as we have been able to afford them. It is the essence of the problem we have had in making large enough investments in science, research and development, in the National Research Council and in the granting councils. This is the source of a complex problem that we all have a stake in resolving, but they—

The Speaker: The hon. member for Markham.

Mr. Jim Jones (Markham, PC): Mr. Speaker, it sounds like the industry minister is wimping out.

The federal government's own report, "Sustaining Growth: Human Development and Social Cohesion" listed six productivity drivers and not a single one was health care. The report cited a better business environment, trade, innovation and investment in research and development. The report recommended personal income tax cuts as one of the best remedies to Canada's productivity problem.

Will the Minister of Industry tell the House who Canadians should believe, his own government's productivity research or the ramblings of a Prime Minister who once thought he invented the GST?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, that was pretty convoluted. There may be a question in there somewhere, but in essence these people in the Conservative Party want to talk about tax cuts.

Let us do a rough calculation of the interest we pay every year on the debt that the Conservatives accumulated during their nine years in office. That in itself would finance a 25% tax cut across the board. That is the essence of the problem. If he thinks productivity has to do with anything other than quality of life and standards of living, then he fundamentally misunderstands the debate. The reason we want to talk about health care is because it is part of our standard of living.

* * *

CANADIAN WHEAT BOARD

Mr. John Harvard (Charleswood St. James—Assiniboia, Lib.): Mr. Speaker, my question is for the Minister responsible for the Canadian Wheat Board.

The U.S. department of commerce was due to release a report today on whether the Canadian Wheat Board is depressing feed grain prices in Canada, thereby giving western Canadian livestock producers an unfair competitive advantage in producing and exporting livestock to the U.S.

Can the minister provide a status report on this latest American allegation against the Canadian grain marketing system?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, I am very pleased that a preliminary finding today by the U.S. department of commerce is very much in Canada's favour.

In the so-called R-Calf case, the DOC found no grounds to justify a countervailing duty on Canadian beef cattle exports. It reaffirmed that our NISA program is not countervailable and, for the seventh consecutive time in this decade, it vindicated the grain trading policies of the Canadian Wheat Board.

The Government of Canada will continue to work with our farm organizations and the provinces to ensure that this preliminary finding is confirmed in a final ruling later this year.

* * *

• (1455)

TAXATION

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, the government is still all over the map on taxes. Yesterday the Prime Minister told us that he has delivered a tax cut by raising CPP premiums by \$10 billion and billions of dollars in bracket creep. The finance minister tells us that maybe at some point we will get real tax relief. One moment the industry minister tells us high taxes are good and the next moment he is telling us that we should cut them.

Where exactly does the government stand? Will it deliver real broad based tax relief that Canadians will see at the bottom line in the next budget?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member is behind the times. We already have cut \$16.5 billion over the next 36 months. That was what was to happen in the last budget and the one before that. At the same time, we increased the child tax benefit to \$1.8 billion. At the same time, we invested in the health care system and health care research.

The answer to the member's question on where does the Liberal Party stand is, we stand with Canadians.

Oral Questions

[Translation]

MILLENNIUM SCHOLARSHIPS

Mr. Bernard Bigras (Rosemont, BQ): Mr. Speaker, we have been questioning the government on the millennium scholarships issue for days, without getting any answers. Enough is enough.

The Minister of Human Resources Development is well aware that the leaders of the three parties—

Some hon. members: Oh, oh.

The Speaker: Order, please. The hon. member for Rosemont.

Mr. Bernard Bigras: The Minister of Human Resources Development is well aware that, last week, the leaders of the three political parties at the Quebec National Assembly asked that a government negotiator be appointed in the millennium scholarships issue.

My question is simple. Has the federal government appointed its negotiator, yes or no?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, the Bloc Québécois may have been asking questions for days, but it has been a year since the Prime Minister of Canada and myself expressed our support for the Gauthrin resolution that was unanimously passed by the Quebec National Assembly.

By contrast, it was only six days ago that Premier Bouchard expressed his support for that resolution. It has only been six days since Lucien Bouchard came back to the position that he was defending ten years ago. When he supported it, he distributed Canada scholarships, recognizing that the Government of Canada had a role to play in the funding of education in this country, and in ensuring improved access for students.

We are examining this issue. Two provinces may soon reach an agreement with the millennium scholarships foundation.

* * *

[English]

PUBLIC SERVICE PENSION PLAN

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, while Canada goes to war, the Liberal government sits at home bombing the troops' pension fund.

Will the government tell Canadians today that it will cease its plan to grab surplus pension funds belonging to Canadian forces troops, public sector workers, the RCMP and others, which is little more than a transparent ploy to cook its own financial books?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, members will note that in the recent pension plan we have increased the benefits to our workers.

In the last budget we put in hundreds of millions of dollars to improve the quality of our troops. Wherever members look, they will see that the government has not only worked to the benefit of the Canadian population, but especially to the benefit of the RCMP, the armed forces and the public service.

* * *

[Translation]

STATISTICS CANADA

Mr. Jean Dubé (Madawaska—Restigouche, PC): Mr. Speaker, the Liberal government has a long tradition of political interference in government operations. Now, we learn that Statistics Canada has still not released its 1998 report on productivity.

I ask the minister responsible whether he can tell the House that Statistics Canada's delay is not due to interference from his office, the office of the Minister of Finance, or the office of the Prime Minister?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, Statistics Canada has in no way delayed the release of its report on labour productivity.

In fact, in 1998, its provisional estimates were released on July 21. In 1997, they were released on June 5. This year, plans are to release them in June, which is perfectly normal.

* * *

[English]

HEALTH

Ms. Sophia Leung (Vancouver Kingsway, Lib.): Mr. Speaker, my question is for the Minister of Health.

I am very concerned about the so-called brain drain and the effect it is having on medical research, particularly cancer research.

Can the minister tell the House what the government will be doing to keep Canadian researchers in Canada?

● (1500)

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, it is essential that we offer opportunities to our best and brightest to keep them in this country, to keep young people coming out of universities in Canada. To that end, in the most recent budget the government increased substantially our investment in health research.

We announced our intention to create the Canadian institutes of health research and over the next three years to effectively double the amount of money we spend on health research. There will be \$225 million for the new research institutes over the next three years; \$50 million in addition for the national health, research and development fund; \$35 million to the Canadian health services research foundation; and \$25 million—

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The Speaker: That brings to a close our question period for today.

* * *

POINTS OF ORDER

COMMENTS DURING QUESTION PERIOD

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I rise on a point of order to correct the record.

The Minister of Finance referred to a statement I made. What I actually said was that I did not like the way they accounted for the health spending, which is quite different—

The Speaker: I am sure the record will show that it is corrected. It is a point of debate.

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• (1505)

[*Translation*]

1999 BUDGET IMPLEMENTATION ACT

The House resumed consideration of Bill C-71, an act to implement certain provisions of the budget tabled in parliament on February 16, 1999, as reported (with amendment) from the committee; and of Motion No. 1.

Mr. Ghislain Lebel (Chambly, BQ): Madam Speaker, I am pleased to rise to speak to Bill C-71. But first I would like to set the record straight regarding some disparaging comments the members for Elk Island and Etobicoke North made this afternoon on Quebec and Quebecers.

They took advantage of today's debate to demean Quebecers in the House; for Orangemen like these two, the temptation is great, of course. While my colleague, the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques was pleading for productive spending, the member for Etobicoke North seemed dumbfounded and asked "What is he talking about? What does he mean by productive spending?"

For the benefit of the member for Etobicoke North and several Ontarians who have been on the political scene for 25 or 30 years, and who cannot understand what a productive investment is because of their partisanship, I will explain by giving an example.

Canada was founded by today's Quebecers, who were called French Canadians at the time, but when English Canadians arrived

in this country in 1760, it was said that there were two founding peoples, despite the fact that one was there 250 years before the other one, whether the member for Beauce likes it or not. And it is his own people he is trying to disown.

There were reportedly two founding peoples: the francophones, who arrived in 1534, and the anglophones, who arrived in 1760, 226 years later. However, to please everybody, it was said that there were two founding peoples who were equal, and I accept that. But we cannot brush away our past and our history so readily.

When the four provinces that formed Canada joined together to found the Canadian federation, Ontario was not what it is today. It even had huge budget deficits. Ontario needed money under the Union Act, 1840, and Quebec, or Lower Canada as it was called at the time, agreed to lend Ontario considerable sums of money, which were never repaid as a matter of fact.

From the moment the Canadian Constitution came to be—and this is where productive spending becomes important—for example, when the automobile was first introduced at the turn of the century, the federal government started to invest a lot of money in the Windsor area, in Ontario. It supported the establishment of the automobile industry in Ontario.

A few years later, Quebecers were told to be patient, that it would soon be their turn. They were told that, for them, it would not be the automobile industry, but the aviation industry. The francophones waited patiently, knowing that there were plenty of francophone MPs, mostly Liberal, at the time, for their turn to come.

Some 25 years ago, Michelin Tires wanted to set up business in Quebec. They were told "No, go to Nova Scotia. We will give you \$52 million if you do". That was a good incentive. They were paid not to set up business in Quebec. Yet this was a French multinational which would have had a natural tendency to gravitate to Quebec, where their language was spoken. But no, the government of the day invested \$52 million to send them to Nova Scotia.

History has not yet shown whether this was a good decision, but we do know that, over the years, relationships had been particularly complicated, if only from the language point of view. Michelin's investment in Nova Scotia was not the best investment it ever made.

At around the same time, Quebec was again being told "Your future lies in aircraft construction. Ontario has its automobile industry, Quebec has aviation". But when the famous CF-18 contract came up, the rule changed once more.

• (1510)

They were told "Too bad, the planes will also be built in Ontario, but there will be economic spinoffs for Quebec". What kind of economic spinoffs? There was talk of \$850 million, maybe \$900 million. That was acceptable, but once again when the project was

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completed and the planes were being flown—and there were some crashes, but that is a whole other story—there were between \$250 million and \$300 million in economic benefits for Quebec. All the radio control knobs we made pretty well accounted for that \$250 million. So much for the technological spinoffs, the productive spending. Once again, none for us. We just got the crumbs.

I heard what the hon. member for Elk Island had to say. He takes the cake. He needs a lesson in history. Between 1880 and 1900, 1.2 million Quebecers were forced to leave Quebec. They left the country and went to the northeastern American states and New England, because they were starving in Quebec.

At the same time, the Government of Canada populated western Canada. It brought people from eastern Europe and gave them land, two horses, sheep, a cow, chickens, all paid for by the taxpayers of Quebec and Ontario at the time. And now the member for Elk Island is telling us that Quebec is asking for too much and that our claims for equalization payments are unfair.

In 1870, Canada bought what was then called the North-Western Territory from the Hudson's Bay Company for 300,000 pounds Sterling, a considerable sum for Canadians at the time. But when the ancestors of the member for Elk Island, and probably those of many members here, settled there they were given land paid for in large part by Quebecers. In those days, Quebecers constituted about 50% of Canada's population. In other words, they paid about 50% of the taxes.

The member for Elk Island is denying this. While we cannot live in the past and constantly relive history, we can recognize that Quebecers can hold their heads just as high as anyone else. They contributed more than their share to this country. They anted up when it was time to do so. In wartime, they risked their lives in the battlefields of Europe.

We need offer no excuses to the member for Elk Island. Because of the policies of the federal government, which has always given Quebec the wrong end of the stick, we have a population of poor children in Montreal, which presupposes poor parents as well.

I see the member for Beauce watching me all in a state. This is what is happening in Quebec. It is the result of the policies of the Liberal Party of Canada, which started in 1973 to get into over-blown deficits with its Minister of Finance at the time, who is now, ironically, the Prime Minister, the one most opposed to accumulated deficits.

Mr. Claude Drouin: Madam Speaker, I rise on a point of order.

I am in a state over the hon. member's comments because he has not once mentioned the aboriginals—

Mr. Jean-Guy Chrétien: This is not a point of order.

The Acting Speaker (Ms. Thibault): This is not a point of order but a point of debate.

Mr. Ghislain Lebel: Madam Speaker, the truth hurts, as evidenced by the reaction of the member for Beauce. It may not always be a good thing to tell the truth, but it is more often hard to hear it. This is why the member is getting all worked up. Every now and then, he demonstrates to us that the truth is not always easy to hear, and that it would be much easier, out of extreme courtesy and abnegation, not to say anything. Perhaps the members of the Liberal Party would be less frustrated, but that is the way things are.

History keeps repeating itself. In 1867, Quebecers were fooled into joining a federation and have never been able to get out of it. This is the impression we have. Why? Because of things like this.

• (1515)

At one time, the Liberals held 74 of the 75 seats in Quebec. This is when they decided to unilaterally patriate the Constitution, without the agreement of Quebecers. Incidentally, the Constitution has yet to be signed by Quebec. If they are waiting for Quebec's signature to share the equalization system, it will never happen.

[English]

Mr. Gurmant Grewal (Surrey Central, Ref.): Madam Speaker, I rise on behalf of Canadians, and my constituents in particular, to oppose the Bloc motion which would delete a component of clause 4 dealing with the provincial share of cash contributions and CHST from April 1, 1999 to March 31, 2004.

Bloc members believe that this disbursement of funds occurs too quickly and would like to spread it over a longer period of time. They believe that the time line criteria for cash contributions should be weighted in favour of demographic changes.

The motion amends the bill we are debating today, Bill C-71, which is legislation intended to implement many of the programs announced by the government in the 1999 budget.

Just for the information of those who are watching, the bill is divided into nine parts. Part one amends the Federal-Provincial Fiscal Relations Act to implement \$11.5 billion, which is an increase in the CHST for the purpose of health care. It is an important part because it is dealing with the health care aspect on which I will be elaborating later.

Part five enables some first nation bands to impose a 7% value added tax on fuel or tobacco.

Part six increases the maximum national child tax benefit by July 1, 2000 to \$1,976 for the first child and \$1,775 for each subsequent child. The other measures are simply housekeeping changes.

I will talk about the health care and child tax benefit aspects, but before doing so I would like to talk about the CHST. In 1993 when

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the Liberals took power the CHST for each taxpayer was \$1,453. In gross terms this was \$18.8 billion. Taking into account this budget, the CHST for taxpayers now will be \$1,005 or \$14.5 billion that they will try to restore. There is still a \$448 decrease, which is 31% per taxpayer compared to what it used to be in 1993.

Compared to the \$11.5 billion that they will put back over the next five years, the Liberals are removing \$3 billion from the system for every \$1 billion they are putting back. It is a ratio of 1:3.

The government will raise the income threshold at which the child tax benefit begins to be phased out to \$29,590 from a front level of \$25,921. The child tax benefit was announced in the 1998 budget and implemented in July 1998. It replaces the child tax benefit and working income supplements.

The new Canadian child tax benefit began clawing back benefits at lower levels of income than the existing system. When announced in 1998, the CCTB clawback began when a family's after tax income exceeded \$25,921.

This budget states that spending would increase by \$14.1 billion over the next four years, including the remainder of this year. We also know that the revenue is now expected to rise to \$156 billion for 1998-99.

What I am driving at is that our tax system is failing. We heard already the debate on productivity. The Minister of Industry is on one side and the Minister of Finance is on the other side, and the Prime Minister is somewhere. We do not know what the government is doing.

• (1520)

They are hiking taxes. Productivity is falling. The standard of living is falling. The government has no sense of where it is heading or what it is doing. We pay the highest personal taxes of all G-7 countries. This is killing jobs in Canada.

My constituents agree that what we are looking at is a pay more, get less budget. The Liberals balance the books on the backs of the taxpayer. I do not call it balancing the budget. It is not balancing the budget at all. It is matching the budget.

The Liberals try to match the revenue to the spending level. That is how they balance the budget. If that were the criteria to balance the budget on the backs of the taxpayers without reducing spending, without eliminating duplication or waste, it could have been done 29 years ago. Why did the Liberals wait for 29 years?

The real balance in the budget is reducing tax levels, reducing spending and trying to match them. This is matching of the budget, not balancing the budget at all. The Liberals have not made the size of government smaller. They have not controlled or significantly reduced spending levels. Duplication and waste are not eliminated.

The government is boosting the health care budget. Let us talk about the record. The Liberals must pay back the billions of dollars they have been taking out of health care spending. As the new official opposition deputy critic for health, I will not allow the Liberals to forget that hospitals are closing, there are fewer beds in hospitals, waiting lines are longer and longer, 1,400 doctors and 6,000 nurses have left the country since the government took over. There are about 200,000 patients on the waiting lists for medical services. Waiting times for Canadian patients to see a specialist, for example, are up by 38%. That is appalling.

Who are the people who are waiting? They are our loved ones. They are our relatives. They are real people. They are human beings who are waiting on the lists to get treatment. What have the Liberals done to help Canadians since they caused the health crisis? They have done absolutely nothing.

In the budget for 1999, which is the pay more, get less budget, Canadians are paying \$2,020 more in taxes than they did in 1993. Let me tell the parliamentary secretary that the Liberals have increased taxes by that amount but in return they have \$1,500 less to spend per Canadian on health care.

The government has its priorities wrong. It caused this health care crisis by slashing health care spending. It is the root cause for what we see happening currently in the health care system. Now they are trying to act very generously by trickling money back into health care, not even restoring what they have cut so far.

What they are not restoring is the \$21.4 billion they cut from health and social spending since 1993. They are simply putting in \$11.5 billion over the next five years. That is peanuts to improve the system. That is half of what they owe Canadians for health care.

The cumulative decrease in federal funding will grow to \$21.4 billion in 1999 from \$17 billion in 1998. Canadian taxpayers are paying \$42.1 billion more in taxes in 1999 than when the government took over in 1993. In my view, which is shared by the Auditor General of Canada, by leading accountants and by economic editors around the country, the Prime Minister and the finance minister are cooking the books. The auditor general has refused to sign the books for two years in a row.

When the Liberals were running the government at a budgetary deficit they backloaded the federal government's annual budget. Then they were busy cooking the books. They started frontloading the budget. Whatever the surplus was, they are trying to show that the surplus is getting smaller and smaller. The Liberals even budgeted the millennium scholarship endowment fund money, which is supposed to be spent in the year 2000, in this account.

• (1525)

In conclusion, this is a pay more in taxes and get less in health care and benefits budget. Despite the increase in CHST we should

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remember that it was the Liberals who gutted and savaged the health care system.

The budget did not contain any significant debt or tax relief measures, increase disposable income, or create investment opportunities for entrepreneurs. It completely ignored small business. The budget perpetuates the discrimination against single income, two parent families in the tax code.

There are many examples I could give but just to summarize—

The Acting Speaker (Ms. Thibeault): I am afraid the hon. member's time has expired.

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ): Madam Speaker, on February 16 of this year, the Minister of Finance tabled his sixth budget in the House on behalf of the Liberal government. Year in and year out, Quebec pays over \$30 billion on a budget of some \$160 billion, including borrowings and so on.

You will certainly agree with me that Quebec is a real cash cow for this government in that, according to the books, we pay a lot more than we receive.

I would like to give you an example. In my riding, an asbestos mine, the BC Mine, was closed. It employed 300 workers, 200 of whom were over 52 years of age at the time of the closure. On June 26, the Minister of Human Resources Development, accompanied by the godfather of my riding, the good member for Beauce, came to announce that \$1.1 million would be spent to help workers aged 55 and over. This spring, there were coal mine closures in Cape Breton, Nova Scotia. The same Minister of Human Resources Development has allocated \$111 million. The \$1.1 million for Thetford became \$111 million for coal miners.

Another \$68 million will come from Canada Economic Development and \$80 million from the Atlantic Canada Opportunities Agency. Add it all up and you will get a total of \$259 million for Cape Breton coal miners, compared to \$1.1 million for asbestos miners.

I listened to the Prime Minister, who addressed last night 1,500 guests who paid \$450 each to attend a fundraising dinner in Montreal. He urged Liberal senators and ministers to criss-cross Quebec to spread the good news. Try to go and ask the Minister for Human Resources Development to come back to Thetford. He is scared to go.

On the advice of the godfather, he went there as bearer of bad news, but he got so scared he had to flee in the car of the member for Beauce. Do you really believe that these ministers and senators who rely on the system to pay them fat pensions even if they do not make any effort are going to criss-cross Quebec? They are scared.

Take the millennium scholarships for example. It would appear that Ottawa is always trying to duplicate structures. In Quebec, there was and always has been an excellent system of loans and bursaries for post-secondary and university students. The Prime Minister and member for Saint-Maurice wants to interfere and, over a 10 year period, only 10 years, he will invest more than \$2 billion in scholarships. Once again, he is duplicating structures.

There are two agriculture ministers. If your cow produces processing milk, it comes under the federal agriculture minister, but if it produces fluid milk it is up to Minister Trudel in Quebec to deal with it.

• (1530)

Same farmer, same cow, but two different agriculture ministers. Dairy farmers now have what is called mixed quotas. So both ministers have jurisdiction over the same cow. Two revenue ministers, two finance ministers, two health ministers for the same patient, the same Quebeckers. Two natural resources ministers and we could list scores of departments which are duplicated.

To issue cheques with a maple leaf, the Prime Minister is prepared to duplicate our system of loans and bursaries, which is working perfectly well.

In order to save on taxes, the millionaire Minister of Finance, who is very familiar with the legislation, will register his boats in tax havens, and then he will tell us to tighten our belts. This is the same individual who helped himself to the \$21 billion EI surplus, and who is going to grab the \$30 billion surplus in government employees' pension funds.

The Prime Minister, who yesterday urged his ministers and Liberal senators to spread the good news throughout Quebec, should have a look at the article in today's *Le Droit* about the increasing unavailability of low cost housing. Not in the riding of Saint-Maurice in Shawinigan, but in the nation's capital, in Ottawa-Carleton. One in five tenants—or 20%—are spending more than 50% of their income on rent. Can we imagine having to spend more than half of what we earned just on accommodation?

This is news to the Prime Minister. He has no living expenses, because he has an official residence. I imagine it has been years since he set foot in a supermarket. If a couple has to spend half of their income on rent, there is no way they are going to be eating steak once a week.

On the topic of the GST—I see the member for Beauce listening closely—at least two of the women who elected the Prime Minister call me regularly, and they called again last month, to ask when he would keep his promise and abolish the GST. I told them that he made the promise in order to trick them into voting for him, but that he lied. So that he could save face once he was in office, the member for Hamilton East resigned, only to be re-elected three months later at a cost of \$500,000 to taxpayers. These are the reasons I will be voting against the sixth budget brought down by

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the Minister of Finance. These are only a few of the things I want to mention, during the ten minutes I have.

I could also talk about the Minister of Human Resources Development, the man who is often out to throttle the neediest in society, our young people. Did members know that 100% of working youth contribute to the EI fund? They pay \$2.55 for each \$100 earned. Even though all the young workers pay, only 15% of them qualify for EI benefits. That represents a net profit of 85% for the government, on the backs of our young people.

The Liberals will go around Quebec spreading the good news. When he came to Thetford Mines, on the steps of the town hall, the hon. member for Beauce saw what the good news was. He is the one who so badly advised the Minister of Human Resources Development by inviting him to make his \$1.1 million announcement on the steps of the town hall.

• (1535)

Asbestos miners know about Liberal fairness: \$1.1 million for them and \$259 million for coal miners.

I will leave you to ponder this and to ask yourself questions about the Minister of Finance's sixth budget.

[*English*]

Mr. Inky Mark (Dauphin—Swan River, Ref.): Madam Speaker, I am pleased to take part in the debate on Bill C-71 at report stage. I speak in opposition to the Bloc Motion No. 1.

In terms of health care it is ironic that the Liberal government on taking power in 1993 at that time basically trashed the health system and now claims it is saving it from what it did back in 1993. I remember very well. The Liberals took away \$22 billion from health care which had a huge impact back in 1993-94. The provinces had to deal with this crisis. They shut down hospitals and closed beds.

In the spring of 1997 I had a personal experience with a health care system that was in tatters. I got sick in the spring of 1997 and ended up in the hallway of a hospital waiting for care. Believe it or not, at that time I was the mayor of the community in which I lived. It shows that even the mayor back in those days had to experience the hardships of the health cuts.

Unfortunately we still have the same problems. Even though the government has reinjected many millions back into the system, it is going to take at least two years. I am sure the Liberal government expects that by the time the next election comes around the system will have solved many of its own problems.

The government does not understand that the taxes it collects really do not belong to the Liberal government. They really belong to the people. That is where the government gets them from. In today's question period it was ironic that the health minister stood in the House and said that he gave \$900 million to Mike Harris, the premier of this province. It certainly sounded like it was the Liberal government's money. We all know that this \$900 million really belongs to the people of Ontario.

One thing I have found in the House is that governments at the federal level do not understand the meaning of planning regarding our debt. This country's debt is an extreme hardship on all of us as taxpayers. Last year I believe we spent about \$42 billion of hard-earned taxpayer dollars on debt interest. We all know that personally we certainly could never operate or succeed if our debt was at that level. The government needs to plan in terms of how to retire that debt.

It is quite obvious from the estimates this year and as we talk about this bill that the government is back to free spending. We know that the annual budget has been balanced from a deficit of \$42 billion. The government keeps pointing a finger at the Progressive Conservative Party. The PCs should be accountable for half the national debt, but so should the Liberal government which, starting in the 1970s, created the first half of the almost \$600 billion worth of national debt.

There is no shortage of money. The money keeps flowing in. People should check their monthly statements and their cheques and they will know how much the government gets. It still gets a big pile from the GST, the CPP, and EI. In fact, the government is so tax hungry it wants to rob us of the \$30 billion in the pension fund.

There are examples of the free spending attitude the government still has. The estimates this year contain about \$1.7 billion worth of open spending. In other words, the floodgates are open again and the government is back to spending. We need to seriously look at how we spend. Just for the interest of the House, these are some ways we are spending taxpayers' money, probably not in the most responsible manner.

• (1540)

We will write off outstanding immigration loans to the tune of about \$3.7 million. Additional operating costs for the Immigration and Refugee Board come to about \$2.6 million. Environmental remediation of leased crown site is about \$13.4 million. Canada's tenure on the United Nations Security Council will cost the country \$1.4 million. Additional operating and capital costs for DFAIT are \$15.8 million. Our contribution to international environmental organizations is \$255,000, and that is a small number compared to the other ones. The Canada Commercial Corporation amount is \$5.08 million.

Government Orders

We are going to forgive the debt of the following countries: Honduras, \$18.1 million; Costa Rica, \$2.2 million; Colombia, \$2.75 million; and Dominican Republic, \$1.4 million. The creation of the Canada industrial relations board will cost \$350,000. The debt write-offs for Indian Affairs and Northern Development is \$389,000. Canadian Intellectual Property Office of Industry Canada will be \$15.4 million. ACOA's increased contribution will cost taxpayers \$8 million. Liabilities under the Small Business Loans Act is \$23 million.

The grant to Conseil québécois des entreprises adaptées to create a development fund is an additional \$5 million. Additional capital costs to the NRC come to \$16 million. Grants and scholarships will be \$270,000. The firearms control program for the registration of long firearms at the justice department will be an additional \$13.7 million. The Canadian Human Rights Commission is \$692,000. The Canadian Human Rights Tribunal as well in the Department of Justice will be an additional \$624,000. We will end up spending another \$1.75 billion of taxpayers' money.

During the past week I was asked by the teachers federation whether I support the child care program. My response was that perhaps the best way to support child care and make sure that children have a good start in life is to give families a break, in other words give families a tax break.

We all know that for many of us in the House who have both spouses working that the wages of one spouse are used to pay the tax of the other one. We know that the children of the country should come first. Their care really should be paramount in the minds of the members of the House as well.

Last week I received the response from the government on the sports report. In the response even the heritage minister indicated in her letter to the chairman of the standing committee that low and middle income Canadians need a tax break before professional hockey players.

We all know that taxes kill job creation and that taxes also create dependency. It is time the government recognized that taxpayers of Canada are tired of paying taxes. I am sure most members of the House have the same feeling about their taxes.

• (1545)

[*Translation*]

Mr. Yves Rocheleau (Trois-Rivières, BQ): Madam Speaker, I am pleased, as a member of the Bloc Québécois, to speak on Bill C-71 and more specifically on Motion No. 1 introduced by the hon. member for Saint-Hyacinthe—Bagot.

The budget is always an important issue, though it may be dry. But it is very important, in particular for Quebeckers who give the federal government \$30 billion in taxes every year, without being sure of reap all the due benefits from this annual collective effort, which is a huge effort on the part of Quebeckers.

It cannot be said that the federal government is greatly involved in Quebeckers' everyday lives. However, if there is one area where it does get involved, it is employment insurance.

What the federal government in recent years has been appalling, not to say dramatic, for thousands and thousands of Quebeckers and Canadians. In 1990, about 90% of those who contributed to employment insurance were eligible for benefits when they had the misfortune—because it is a misfortune, something those on the other side and specifically the Minister of the Human Resources Development tend to forget—to lose their job.

We should be there as a community and as a government to support those individuals who have to go through such dire straits. In 1990, about 90% of those who contributed to insurance employment had the good fortune or privilege to receive benefits. Then the Conservatives began to fiddle with employment insurance, and the Liberals merrily carried on. Yet, the members opposite, who were then in the opposition, had condemned this. In spite of that—and this is typical—the government is still fiddling and only 36% of those who contribute to employment insurance are now eligible for benefits.

This, as we know, allowed the government to eliminate the deficit at the expense of low income taxpayers, low income earners and the most vulnerable people. The government took care to protect the interests of the wealthy. It has always found a way to justify the existence of tax shelters and, most of all, tax havens.

Since the Liberals took office, there has been one scandal here, in Ottawa, in the Conservative-Liberal tradition. I am talking about the family trust scandal that allowed a well known family to avoid paying somewhere between \$400 and \$700 million in federal taxes. These are not mere details. This happened in spite of the fact that the government and particularly the Department of Finance were fully aware of what was going on and in spite of the fact that the Auditor General of Canada expressed his disagreement before being put in his place by the accounting gurus, in particular those who develop tax schemes in Toronto. The auditor general—and I witnessed it personally—was simply told to mind his own business by these thinkers from Toronto who protect the interests of the rich in Canada and who develop these tax schemes to help them.

This budget has also created a precedent in Canadian history in that the rules of the game have been changed with regard to federal transfers to the provinces.

The government has decided that, from now on, these transfers will be made on a per capita basis according to the population of each province instead of being based on the needs of each province. It is a fundamental change and the results are brilliant. This means that, over the next five years, Ontario will get 47% of these transfers, whereas Quebec will get 8%. With this kind of management, it is no wonder Quebecers want out. It is one reason among many.

• (1550)

On of the reasons Quebecers want out and will be increasingly eager to get out—and this budget is part of that Canadian process—is the social union framework agreement, which is a major event in Canadian history, even though its name does not appear to mean much.

The term social union is a rather insignificant one, one that does not generate much discussion, but does imply an enormous impact on the new Canada of tomorrow, the new Canada of the year 2000 and beyond, the new Canada built here in Ottawa, which will be centralized and unitary. The provinces have recently given the federal government legal authorization to intervene in areas in which they have sole jurisdiction: health, education and social programs. These, according to the 1867 constitution, which we respect, were the exclusive jurisdiction—important words—of the provinces.

With that recent consent by the provinces, the federal government has been given authorization to get involved in these areas in order to turn this country in the future into a centralized and unitary country, one in which decisions will be made—efficiently, let us hope—so that it can have a competitive edge internationally, where it has been rather lagging behind until now.

This new Canada is looking for ways to be competitive, but everyone will pay a price as far as structure is concerned. This means that, slowly but surely, the provincial governments will find themselves turning into regional governments, with considerably diminished powers.

This means that Quebec is not only a province, but one just like the others. This means that the Quebec people has never been recognized as a distinct entity by the rest of Canada, and never will be. There is no such thing as a Quebec people in the context of a new unitary Canada. Such notions will have no place in the new Canada of tomorrow.

This means that there will be national standards in all sectors in which the federal government has a hand, including education, which was what Jean Charest, former leader of the Progressive Conservative Party of Canada and now leader of the Quebec Liberal Party, argued for in 1997. There will be national standards to evaluate students and schools from coast to coast.

This is what the Canada of tomorrow will look like, with national standards set by Ottawa applying to all the provinces, which will become regional governments.

Government Orders

In my opinion, Canada has to centralize because of international pressure. Countries dealing with Canada want clearer rules. They want to know if there are disagreements between the provinces and the federal government. The government is in the process of clearing the way, without debate, for the federal government to have a free hand to sign whatever contracts it wishes, particularly international ones, legitimately and with full jurisdiction.

This is a necessity for Canada, but it is a disaster for Quebec.

If Quebecers remain in Canada, they will slowly disappear. It is Louisiana all over again. As the member for Saint-Maurice said, and it was perhaps the only time he showed any vision in his entire career, Quebec would be a larger version of New Brunswick. If Quebec decided to remain within the new structure of the Canada of tomorrow, it would become a larger version of New Brunswick.

All we Quebecers must ask ourselves if this is the kind of Canada in which we want to live, or whether it would not be simpler for Quebec to govern itself the way it wished, and Canada to do the same, and for both parties to enjoy the best possible relations that the good neighbours we have always been can have.

• (1555)

I hope that our fellow Quebecers will give some thought to this very important development in the history of Canada.

The Acting Speaker (Ms. Thibeault): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Ms. Thibeault): The question is on the motion No. 1. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Ms. Thibeault): All those in favour will please say yea.

Some hon. members: Yea.

The Acting Speaker (Ms. Thibeault): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Ms. Thibeault): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Ms. Thibeault): Call in the members.

Government Orders

And the bells having rung:

The Acting Speaker (Ms. Thibeault): The division on the motion stands deferred until tomorrow afternoon following Government Orders.

* * *

NATIONAL HOUSING ACT

The House resumed from April 29 consideration of Bill C-66, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act and to make a consequential amendment to another act, as reported by the committee (without amendment), and of the motions in Group No. 2.

Mr. Bob Kilger (Stormont—Dundas—Charlottenburgh, Lib.): Madam Speaker, I want to start by informing the House that discussions have taken place between all the parties, and I believe that you will find consent for the following motion:

That, during the present debate, all report stage motions on Bill C-66 be deemed moved and seconded and that recorded divisions be deemed requested.

The Acting Speaker (Ms. Thibeault): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

[*English*]

Mrs. Michelle Dockrill (Bras d'Or—Cape Breton, NDP): Madam Speaker, last month the government finally recognized the seriousness of the housing crisis.

I think everyone in the House applauds the appointment of the Minister of Labour as the federal co-ordinator on homelessness. Her personal commitment to housing issues is well known and no one doubts that if she was given the tools to do the job she could make a real difference.

This bill is a clear indication that the government does not intend to allow its co-ordinator on homelessness to do more than attend conferences on homelessness. All the way through this bill are provisions that remove direct government involvement in providing housing for those in need.

Instead of parliament or the cabinet making decisions about how to best provide affordable housing, authority has been delegated to an appointed CMHC board of directors. A basic democratic principle is that decisions should be made by elected officials. This

bill ignores that principle. Once we have voted to allocate money for housing, the only means this bill gives us for reviewing decisions made on social housing is when the House of Commons receives CMHC's five year corporate plan.

That is why I am a little curious about the wording of the amendment of my Reform Party colleague from Kelowna to remove section 101. This is the only section left in the National Housing Act allowing for the regulation of the CMHC. I have heard the hon. member express concern about the need to make the CMHC more accountable and I hope he will reconsider his motion.

• (1600)

All through this bill are provisions allowing the CMHC to set terms and conditions for programs that provide loans or contributions for housing. If we pass this bill, decisions about how these programs will work will not be made by parliament. They will not even be made by cabinet. Instead, they will be made by an unelected board of directors.

It does not take much of an imagination to picture the response of the government when an unpopular decision is made by the CMHC board. "Oh, that has nothing to do with us," it will say. "It is all the fault of CMHC".

When they were in opposition, the Liberals would have found this unacceptable. My colleagues who have been here more years than I have can remember Liberal MPs condemning legislation as undemocratic because it transferred decision making power from parliament to cabinet. Of course, this was when they were in opposition and it was the Conservatives who were introducing the legislation. Today with this legislation they are going even further than the Conservatives could have imagined.

It should also be made clear that the government is not just turning over the power to make decisions about mortgage insurance to CMHC. Under this legislation the government is abandoning its decision making role in almost all parts of the National Housing Act. Whether it is the eligibility criteria for housing renewal programs or setting national standards for public housing, this government is abandoning its responsibilities.

The amendments the NDP will introduce require approval by the governor in council for terms and conditions for housing programs set by CMHC. This does not mean that the cabinet has to approve every last project the CMHC assists. Given this government's record on patronage, there is no way we would suggest that. What it will do, however, is to ensure that the conditions under which projects receive support are approved by the governor in council. This is already happening.

Currently the National Housing Act sets out the terms and conditions for loans, grants and other forms of assistance. The goal of the amendment is to restore the principle that rules about how taxpayers' money is spent should be approved by parliament or by regulations approved by those who are accountable to parliament.

Government Orders

I would also like to touch on some of the specific problems with the bill and what they mean for the federal housing policy now and in the future.

As it stands, the National Housing Act has a number of provisions stating how programs to provide housing should be run. These measures ensure dollars spent on housing do what they are meant to do: help those in need of affordable accommodation find it.

The current restrictions in the National Housing Act seem nothing more than basic common sense. These restrictions include provisions to restrict rent increases for housing projects which have been built or repaired using federal dollars, a reasonable measure if the goal of federal housing programs is to increase the supply of decent, affordable housing.

It includes restrictions saying that only housing projects sponsored by non-profit or co-operative associations qualify for full funding, another measure that seems necessary if the goal of the housing program is to provide affordable housing and not line private developers' pockets.

Under this bill, these provisions are gone. This bill paves the way for the privatization of social housing in Canada. Current statutes contain very clear definitions of what a public housing project is and what an eligible contribution recipient is. These definitions have ensured that funding for housing goes to the groups best able to build and operate affordable housing: non-profit groups and co-operative associations.

This bill eliminates these definitions and others from the National Housing Act and puts them at the discretion of CMHC. This opens the door for private for profit corporations to be recognized as social housing providers. With social housing this can be a very expensive proposition. Building housing units is only part of the cost. The other part of the cost is subsidies for rent.

For non-profit and co-operative housing, all we are subsidizing is the operating and capital costs. If we allow private for profit corporations to provide social housing, we will pay for their profit margin as well as for the cost of the housing. Instead of housing dollars assisting Canadians looking for decent, affordable accommodation, we will be subsidizing for profit developers. In case there is any doubt about this, I would like to touch on what happened in Ontario in the late eighties in cases where private for profit developers received social housing funds. For private developers it was the equivalent of a blank cheque.

• (1605)

Under the Liberal government the subsidy paid for the difference between what the tenant could afford and the market rent for the apartment. The rent review guidelines made it easy for landlords to

raise rents and every time the rent went up, so did the subsidy the government was having to pay. In some cases the rents being subsidized in private for profit developments were over \$2,000.

In contrast, co-operative and non-profit housing have not seen such dramatic increases in the cost of rent subsidies. There, rent covers the cost of the mortgage and maintenance, not a landlord's profit margin.

The amendments that the NDP has put forward ensure federal funding for housing goes to those with a proven track record: non-profit corporations and co-operatives. In other words these amendments ensure any federal funding for housing goes to where we know it will be used for its intended purpose and where we can keep track of how it is used.

The NDP is also concerned about the elimination of national standards for public housing. In section 78 of the existing National Housing Act, there is a requirement that public housing provide decent, safe and sanitary housing accommodation. Bill C-66 removes this provision. The explanation given was that flexibility is required. There are some things where I do not think we should be flexible. Ensuring that public housing in this country is decent, safe and sanitary is one of them.

It also has been suggested that standards are not required in the section of the National Housing Act dealing with public housing because they are present in the definition of low rental housing project. I am not a lawyer but as far as I know a definition has to be stated to have any effect. Under this bill low rental housing project is defined in section 1 of the National Housing Act but will not appear anywhere else in the legislation.

Like the Minister of Labour in her role as federal co-ordinator on homelessness, the definition sounds good, wants to do something and is not being allowed to do it by this government. What our amendment in Motion No. 16 seeks to do is to restore standards for public housing.

In closing, I emphasize that New Democrats recognize the housing problems in Canada are serious enough that there must be a federal role. We are also concerned about the restrictions the amendments moved by the member for Hochelaga—Maisonneuve would place on this role. I would hope it is not his intention but the effect of his motions is to give provincial governments ideologically opposed to social housing a veto over the construction of new housing projects. Given the seriousness of the housing crisis we face, this is not something the NDP is prepared to do.

Mr. John Cummins (Delta—South Richmond, Ref.): Madam Speaker, it gives me pleasure to rise today and speak to the bill. I have a number of concerns as I am sure many members of the House have about certain provisions in the bill. There are also things that I like about it.

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I would like to read into the record words that were spoken by Mr. Laird Hunter, the counsel for the Co-operative Housing Federation of Canada. I want to do that because in my riding of Delta—South Richmond there are many co-operative housing units. They are a very necessary part of the housing requirements in my constituency for a very simple reason. People in the lower mainland of British Columbia, who in other parts of the country would be making fairly good wages, find they are in a high cost, high rent marketplace. They cannot afford to buy a home and they cannot afford to pay the high rents in some of the accommodation that is available. The alternative has been the co-operative housing marketplace.

• (1610)

As someone who has visited many of those co-operative housing locations, I can assure the House that the housing is simply delightful. It is a pleasure to walk through. Housing co-op members have stated to me on many occasions that they feel very safe in their environment. They know their neighbours and there is stability in the neighbourhood.

The people who participate and live in the co-op housing units have a commitment to the co-op. They ensure that the place is well-maintained because it is their home and it is their investment. They look after one another's children. It is not a concern when their kids are playing in the street in front of a co-op housing unit or in a unit itself. People have some assurance that their kids are safe because they know their neighbours are watching them.

It reminds me of old times in small-town Ontario where I grew up. When we were out playing in the streets our parents were not concerned because they knew the neighbours were looking out for us. Quite often that is something which is missing today. Certainly in busy urban settings that is not the case, but it is the case in these co-op housing units. There is that kind of security. As far as providing homes for people who need them for economic reasons, I do not think there can be a better setting than these co-op houses.

Mr. Hunter noted that the bill contains certain provisions which they are pleased with. He notes and expects that the CHF of Canada welcomes the bill's proposal to strengthen the Canadian system for residential mortgage insurance. He says: "We also support the reinforcement of Canada Mortgage and Housing Corporation's international role both in the exporting market and in helping developing countries to build secure and affordable housing".

He goes on to say: "We have concerns about Bill C-66. We hope to offer some comments that will help to improve this bill and prevent some of the potential harmful effects that arise through unintended consequences on the affordable housing that now exists". He outlines the three areas of concern. He said that they have concerns about the mortgage insurance, the international housing matters and the accountability framework. Those are concerns the Reform Party has as well.

One other concern should be mentioned. It is a serious concern for many of the co-ops in my riding. It is an important issue, one which I do not think the bill has addressed at all. It is the problem many of the co-ops have where the mortgages have been locked in. They entered into mortgage agreements in times of high mortgage rates. Unlike others, they cannot simply go to the bank and pay the penalty and buy into lower mortgage rates. They are stuck with the high rates. Some co-ops are paying 10% and 11% mortgage rates, with some probably paying higher rates. They cannot take advantage of the newer lower rates.

That is a fundamental problem. The co-ops are owned collectively. In that sense individuals own their own units, but because the title is a collective title for the whole organization or complex, these people are prevented from going to the bank collectively and saying "We do not want to continue to pay these high rates; we would like to pay the penalty and renegotiate at a lower rate". That is fundamentally wrong.

We are not dealing with the Rockefellers of the world when we talk about this bill. We are dealing with people who are working hard and trying to put the bread on the table for their families and their children. We are making it tougher for them to do that.

I should mention one other thing when I say that this point is unfair. I was visiting one of the co-ops in my riding within the past year. One of the ladies told me that she had lived in co-op housing for years and that she had paid one of the higher rates. She had a pretty good job and was paying a pretty high rent. Then she had a physical health problem and was unable to work. When she could not work her rent dropped and she paid a little less than she had before. She said that it was not a concern to the other people as they knew she had done her best when she could and now she could enjoy that security. It is only right that happens. The group is looking after its own and that is correct.

• (1615)

Although we in the Reform Party are great supporters of the notion of co-op housing, we believe there is also a place for private sector builders that want to build low cost housing. That is a concern to me and to my friend from Okanagan who is our critic in this area.

I live on the lower mainland where there is a need for lower cost housing. Lower cost housing does not mean lower quality housing. It may mean smaller housing and smaller yards, but it certainly does not mean lower quality.

There is a place for government in providing low cost housing, whether it be through co-ops or assisting private sector builders that want to build low cost housing. The government should be making every effort to ensure that private sector builders have

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access to land in our municipalities where they can build smaller homes on smaller lots.

When I grew up the home in which I was raised was not very big. It probably was about 1,000 square feet. It was certainly adequate for my parents and four kids. Nowadays it seems that in the area where I live a small home is about 1,200 square feet and many of them are in the 2,000 to 2,500 square foot range.

However, with size comes expense. There is a problem when laws restrict size and do not allow builders to construct smaller homes on smaller lots. It prices people out of the market. The motions the NDP is proposing will do just that. Its series of motions will restrict the value of the bill to providers of on reserve rental housing, non-profit corporations and co-op associations. It does not want to allow private sector builders access to funding. I think that is wrong.

If the federal government is concerned about providing housing to low income Canadians, it should be taking the lead in ensuring that municipalities make land available where smaller lot sizes are okay. It should encourage municipalities to provide areas where smaller homes can be built. There is a place in our society for them. Many of the houses that were built in the thirties, the forties and before were built on smaller lots in many of our cities. They were smaller and affordable.

Mr. Peter Adams: Madam Speaker, I rise on a point of order. There have been extensive consultations among the parties at the House leaders' meeting earlier this afternoon and I think you would find unanimous consent for the following motion:

That, in relation to its examination of tax equity for Canadian families, the eight members of the Subcommittee on Tax Equity for Canadian Families with Dependent Children of the Standing Committee on Finance, be authorized to travel to Vancouver, Calgary, Toronto, Halifax and Montreal during the period May 10 to May 14, 1999, to hold public hearings and that the necessary staff do accompany the subcommittee.

The Acting Speaker (Ms. Thibeault): Is there unanimous consent to proceed in that way?

Some hon. members: Agreed.

An hon. member: No.

Mr. Peter Adams: I rise on another point of order. At the same House leaders' meeting there were consultations with respect to the following motion:

That ten (10) members and the necessary staff of the Standing Committee on Natural Resources and Government Operations travel to British Columbia (Vancouver, Lake Williams and Bella Coola) from May 11 to 14, 1999 in order to examine Canadian forest management practices and to hold public hearings with respect to this matter as an international trade issue.

The Acting Speaker (Ms. Thibeault): Does the parliamentary secretary have unanimous consent of the House?

Some hon. members: Agreed.

Some hon. members: No.

• (1620)

[*Translation*]

Mr. Ghislain Lebel (Chambly, BQ): Madam Speaker, I am pleased to rise today to speak to Bill C-66, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act and to make a consequential amendment to another act.

I spoke in the debate on the motions in Group No. 1 and I said then that the Bloc Québécois did not support this bill. My friend from Hochelaga—Maisonneuve focussed particularly on social housing.

I listened earlier to the member for Frontenac—Mégantic, who spoke in the debate before this one. He read us statistics that indicated some people in the national capital region were spending over 50% of their income on accommodation. This is appalling, especially when this country has had since 1946 an organization to make it easier to acquire residential property.

We could say that the Canada Mortgage and Housing Corporation has failed thoroughly in meeting its objectives. The public housing crisis is not just here in the national capital, in Ottawa, it is pretty well everywhere. There are people who, for reasons it is not up to us to judge, are now needy and must have help from others and society to get housing.

The government did not take the opportunity provided by this bill to acknowledge a reality. While I do not know every major Canadian city, I am nonetheless aware that homelessness is a growing Canadian issue. Even Toronto is not immune to this problem, which affects increasingly younger people.

We now find entire families—father, mother and two or three kids—sleeping wherever they can, under bridges, or over subway air outlets, in Montreal or Toronto. Yet, this legislation has been very helpful to Canadians in the past. I cannot understand the attitude of this minister who introduces a legislative amendment but totally ignores the whole emerging issue of homelessness in Canada.

This bill amends the Canada Mortgage and Housing Corporation Act, which was meant to make it easier for Canadians have access to real estate property, by requiring smaller downpayments from them. Since Bill C-66 amends a number of acts, I cannot understand why the minister did not take this opportunity to also amend the Interest Act. I read about 10 articles on this issue. I tried, through a private member's bill, to have a limit of three months' interest set as the penalty charged by lending institutions to get out of an existing mortgage.

Routine Proceedings

• (1625)

The Reformers, whose generosity and magnanimity are legendary, are opposed to such a measure. I was quite surprised by that. After all, western farmers are not all millionaires or billionaires. Some have mortgages or liens on their farm equipment, which is getting bigger all the time, but costlier as well.

When after a good harvest or a stroke of luck a farmer wants to change vehicle, as some couples change houses, and goes to pay back his loan, the lenders, who are all faithful contributors to the Liberal Party coffers, hit him with a huge penalty for cancelling the loan.

I wish the minister, who is sensitive to the plight of prospective home owners, had taken this opportunity to bring penalties back to a more reasonable level. I believe a three month penalty is adequate, especially in view of the mobility of capital and the speed with which one can reinvest. It is instantaneous through the Internet and other electronic means.

When I was a notary in Longueuil, especially during the worst years of the interest crisis, in 1982, I knew someone who was forced to sell two small income properties. A bank I will not name, out of kindness, even though it showed none to others, charged this individual a \$28,500 to \$29,000 penalty to cancel the mortgage. It squeezed something like \$58,000 out of a person who was already in dire straits and had to sell his income property at a loss because he could no longer pay the interest. It stomped on someone who was already down.

I would have liked the minister to be a bit more aware of what is going on in the housing industry and to put a stop to what his friends who contribute to his campaign funds are doing.

The NDP member who spoke before me also talked about—and it is worth mentioning—the way people are appointed to the board of directors of the CMHC. It will be another patronage haven, and this Liberal government has become a master at making appointments. It is one of its specialties.

Every day, as critic for Public Works Canada, I receive a list of appointments to Atomic Energy Canada, Canada Post Corporation or some other agency. I checked in the book I had ordered from the Chief Electoral Officer of Canada. The first 10 names I found were the names of individuals who had contributed to the election fund of the Liberal Party of Canada. Granted, these were not always large contributions. We are talking about \$150, \$200, \$250, \$300. Contributions from companies are always a bit larger.

Still, one can wonder whether having contributed to the Liberal Party's election fund is a requirement to get appointed to the CMHCs board of directors.

Soon we will have a new board in charge of managing the \$30 billion in misappropriated funds from public employees pension programs. Those who will sit on that board will also be friends of the government. The same goes for the millennium scholarship foundation. The Liberals have become masters at this. Mind you, I do not envy them.

Pork barrelling has taken unprecedented proportions with the Liberal Party. There is no holding back. The Liberals are in office. They criticized the Progressive Conservatives for being too generous in that regard, but the Conservatives look like boy scouts compared to the Liberals, who have been in office for nearly six years now. They sure know how to make patronage appointments. They have it down to an art. It is often subtle, but it is well done.

• (1630)

What interest is there for the taxpayer? In introducing a bill such as this, at least the Interest Act could have been modified. The big banks could have been told "We are not still in the last century; speedy investments are the way things are done now".

There is no great interest in supporting this bill, particularly since it is responding to the new criteria of universality. As the hon. member for Trois-Rivières has already remarked, the federal government is the one that will call the shots, the one who is boss, because CMHC is heading into the international forum, and it is the one setting standards. There is quite simply nothing doing as far as social housing and negotiations with the provinces are concerned.

ROUTINE PROCEEDINGS

[English]

COMMITTEES OF THE HOUSE

FINANCE

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Madam Speaker, there have been further consultations and I think you would find unanimous consent for the following motion. I move:

That, in relation to its examination of tax equity for Canadian families, the eight members of the Subcommittee on Tax Equity for Canadian Families with Dependent Children of the Standing Committee on Finance, be authorized to travel to Vancouver, Calgary, Toronto, Halifax and Montreal during the period May 10 to May 14, 1999 to hold public hearings and that the necessary staff do accompany the subcommittee.

The Acting Speaker (Ms. Thibeault): Is there unanimous consent?

Some hon. members: Agreed.

(Motion agreed to)

NATURAL RESOURCES AND GOVERNMENT OPERATIONS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Madam Speaker,

there have been further consultations and I think you will also find unanimous consent for the following motion. I move:

That the 10 members and the necessary staff of the Standing Committee on Natural Resources and Government Operations travel to British Columbia (Vancouver, Williams Lake and Bella Coola) from May 11 to 14, 1999 in order to examine Canadian forest management practices and to hold public hearings with respect to this matter as an international trade issue.

The Acting Speaker (Ms. Thibeault): Do we have unanimous consent?

Some hon. members: Agreed.

(Motion agreed to)

GOVERNMENT ORDERS

[*Translation*]

NATIONAL HOUSING ACT

The House resumed consideration of Bill C-66, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act and to make a consequential amendment to another Act, as reported (without amendment) from the committee; and of Group No. 2.

The Acting Speaker (Ms. Thibeault): Pursuant to order made earlier this day, the questions on the motions in Group No. 2 are deemed to have been put and the recorded divisions are deemed requested and deferred.

The House will now proceed to debate the motions in Group No. 3.

[*English*]

Pursuant to order made earlier this day, the motions in Group No. 3 are deemed moved and seconded. This group contains Motions Nos. 11, 12, 25, 27, 28, 29, 30, 31, 32, 33, 34 and 36.

Mrs. Michelle Dockrill (Bras d'Or—Cape Breton, NDP) moved:

Motion No. 11

That Bill C-66 be amended by deleting Clause 7.

Motion No. 12

That Bill C-66 be amended by deleting Clause 8.

Motion No. 25

That Bill C-66 be amended by deleting Clause 25.

Motion No. 27

That Bill C-66 be amended by deleting Clause 26.

Motion No. 28

That Bill C-66 be amended by deleting Clause 27.

Motion No. 29

That Bill C-66 be amended by deleting Clause 28.

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Mr. Werner Schmidt (Kelowna, Ref.) moved:

Motion No. 30

That Bill C-66, in Clause 29, be amended by replacing line 25 on page 20 with the following:

“branches in any part of Canada and employ agents in any part of Canada.”

Motion No. 31

That Bill C-66 be amended by deleting Clause 30.

Mrs. Michelle Dockrill (Bras d'Or—Cape Breton, NDP) moved:

Motion No. 32

That Bill C-66 be amended by deleting Clause 31.

Mr. Werner Schmidt (Kelowna, Ref.) moved:

Motion No. 33

That Bill C-66 be amended by deleting Clause 33.

Mrs. Michelle Dockrill (Bras d'Or—Cape Breton, NDP) moved:

Motion No. 34

That Bill C-66, in Clause 34, be amended by replacing lines 31 to 37 on page 21 with the following:

“or a province.”

Motion No. 36

That Bill C-66, in Clause 38, be amended by replacing lines 26 to 29 on page 22 with the following:

“pealed by this Act.”

She said: Madam Speaker, in the last few months we have heard two very conflicting messages from the government. The government has talked a good line on housing. Last month, finally recognizing the seriousness of the homelessness crisis, a federal coordinator on homelessness was appointed and sent off to speak to housing activists.

When Liberal members stand up to speak on Bill C-66, they talk about the need for the Government of Canada to play a leadership role in housing. Unfortunately, with Bill C-66, it is not just a case of the government's actions not matching its words. The Liberal government's actions actually contradict what it says it is trying to do.

At the same time as the government's homelessness coordinator talks about a national housing program, Bill C-66 is changing the National Housing Act to allow existing social housing to be sold off by this government or provincial governments.

National standards for public housing are being eliminated. Future social housing programs may end up as little more than subsidies for private, for profit landlords. The government is surrendering the power to make decisions about housing programs to an appointed board of directors.

I am not surprised at the Liberal government's decision to turn its back on the homeless at the same time as it pretends to befriend them, but I can not help but be disappointed. One would hope the need to act on something as serious as homelessness would cut

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across party lines. Instead, with Bill C-66 there is every indication the government will make this situation worse.

• (1635)

One area of concern is the changes to the sections of the National Housing Act dealing with programs to assist with the repair or renovation of housing. The way these programs work is currently spelled out in the act and in regulations. Among the conditions for receiving assistance in the National Housing Act is the requirement that landlords who receive assistance limit rent increases for a set period after the work is completed. In addition, the CMHC is given the power to impose financial penalties when this or other conditions are not met.

In Bill C-66 this wording has been significantly weakened. Instead of requiring that landlords who receive grants or loans for repairs to rental property limit rent increases, there is a vaguely worded provision limiting the financial return which may be made from a project.

According to the government, we should support this change because CMHC needs flexibility. I ask, flexibility for what? Why does the CMHC need the flexibility to allow landlords who receive assistance to raise rents through the roof?

Programs to assist with housing repairs are meant to preserve the supply of affordable housing. Without restrictions on how much landlords can raise rent after receiving assistance rents, in areas with a low vacancy rate, could easily be increased to the point that current tenants would no longer be able to afford them.

Without restrictions on rent increases, federal programs intended to ensure affordable housing is safe and well maintained could actually reduce the supply of affordable housing.

While New Democrats share the government's view that programs to assist with repairs to affordable housing should include grants as well as loans, we disagree with the government's assertion that we need to change the National Housing Act for this to be possible. Currently the act allows loans to be forgiven. This has the effect of allowing the CMHC to make contributions.

In case members opposite do not accept my interpretation, I would like to draw their attention to a media release sent out in January of last year by the minister of public works with regard to the repair and rehabilitation assistance program, one of the programs authorized by the sections of the National Housing Act dealing with assistance for housing repairs. In its release, the minister described this program as providing both loans and grants.

I am also concerned about the impact of Bill C-66 on programs to assist Canadians with home ownership. Currently, assistance in buying a home or paying expenses related to owning a home is only available for houses costing less than a set amount. Grants, as

opposed to loans, are only available when a person's financial circumstances make it difficult for the person to repay a loan. The intention is clear: to ensure assistance with home ownership goes to those who need it. These specific requirements are removed by Bill C-66 and the power to set eligibility requirements is handed over to the CMHC.

The usual justification is given, the need for flexibility. Again, one is forced to ask why flexibility is required. There is nothing unreasonable about requiring that government assistance to buy or maintain a house go to those who really need help. This is what the NDP amendment restores.

However, it is not just about what housing programs will look like in the future that should worry us. Clause 34 of the bill gives CMHC the ability to enter into joint ventures with other organizations, including for-profit corporations. What is of particular concern are provisions allowing other levels of government or corporations to assume the powers of the CMHC under these agreements.

Questions have been raised about whether, in provinces where the federal government has downloaded responsibility for housing, provincial governments could now privatize existing social housing units. What has added to the fears of housing activists is clause 38 of the legislation which allows the CMHC to waive provisions of existing agreements. Under this section an agreement between the CMHC and a housing co-op or non-profit corporation could be ripped up, leaving residents to see their homes sold out from underneath them.

What the NDP Motions Nos. 34 and 36 do is remove provisions that allow existing social housing to be privatized.

• (1640)

I would also like to take this opportunity to address the amendments to Bill C-66 which deal with the other major concern the NDP has about the bill; the lack of accountability. It is one thing to give the board of directors of a crown corporation the power they need to do their job. What this bill does, however, is hand most of the decision making power for federal housing policy over to the CMHC's board of directors.

As with other amendments we have moved, Motion No. 32 seeks to restore the degree of accountability present in the existing CMHC Act and National Housing Act. These acts require ministerial approval for housing research programs run by CMHC.

This does not mean the minister must approve every single research project CMHC supports. That power rests with the CMHC which has the authority to decide which projects get funding. What it does do is ensure accountability by requiring that decisions about how housing research programs work must be approved by the minister.

New Democrats are also pleased to support the amendments put forward in this group by the member for Kelowna. As with amendments we have moved, his proposal helps to restore accountability to federal housing policies.

Motions Nos. 31 and 33 both improve the accountability of the CMHC. The existing section 16 of the CMHC Act sets the capital of the corporation at \$25 billion and requires that parliament approve any increase. As the CMHC is a crown corporation, there is no question that any change to its capital is a decision that belongs to elected representatives. It is a basic principle of parliamentary democracy that budgetary decisions be made by parliament. Giving the governor in council the power to set the capital of the CMHC, as Bill C-66 would do, is a clear violation of that principle.

Motion No. 33 also restores a provision of the CMHC Act which Bill C-66 is attempting to remove. In this case it is the power of the Minister of Finance to place conditions and restrictions on the type of investment and financial transaction the CMHC can enter into. Again, if crown corporations are to be accountable to citizens through their government it seems only reasonable that the Minister of Finance continue to have this authority.

These motions approve the accountability of the CMHC and are in the spirit as the NDP amendments to require the governor in council to approve the terms and conditions of housing programs under the National Housing Act. For this reason, New Democrats will support these amendments.

What has made accountability even more of a concern in this debate are the changes the government proposes to make to the composition of the CMHC board of directors.

Under the existing provisions of the CMHC Act, the CMHC board of directors consists of the chair, the president, a vice-president, two members selected from the public service and five from outside the public service. Bill C-66 will change the board from five civil servants and five people appointed from outside to two civil servants and eight others. Giving the government more freedom of action in appointing the board will, based on the government's track record, result in more patronage.

The government had a choice when it decided to change the National Housing Act. It could have chosen to strengthen the federal role in housing and approve programs for people with limited means. This is what the Liberal government would have done if its expressions of concern and compassion for the homelessness were the slightest bit sincere.

Instead, with Bill C-66 the Liberal government is reducing the ability of the federal government to provide safe, affordable housing. It is helping to ensure the fine words—

The Acting Speaker (Ms. Thibault): Resuming debate, the hon. member for Mississauga Centre.

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Ms. Carolyn Parrish (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Madam Speaker, I rise to speak to the motions presented by my hon. colleagues from Cape Breton and Kelowna pertaining to Bill C-66, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act.

My hon. colleague from Cape Breton has presented amendments to Bill C-66 that would reduce her own constituents' access to renovations and home ownership assistance programs. I can only presume she does fully understand the implications of her suggested amendments. On some of the comments she just made I would like to address a few at the end of my speech.

Few regions in the country have benefited more from the residential rehabilitation assistance program than Cape Breton has. Yet the member from the region is proposing amendments that would prevent CMHC from ensuring that this vital program is as responsive as possible to the needs of Cape Bretoners and to all Canadians. I do not understand her position.

• (1645)

As they stand, CMHC's renovation assistance programs are in a straitjacket. They need to be able to respond more effectively to the needs of the very Canadians for whom these programs are intended, low income Canadians who need to make repairs to their homes to bring them up to minimum health and safety standards.

Would the hon. member from Cape Breton deny this to her constituents? I would like to think not. Yet the changes she is proposing would do exactly that. They would seriously undermine the government's ability to modernize its provision of services to its clients.

The member from Cape Breton is proposing changes that would effectively entrench the administrative red tape that hampers the CMHC from offering improved forms of assistance that Canadians, and Cape Bretoners in particular, need and they need it now. They would also prevent CMHC from working co-operatively and effectively with the other provinces. Again, what would be the motivation behind such a proposal?

In the same fashion, the member's proposed changes would prevent the CMHC from introducing measures to make home ownership more affordable for all Canadians.

I must conclude that the member does not fully understand the consequences of her suggested changes. There would be consequences, serious consequences for many Canadians, Cape Bretoners included, who would not be able to gain access to decent, affordable, safe housing for themselves and for their families. The government has no intention of denying such important benefits to Canadians. Bill C-66 is intended to ensure that the CMHC has the

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ability to continue to provide renovation and home ownership assistance to Canadians who are in need.

I would also like to comment on the suggested changes to the bill which were made by my colleague from Kelowna, which he brought forward in committee. What the hon. member is proposing would impede the government's ability to create jobs for Canadians through export promotion. My hon. colleague has proposed that Bill C-66 be amended to restrict CMHC's ability to carry out its export promotion mandate.

I cannot agree with this amendment either because it would seriously jeopardize the government's job creation efforts. The expansion of CMHC's export promotion activities is a fundamental element of the government's ability to create jobs for Canadians in Canada. We all know that export plays a key role in the development of our economy. CMHC's export promotion role works to strengthen our economy.

The CMHC must have the mechanisms it needs to continue to help the Canadian housing industry to take advantage of international trade opportunities. Several members opposite have taken advantage of going on some of these missions and have seen how successful they have been.

Bill C-66, as presented by the government, will enable the CMHC to continue to lead the way in housing export trade promotion and to better promote Canadian housing products and services abroad. This activity will result in job opportunities for Canadians here and for our trade partners abroad. Canada's housing industry has excellent prospects of expanding its exports of housing systems, technologies, products and services, while contributing to the federal objectives of job creation and economic growth.

This legislation will ensure that Canadian entrepreneurs will be able to use the CMHC for marketing support for projects overseas and access CMHC's 55 years of expertise in the housing industry. The CMHC will also be able to help Canadians sell their expertise to foreign countries. This will open the door to further opportunities for Canadian entrepreneurs.

The CMHC has a good track record in helping the industry achieve success in export markets. Last September a group of over 30 companies, provincial governments and industry representatives travelled to Chile with the Minister of Public Works and Government Services, who is also responsible for the CMHC, to take part in one of the biggest trade shows in South America. We expect that within one year following that mission these exporters will generate over \$35 million in new business. This will have a major impact on job growth in Canada. I might add that the delegation to Chile also included the member for Kelowna, who now proposes to limit CMHC's ability to undertake such important export promotion functions such as organizing and leading trade missions to foreign countries. What are we to make of this?

The CMHC has also recently returned from a trade mission to Poland and is developing with the housing industry other trade missions to Korea, Germany, Japan and others later this year. Given the significant impact of export on the domestic economy it is obvious the CMHC must be able to continue to support the housing industry in its efforts to improve its export capabilities.

While I thank the hon. members for their interest in the bill, I believe that Bill C-66, as it stands, is the best possible solution to ensure that the Government of Canada, through the CMHC, has the ability to provide appropriate, essential renovation and home ownership assistance to Canadians, to generate economic growth and job creation in Canada, and to ensure that Canadians remain among the best housed people in the world.

• (1650)

I would also like to add that the whole discussion this afternoon seems to be revolving around homelessness. That is not the subject of this bill. This bill is about the renovation of the National Housing Act.

The other thing I find quite fascinating is that the CMHC has been in existence for 55 years. It has been there to help the Canadian public and it has a fabulous track record. I do not understand why members of the opposition assume that there is some sinister plan afoot in this bill to actually do some harm to Canadians.

I also find it interesting that the hon. member who spoke previously talked about accountability to citizens and then went forward to object to the board of directors having a reduced number of bureaucrats and more individuals from every walk of life in Canada.

Rent controls, which were also mentioned by the hon. member who spoke previously, are under provincial jurisdiction. If one reads the bill carefully, all interests that the CMHC has in partnerships with the private sector and provincial governments also give it the ability to supervise such things as rent increases.

I believe that the bill, as it stands, is in perfect shape. It is upgrading old legislation that has to come into the 21st century. It is here for the Canadian public. It is an excellent bill and it requires no amendment.

Mr. Werner Schmidt (Kelowna, Ref.): Mr. Speaker, I cannot help but respond to the hon. parliamentary secretary. I think this is absolutely the first bill that the Liberal government has introduced which is perfect.

I have noticed that the feeling of arrogance, the feeling of completeness and the feeling of superiority to everyone else is

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beginning to grow and develop on that side of the House. That is the first sign that there is something wrong. If there was nothing wrong, then they would not have to say they were perfect. Everybody would know it. I believe one has to take issue with that.

I was also struck by the comment the hon. parliamentary secretary made about the mission to Chile. I certainly concur. I was a participant in that particular mission. It was an excellent mission, which was extremely well organized and very well done. I think it will produce jobs in Canada and it will move the housing market forward in Chile. However, I submit that was done under the existing Canada Mortgage and Housing Corporation Act. It was very successful. The Canada Mortgage and Housing Corporation can indeed and has entered into those particular activities.

I would like to draw to the hon. member's attention the particular clause that would be amended by the proposed amendment. Clause 29 on page 20 would replace section 14 with the following:

The Corporation may establish branches and employ agents.

It is a carte blanche to establish branches and employ agents anywhere, wherever the CMHC wishes to do so.

The mandate of the Canada Mortgage and Housing Corporation is to implement and to make operational, to administer if you will, the National Housing Act. That is the purpose of the Canada Mortgage and Housing Corporation. The mandate of the Canada Mortgage and Housing Corporation is to implement and to put into operation the housing policy of the federal government.

If this corporation can establish branches and agents, and an agent can act as if it were the government or the corporation, and in this case it would be an agent of the corporation, it means that the agent is the corporation wherever that branch or agent sets up office. That is the issue.

The amendment is not intended in any way, shape or form to restrict the operation of the Canada Mortgage and Housing Corporation to do the kind of thing that it did in Chile or in other parts of the world. However, it definitely is the intention to restrict the Canada Mortgage and Housing Corporation to insure mortgages in Canada, not in Germany or Japan or Chile or anywhere else in the world. That is a totally different issue. The hon. member should review that.

• (1655)

There may be an honest disagreement in opinion and perhaps legal counsel ought to be sought. However, it is abundantly clear to me that the intent and purpose of the Canada Mortgage and Housing Corporation is to serve Canadians first and foremost. That is its purpose. If that purpose is going to be jeopardized by

diverting its attention to other countries in the world, then it has lost its primary function. Let us keep that very clearly in mind.

The other issue that appears in this bill with the amendments and the new proposals is that there is absolutely no transparency in the financial dealings of the Canada Mortgage and Housing Corporation. There is no indication of where the profits will go. It simply says that the Canada Mortgage and Housing Corporation shall pay, for example, from the mortgage insurance fund to the consolidated revenues of Canada a fee, or moneys. It does not even call it a fee. The clause states that these shall be considered expenses. At the moment there is a \$602 million surplus in the mortgage insurance fund.

Can money be paid to the consolidated revenue fund? Under the current provisions of the act, no. When we asked the officials of the Canada Mortgage and Housing Corporation how much it had paid to the consolidated revenue fund, they said there had been no payment. We asked if that would change under the provisions of the new act and they said that, yes, it would. Then we asked them what the guidelines would be and what the policies and principles would be that would determine how much money would be taken from the surplus either in the mortgage insurance fund or from any other operation that the Canada Mortgage and Housing Corporation would get into. The president began to speak and immediately the minister interrupted and said that would be determined at some later time and they did not know. That is not transparent, nor is it responsible and accountable.

There are no provisions in this bill. It simply says that the Canada Mortgage and Housing Corporation may invest. It does not say where, it does not say how much, it does not say from what sources, but it may invest money somewhere, somehow, in land, buildings, stocks, bonds or other mortgages. It is not clear at all.

Neither is there a provision that these investments, whatever they might be, have to be guided by the same kind of guidelines that exist for the insurance companies under the Insurance Companies Act. Neither are there any guidelines as to what it has to do in terms of maintaining a prudent portfolio. All of this is left wide open and the administration of the Canada Mortgage and Housing Corporation can do whatever it wants to do.

I believe that is an inherent flaw in the bill. As a minimum the bill ought to subject the financial operations of the Canada Mortgage and Housing Corporation to the same restrictions that are there for insurance companies and other financial institutions in Canada. That is the minimum.

In the final analysis, if the Canada Mortgage and Housing Corporation invests its money improperly and loses money, who is going to pay? The taxpayer is going to pay and that is a terrible intrusion. If a bank or an insurance company acts in a fiduciary and responsible manner and must abide by the rules and regulations of

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the Office of the Superintendent of Financial Institutions, then surely a crown corporation should be no less concerned about the security of the money it invests. That is one provision that is not in the bill which I think should be included.

I will speak briefly about capitalization. It is interesting that the corporation has capitalization of \$25 million. There is a new provision in the proposed bill that capitalization may be increased by the governor in council. There are two problems here. First, why should the governor in council determine the capitalization of the Canada Mortgage and Housing Corporation? If it is going to be changed, then it ought to be done by parliament and not by the governor in council.

Second, it seems almost a nonsensical kind of provision in the first place because the capitalization of the Canada Mortgage and Housing Corporation is simply a paper entry. Behind Canada Mortgage and Housing Corporation are all the resources and the financial clout of the federal government. To capitalize the corporation at \$25 million or any other number is simply a book entry. We need to be very careful in that regard. Let us face it. The corporation has huge investments and exposure in the marketplace. It has insured something like \$280 billion worth of mortgages.

• (1700)

Another point we need to look at is the way in which CMHC can actually intrude into and become an intermediary in the financial marketplace. Why should a crown corporation enter into the financial marketplace and intrude directly with all the clout of the federal government and thereby virtually override and bully every other financial institution simply because it has all the resources of the nation at its disposal and the other companies do not?

If the Canada Mortgage and Housing Corporation is to be on a fair and equal playing field with the others on a commercial basis, it ought to have the same operational principles and guidelines governing its operations as other institutions, and it does not. Therefore I believe CHMC has an unfair advantage and it should not have that advantage.

Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP): Mr. Speaker, I would like to make a few comments following those of the parliamentary secretary. She wondered why we could not trust the government with this bill. We could provide a long list of why we cannot trust the government.

We could look at what the Prime Minister said when he came to Beauséjour to get elected in the riding that I represent, which was once the safest Liberal seat in the country. He promised seasonal workers that he would make the UI program better for them, to better reflect their needs. When he came back to Ottawa he actually said everybody was drunk in taverns collecting UI.

Then they were to scrap the GST. We all remember that. What happened was that in New Brunswick we ended up with an extra

8% on the electric bill, on the oil bill, on children's clothing, and it goes on and on. Now we have a 15% tax on everything.

Then we have the national child care program. That was also a great promise in 1993, that we would have a national child care program, and we are still waiting for it. Yet she wonders why we cannot trust the government.

How about pay equity? There were signed letters by the Prime Minister to women who have actually passed away due to illnesses since his promise to them. They kept his letter in their desks, hoping that the Prime Minister would keep his promise and give them what was rightly theirs.

The tribunal said that these women and men, federal public servants, deserved equal pay for work of equal value. We have a Liberal government that condemned the Conservative government for not wanting to recognize that. The Liberals made promise after promise to get elected and were elected, but again they did not honour the promises.

I have no problem justifying to the parliamentary secretary why we cannot trust the government. We just cannot trust it. It will say anything to get elected, and that is what it did.

Also the parliamentary secretary mentioned decent affordable housing. What is the real definition of decent affordable housing when there are 200,000 homeless people in the country? Single parents are using 50% or more of their income to pay their rent. Low income families are doing the same. Low income seniors are using 50% of their income on housing.

The budget was brought forward in February and it showed a surplus. What did the government do with the surplus? It did not put it in health care. The government pretended to put it in health care, but it really put it on the debt. It had all the chance in the world to address the homeless situation and first nations across the country that desperately need housing. Does the government really care? It comes up with a bill, but do we really have a housing act?

• (1705)

I look at 200,000 people with no roofs over their heads. I look at the first nations across the country living in desperate situations. I look at poor families outside reservations living in desperate situations.

In February the Liberal government had a chance to do something about these things. What happened? It actually implemented the Reform Party's position: cut tax, reduce the debt; cut tax, reduce the debt; cut tax, reduce the debt. That is what we saw and to hell with social programs. This is what is happening. Again the poorest people in the country are suffering, and that is not right.

It is clear that the bill will not improve anything. Technically we have heard everything that is wrong with the bill. I think it is

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important to talk about the real issues such as what is really happening in our areas.

Every day we receive phone calls from people looking for a place to live. We have to make phone calls all over the riding trying to find places for people to live in order to be able to work. If one does not have a home, how can one hold a job? That is a serious problem.

New Brunswick is paying the lowest social assistance payments in the country to its recipients. Two single moms cannot share a house or an apartment in order to try to make life better for their kids because it is not allowed. It is not allowed because it might make their life a little easier. It is sad. These people are smart enough to get together and do something that is especially good for their children. Then they could go to school with food in their stomachs and wearing proper clothing, but the provincial government says it is not allowed.

I think everything we could say on the bill has been said. It is clear it is something we cannot support. Hopefully the government will find a conscience some day.

[*Translation*]

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, I had occasion to speak earlier to the motions in Group No. 2, and now, like the other members, I will move on to the motions in Group No. 3.

I wonder where the government is headed with Bill C-66. It has decided to go into business abroad. It wants to build low cost housing abroad and probably wants to get into housing development abroad. But is this the role of a government? Must the government not first and foremost defend the interests of Canadians and look after their welfare?

The government, through the Canada Mortgage and Housing Corporation, is getting involved in a commercial operation it has no business in. The structure was not designed for that. This was not the intent of Canadians in establishing the CHMC; rather, it was to help Canadians who wanted to acquire a house.

Earlier, when I finished my last intervention, I spoke of the context of the negotiation of world trade agreements, the WTO and all that. My colleague from Trois-Rivières spoke of the government's new mentality with respect to its foreign partners, the famous negotiation with the other provinces on the social union framework agreement. It is proof the federal government is literally going over the provinces' heads and leaving them off to one side in all aspects of the daily lives of Canadians. It is now positioning itself as the only real government for Canadians, and the provinces are being left out in the cold.

That can be seen in Bill C-66, when my colleague from Hochelaga—Maisonneuve proposed amendments to the text of it to permit agreements with the provinces on public housing.

• (1710)

They were, of course, rejected by the committee, and the parliamentary secretary followed the party line on this issue. I wonder if she listened to us. In any case, it does not change anything, because the decisions are made long before anything happens in committee.

I remember when the committee heard witnesses, including GE Capital, on the eve of the clause by clause review of the bill. A document was given to us in English only. I asked that it be translated, because I wanted to read it and make comments. The committee, with the support of the government majority, had already decided which amendments, which changes to the bill would be acceptable or unacceptable, this before even having heard the last witnesses. The hon. member to my left can attest to that, because he was sitting on that committee.

So, this bill was rammed through. We were not given an opportunity to assess its impact on Canadians as regards social housing and housing development. The bill was rammed through.

The member for Kelowna, who spoke before me, alluded to the issue of accountability. With this bill, who is responsible for what? The regulations will no longer be made through an order to the governor in council and notice will no longer be given in part II or III of the *Canada Gazette*.

Now, everything will be done in secret. This legislation is similar to Bill C-47, Bill C-48 and Bill C-49, in the previous parliament. Former Bill C-84 changed the whole procedure and the responsibility concerning the making of regulations. Now, the government wants to run things informally. This is often a cause for concern. It becomes a real maze. Even the experts will get lost.

Without strict rules, no one will be accountable. Not all ministers will operate the same way. There will come a time when one will overturn another's decision. The reason there were stringent rules for passing regulations was so that the procedure would be clear. Now, all that has gone by the board.

In the name of efficiency, the rules of the game are going to be changed by means of a mere notice on behalf of the minister in the *Canada Gazette*. A few days later, the regulation will take effect, but no one will comply because it is no longer announced. This is one of the biggest problems with Bill C-66 and as responsible members of this House we cannot go along with it.

Appointments to the board of directors are also a farce. The parliamentary secretary did not go into any detail. I know she is an honest woman and I suspect she is quite uncomfortable with this bill, with this way of appointing friends of the regime to the head of a crown corporation. Will the CMHC be audited in future, given

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that it will be independent of the government per se? It will pay dividends and therefore becomes a crown corporation.

Will it be subject to audit by the Auditor General of Canada? I do not know, but Atomic Energy of Canada Limited is not, nor are a number of crown corporations. Canada Post Corporation is no longer audited by the Auditor General of Canada.

Crown corporations are all exempted from auditing by the Auditor General of Canada. The government says nothing about this. We end up with corporations here and there, as Nav Canada, etc. There are large ones, small ones, corporations of all sizes, but they all have one thing in common: they no longer have a boss.

• (1715)

They are no longer managed by parliament. It does not make decisions for them. Crown corporations make their own decisions and from time to time the minister makes decisions, when relations are good. If things are not going well, the minister does not seem to have much more authority because parliament no longer decides.

This is what is tragic in the current Liberal approach. Literally, they push parliament to the sidelines when the time comes to make decisions and they do so in the name of efficient management. However, efficiency does not justify everything. We cannot bypass parliament in the name of efficiency. We cannot work around parliament in the name of efficiency and cost effectiveness.

This bill reassures no one. For various reasons, Reformers, Bloquists, New Democrats and Progressive Conservatives are against this bill. Not for the same reasons, but it still proves that this bill is flawed. This is what happens when a bill is rammed through and amendments are drafted even before the last witnesses have been heard in committee. This is steamroller democracy.

I cannot support such a bill. It has become a real joke. I see the government member laughing because he knows this bill has become a real joke, but he is paid to do that.

[*English*]

Mr. Gilles Bernier (Tobique—Mactaquac, PC): Mr. Speaker, I am pleased once again to speak on the amendments proposed to Bill C-66, this time on Group No. 3.

I would first of all like to speak in support of some of the motions presented by the member for Bras d'Or—Cape Breton and the member for Kelowna. I will then have some general comments.

It has been proposed in Motions Nos. 25, 27, 28 and 29 by the member for Bras d'Or—Cape Breton that the board of directors of

Canada Mortgage and Housing Corporation remains as it is currently structured rather than change it as has been proposed in the bill. These are amendments with which I wholeheartedly agree. Section 25 of Bill C-66 would alter the structure of the CMHC board, a structure that was put in place and has remained unchanged since December 18, 1945.

Subsection 6(1) of the CMHC Act states: "The board of directors shall consist of the chairman, the president, a vice-president who shall be designated by the governor in council, and seven other members, two of whom shall be selected from the Public Service of Canada and five of whom shall be selected from outside the Public Service of Canada".

In other words the board of CMHC as it currently exists consists of five highly qualified housing professionals from CMHC and the public service, and five people who are appointed by the Liberal cabinet who may or may not be qualified or even have any knowledge of the housing industry. Although it concerns me that nowhere in the act does it stipulate the qualifications these Liberal appointees must have in order to sit on that board, at least the legislation strikes a balance between housing professionals and the Liberal appointees.

What the government is suggesting we do with Bill C-66 is to throw out the structure of the board that has worked so well for the last 54 years and appoint three more Liberals to the board. If we allow this bill to pass unamended, the Liberals will remove the vice-president of CMHC and two public servants from the board and replace them with three Liberal patronage appointees. Presently the board has a good balance among its 10 members, being one-half housing professionals and one-half political appointees.

• (1720)

There are two problems with the changes to the board as proposed in the bill. First, the balance will be upset in favour of the government. Second, there is no way to guarantee that the politically appointed Liberals will have any qualifications whatsoever to be able to make important decisions affecting Canada Mortgage and Housing Corporation.

I would not want to speak disparagingly about the Liberals, but the government has developed a reputation, deservedly so, of appointing Liberals to government boards, qualified or otherwise. Aside from the distasteful nature of this change that could put three more Liberals on the CMHC board, it could also threaten the independence that CMHC enjoys as a crown corporation. Just think, now CMHC management has to answer to a board that at least has some balance between five highly qualified professionals and five Liberals. But under the new board, CMHC management will be under the direction of a board comprised of a majority of Liberal appointees.

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I had an opportunity to question the minister responsible for CMHC on this bill. When I asked him what necessitated this change, he had no answer. When I asked him what problem existed with the present board that required this solution, he could not offer an explanation.

The Liberals want to have a board composed of eight patronage appointees and two housing professionals. This is entirely unacceptable to our party, as are the accompanying changes in clauses 26, 27 and 28. I am also pleased to support the amendment by the member for Kelowna that would delete clause 30.

At present, CMHC cannot unilaterally raise the capital limit of the corporation without coming back to the House of Commons and getting the approval of the members of the House. The bill proposes that this change can be made by cabinet without the input of Canadians or their elected representatives. This should stay as it is.

Just a note on Motion No. 30 that was moved by the member for Kelowna. Clause 29 of the bill broadens the mandate of CMHC to allow it to establish branches and appoint agents outside Canada to better serve customers. This is particularly important when it comes to fulfilling the corporation's mandate to promote Canadian housing products and services outside Canada. I believe this proposed change in the bill would be of benefit to the Canadian housing industry and I must therefore oppose this amendment.

There is another point I want to talk about. I heard the parliamentary secretary on the government side when she said that this bill was not about homelessness. I am part of a task force organized by the PC Party of Canada. I travel across the country, not that I like to do it. Mr. Speaker, you know I do not like to travel, I do not like to fly. Hon. members cannot imagine the Canadians we meet on a daily basis while we travel who do not have a roof over their heads.

What disturbs me is that this bill will take \$197 million out of the corporation and hand it over to the government, whereas that money should be used for social housing. The budget that Canada Mortgage and Housing Corporation has right now should be increased substantially to deal with the problem of homelessness in this country. It is not being increased. It is being downgraded and \$197 million will be given to the government so that it can waste it somewhere else. That is what the government has been doing since 1993, wasting taxpayers' money. It is a real shame.

The other week a Reform Party member asked a question of the new minister responsible for homelessness, who was supposedly appointed by the Prime Minister about a month ago. In her answer she told the member that she was not the minister responsible for homelessness. Last week in New Brunswick in a meeting she claimed that she was the new minister responsible for homelessness. Can she make up her mind? We have a minister who does not have a mandate, who does not know her mandate, who does not know she is minister and who all of a sudden knows that she is minister, yet people out there are hurting.

• (1725)

We need a better housing policy. We need to help those people. We need to put more money into different programs. I am not saying that the existing programs are all that bad. RRAP is a program which helps senior citizens and disabled people stay in their houses. It is a good program. We need to put more emphasis on and more money into that program so that we can help those people stay in their houses.

We have to find some money somewhere to put into social housing so that we can help people who do not have homes. In New Brunswick in my riding of Tobique—Mactaquac I know some really nice people with young children who literally live, eat and sleep in their car. Is that a house? It is not a house to me.

What is the government doing about it? The Liberals are half asleep over there right now. It is time to get to work. We were elected as members of parliament to represent our people and it is time we did the job. Put the partisan politics aside. Let us all work together because this is not a problem we have, it is a crisis.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, you will have heard me speak in the House many times about the smoke and mirror tactics of the government.

At the risk of sounding like a broken record, I have to begin my speech today by saying it is in the area of housing, specifically when it comes to Bill C-66, that we have probably the best example yet of a government that is prepared to trick Canadians into believing it is providing a great service on housing, while in fact it does the reverse and does as little as possible.

The parliamentary secretary tried to suggest that we have a bill before us with the great noble intention of reducing red tape. If that were the case, in the context of good public policy on housing, I would say bravo. But when we are left with a choice between reduced red tape and not having any good public social housing, then I would rather take the red tape, as would all Canadians.

Canadians want to see this government assume responsibility for an issue in society today of fundamental human rights, which is adequate shelter for all Canadians regardless of where they may live. This bill is about fundamental differences in viewpoints and philosophical approaches. Behind it all is absolutely without question a deliberate policy, a deliberate approach on the part of the Liberal government to abdicate responsibility for meeting its obligations of adequate shelter for all Canadians and offloading as quickly as possible onto other levels of government and onto Canadian individuals.

Bill C-66 complements the government's agenda of completely abdicating the field of social housing, of transferring responsibility

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for co-operative housing to the provinces. The government is clearly on record as stating it is not prepared to increase by one cent in the area of meeting the necessary housing requirements of Canadians.

The amendments before the House are designed specifically to require the government to get back into the housing picture, to resume its responsibilities, to restore federal involvement in such a vital social policy area.

There are many connections to be made today between this bill and the Liberal government's illusory politics. It is smoke and mirror tactics.

The Acting Speaker (Ms. Thibeault): I must interrupt the hon. member. She will have approximately seven minutes left when the bill is brought back to the House.

• (1730)

[Translation]

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]

ACCESS TO INFORMATION ACT

Mr. Bob Mills (Red Deer, Ref.) moved:

That, in the opinion of this House, the parliament and crown agencies should be subject to scrutiny under the Access to Information Act.

He said: Madam Speaker, I rise today to propose this very straightforward and simple motion. It is not votable but I believe that does not detract from the importance of this subject.

Since I have come to this place I have put forward several bills on access to information. I have been told by several ministers that it is a matter of a very short time and there will be some major reforms to the Access to Information Act.

In doing the research for my motion today I found a number of agencies that are not subject to access to information. For the benefit of the House it is fair to note that all new crown corporations being created are not subject to access to information.

This is not the first time I have spoken on this subject and I assume it probably will not be the last. I will continue to put

forward private members' motions which try to address this problem.

Five times in the past six years individual members of the House have put forward motions which tried to address different parts of the deficiencies of the current legislation. My caucus colleagues from Wild Rose and Dauphin—Swan River, just to name a couple, have also put forward motions on this subject.

It is well known that on the opposition side of the House there are a great many people who feel the current legislation needs to be improved. In my case this motion simply carries on with some of the other areas I have identified as problems.

In 1982 the Access to Information Act was passed and the following year it was given royal assent. Some 17 years ago that piece of legislation was brought forward. At that time it was based on "the principle that government information should be available to the public". It is a very straightforward and simple premise with which most Canadians and most parliamentarians hopefully would agree.

It is a very important principle and it is very important that we do not forget it. I do not think any one in opposition in the House could put up much of an argument in opposition to access to information. I do not think anyone in the House would not basically agree with an open style of government.

We have had many political documents over the course of the years which have bragged about the open style of government that was coming. Those who might be tempted to reject this kind of principle would probably be running the risk of a great deal of public rebuke in this regard.

All of this should be a non-partisan issue. The fact that we are spending taxpayers money and doing things in this place should be open totally to the scrutiny of people who pay the bills.

In a democracy such as ours government accountability is essential to the preservation of our freedoms and to the protection of the public interest as defined in many different ways.

Some might ask why this issue is so important and why I should be spending so much time and effort in questioning access to information. After all we have an information commissioner and the bureaucracy in place. Most Canadians probably assume that the main people who benefit are parliamentarians and journalists. That is not true. A growing number of Canadians are using access to information. It is certainly true that the media and parliamentarians use it as much as possible, but using this act can force the government to reveal information which parliament and other places cannot get hold of.

• (1735)

Members of the House, regardless of on which side of the aisle they sit, can use the act to discover, to unearth or to reveal what the government and the bureaucracy are doing behind the scenes.

In a recent speech the information commissioner noted that members of parliament are increasingly relying upon the current access law to help them with their responsibilities and parliamentary duties.

That seems to me perfectly understandable as the House is overwhelmed by the amount of business that it must conduct. The ability of its members to fulfil their duty to scrutinize legislation requires new tools. Debate and questions are simply no longer adequate.

Over the past 17 years access to information has become a crucial part of our democratic system. It has become an essential means of guaranteeing government accountability. A recent report released by Queen's University school of political studies has noted the tremendous increase in the requests targeting government ministries and agencies.

I do not want to list all these results but let me list a few examples. According to this study, between 1993 and 1998 the number of access requests directed at Health Canada increased by 72%; at national defence, by 74%; and at correctional service, by 79%.

These requests are not the work of crackpots who are simply trying to make the public service look bad. They do not represent a concerted effort to reveal dirt about government officials, corruption and such things. Instead the vast increase in requests simply reflects the growing complexity of government and the growing awareness among Canadians of the breadth and range of ongoing government activities.

The concept of ministerial accountability, a concept the government seems not always to like, has been supplemented by the Access to Information Act. What question period and ministerial inquiries cannot reveal might very well be discovered through an access to information request. That is an important addition to the system of government.

Recently on a television program a statement was made that Canada had one of the most secretive democracies in the world. I do not believe that comment should be used in a country like Canada and the reform of the Access to Information Act therefore becomes even more important.

Sir Francis Bacon once said that knowledge itself was power. That may be an old adage but not all wisdom is new wisdom. Access to information, to knowledge about government activities, is a means of preventing too great a concentration of power in the hands of anonymous and unaccountable public servants. It also means devolving power back to those from whom it is derived, the common people.

The Access to Information Act is currently inadequate. It does not meet the standards of open government which the Canadian

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people expect and deserve. The 1982 Access to Information Act states that "necessary exceptions to the right of access should be limited and specific". This seems to be a relatively straightforward aim of this act.

I invite all hon. members to take time to read through the legislation to refresh their memories. Without going into detail, the current legislation permits exceptions to access in three basic areas: first, where national security might be threatened by the release of information; second, where the fairness of a judicial process might be prejudiced; and, third, where the release of information might reveal trade secrets or place Canadian business in an unfair situation vis-à-vis foreign firms.

• (1740)

These seem to be very reasonable restrictions. I think all of us would agree with them. They cannot be used as an argument against changing the access to information for crown corporations. There is an existing appeal process should someone disagree with the assessment by a department or government agency that access must be denied.

I could quote a number of legal representations but I am not a lawyer by training so I will forgo that. The 1984 decision of the federal court seems to make crystal clear how this should work and how exceptions and exemptions should be handled.

The people have a right to know and those who would deny it must explain themselves before the most appropriate authority. In other words, open government is more than a privilege. It is a basic principle of our political system in a modern Canada going into the 21st century.

This principle is not being properly respected by those whose duty it is to uphold it. According to one report, only about one-half of the 12,000 access to information requests filed annually are replied to within the statutory time limit of 30 days. This tardiness increases when the request comes from an opposition member of the House, and again statistics back that up.

I personally know that government departments seek to discover the identity of many of the people who file requests. That is also a violation of the existing law. I believe some of the ministers responsible for that should be held accountable in the House.

A few moments ago I cited some figures from a very recent Queen's University study on access to information. I will now cite others.

According to the study, the number of full disclosure responses provided by government ministries and agencies has shown an alarming decline in recent years. Despite all the controversy surrounding it and the current minister's micromanaging of access to information requests, the Department of National Defence has seen a decline of only 8.8% in full disclosures between 1993 and

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1998. A decline in meeting access requests is not good, but 9% is not at all bad when compared with the worst offenders.

In the same period the privy council saw a decline of 40% in its disclosures. The Atlantic Canada Opportunities Agency saw a decline of 39.4% and the Department of Indian Affairs and Northern Development, a decline of 22%. All these are declines in willingness to respond to access claims. At a time when we are asking for more accountability and more open government, obviously none of these should be declining in terms of responses to access to information claims.

The information commissioner recently stated that "many public servants have simply decided that when it comes to the access law illegal behaviour is the norm". Make no mistake, refusing access is quite clearly against the spirit and the letter of the law of the land.

Perhaps some day we will learn why the Minister of National Defence needs to supervise the response to each access to information request of his department. He personally must approve every one of them that comes into his office before access is given. Does he think we will find out that the troops are not combat capable? Does he think that the Canadian people might be shocked at the information about the decline that has occurred?

I suppose the wheat board is one thing I will not have time to talk about, but many of my constituents are upset that they, the shareholders, cannot have access to the board, the salaries and the information. They would be happy to get it even from last year or the year before.

A lot of reforms are needed to the Access to Information Act. Canadians are asking for them and I do not understand why the government has not brought forward the reforms it promised in 1994.

• (1745)

Mrs. Brenda Chamberlain (Parliamentary Secretary to Minister of Labour, Lib.): Madam Speaker, the motion put forward by the member for Red Deer proposes that parliament extend coverage of the Access to Information Act to federal crown corporations and the Parliament of Canada.

According to recent lists, there are 49 parent crown corporations of which 29 are subject to the act. For example, the Bank of Canada and the Canadian Film Development Corporation are subject to both the Access to Information Act and the Privacy Act. The Canada Post Corporation and the Export Development Corporation are covered only under privacy legislation. Atomic Energy of Canada Limited and the Canadian Broadcasting Corporation, on the other hand, are not subject to either act.

The standing committee on justice and the solicitor general examined this issue in 1987 during the review of the Access to

Information Act and the Privacy Act. In the report entitled "Open and shut: Enhancing the right to know and the right to privacy", the committee made three recommendations.

The first recommendation was to extend coverage of both acts to all crown corporations and wholly owned subsidiaries.

The second recommendation was to apply the legislation if the Government of Canada controls a public institution by means of a power of appointment over the majority of the members of the agency's governing body or committee.

Finally, the committee proposed that the acts apply to the Canadian Broadcasting Corporation but provide an exemption in relation to its program material.

The government responded to the committee's report by promising to review the proposals from the perspectives of the need for openness, to promote government accountability, the role of the institution involved and the need to ensure that any extension of the act will be in the public interest.

The government needs to support openness, needs to consult with organizations which potentially could be affected by this motion and also needs to ensure that there are provisions within the Access to Information Act to protect the legitimate commercial interests of the crown corporations.

The Canadian public is sending us the same message. They want a more open and accountable government. They believe that they have a right to obtain information controlled by federal institutions whether the institution is a department, an agency or a crown corporation. It is important to note that this right is already afforded to them in other jurisdictions.

Recent provincial freedom of information acts have established a precedent for including crown corporations within the scope of their legislation. Alberta, British Columbia, Ontario and Quebec laws, for example, cover provincial and municipal agencies, boards, commissions and corporations.

Last spring Bill C-216 was debated in the House. Bill C-216 also proposed that crown corporations be included in the schedule of the Access to Information Act. Both Bill C-216 and Motion No. 2 complement a private member's motion that the government make all crown corporations subject to the Privacy Act. This motion was debated in the House in April 1997 and passed with all party support.

Motion No. 2 complements the government's commitment to enhancing privacy rights which are outlined in a public discussion paper entitled "The protection of personal information: Building Canada's information economy and society". This paper examines the privacy issues surrounding electronic commerce and associated consumer transactions. It addresses the need to develop legislation that will permit Canadians to take advantage of the opportunities afforded by advances in technology. At the same time, it proposes a

means by which the security of personal information can be protected in the private sector.

When the extension of access to information legislation is contemplated, there is frequently a reaction that such an extension will result in increased costs to the institutions. In fact, the principles underlying the provision of access reinforce the principles of good information management.

Sound information management practices ensure that all information holdings are created and organized in accordance with recognized standards.

• (1750)

In addition, they require that organizations properly schedule their records for preservation, retention and disposal. As a result, information is readily available for current decision making purposes as well as for the future study of decision making in government.

Before supporting extending coverage of the Access to Information Act to the category of crown corporations, we must take into account the other two elements to which I referred to earlier: the need to consult with the crown corporations, and the need to ensure that there are provisions within the legislation to adequately protect their legitimate interest.

We must recognize that it would be absolutely necessary to consult with the affected crown corporations and to identify any unique circumstances under which they operate.

It would be absolutely essential that we consider adjustments to existing legislation to avoid causing damage to the commercial interests of one or more of the organizations. One of the cruxes of this particular piece, I think, is that we do have to consult. There are no two ways about it. I see the member nodding yes, agreeing that is right.

Determining the impact of subjecting parliament to the provisions of the Access to Information Act would require extensive study to ensure that basic democratic principles would not be undermined.

Although extending the act to cover the administrative functions of parliament has often been suggested, it is unlikely that complete coverage would be feasible. This is particularly pertinent to operations that directly affect party affairs or the affairs of constituents.

From the perspective of encouraging openness in government, we appreciate the intent underlying the motion presented by the member for Red Deer. However, it does not strike an appropriate balance between promoting the accountability of public institutions on the one hand and, on the other hand, the requirement to protect

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the public interest in ensuring that the operations of its crown corporations and parliament are not unfairly compromised.

Consequently, at this time we cannot support this motion. However, it is important to note that the intent of the hon. member from the Reform Party is a good one. I think everyone does want openness and transparency. For that I commend him. We do not believe the balance is quite right yet, but certainly the intent is a good one.

[*Translation*]

Mr. Ghislain Lebel (Chambly, BQ): Madam Speaker, I am pleased to speak for a few minutes on Motion M-2, which reads:

That, in the opinion of this House, the Parliament and Crown Agencies should be subject to scrutiny under the Access to Information Act.

When we talked about raw milk cheese, during the previous parliament, I tried to get information on available raw milk cheese import quotas. I went to the Access to Information Commission, but the minister imposed a veto. He used all his energy to keep this information from me. Is there anything more harmless than this information on cheese import quotas?

On another occasion, I asked for information from another department. I got the information, but it made no sense. Much had been covered with a big black marker, and this was probably the gist of the document. I was left with the date at the top and a signature at the bottom, but hardly anything in between. And they claim they are abiding by the Access to Information Act.

Some ministers screen just about any request for information on their department. It is a sign of fear. Why would a minister bother to read, in some cases up to 95%, of all such requests? Does the minister himself cross out everything he wants to keep from us? In that case, the Access to Information Act is pretty much useless.

• (1755)

Everything we want to know or everything that is likely to be of interest to the person who made the request is crossed out by the minister, his assistants or his staff, which makes the Access to Information Act almost totally ineffective.

Crown corporations that are separate legal entities from the government should be subject to the application of the Access to Information Act. However, and I agree with the parliamentary secretary on that point, there are types of commercial information that cannot be released.

Let us take, for example, the Canadian Investment Corporation, the corporation responsible for managing the federal government's housing stock. If a competitor had access to its list of prices, its costs and other information of a purely internal nature, information related to the daily management of its affairs, we can see the

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damage the corporation could incur if it were forced to provide these details to its competitors.

It is not always MPs who request information, it is not always people who are concerned with protecting a certain part of the internal affairs of these organizations. Therefore, there is some danger in that and it could cause a lot of damage. I think the member for Red Deer, who made the proposal, agreed with what the parliamentary secretary said earlier, and I have to say that I share the same view. I am greatly concerned about this.

In parliament, we, the members, would be compelled to provide information. I believe there are things all would want to keep confidential. That is what we call the right to privacy. When we consider issues that have nothing to do with management but only with members themselves, it means that, pursuant to the Access to Information Act, one could ask individual members of parliament how much money they have in the bank, whether their house is mortgaged, how much money they owe. The motion before the House could be construed to mean that this kind of information could be obtained through the access to information commission.

I do not think that is the purpose of this motion nor the goal of its sponsor. No one in the House would want this either. It would be rather difficult to apply the terms of such a motion. Of course, we respect and understand the sound principles on which it is based. My party share the concerns of the members of parliament and especially the hon. member for Red Deer who brought forward this motion.

But maybe we are overshooting, as my grandfather used to say. Some people could be affected and hurt if this motion were passed. Fortunately, it is not a votable item. It could have very undesirable if not deleterious effects, which would make us regret the day we passed such a motion.

I think the principle is sound. When I was co-chair of the joint scrutiny of regulations committee. When we asked to examine the bylaws of crown corporations, our requests were often turned down. We were told "We are an independent agency. The bylaws that we pass and publish are none of parliament's business".

• (1800)

That was pretty frustrating because these crown corporations are government creatures run on public funds. But when they are asked to give us information, they pretty well tell us to drop dead.

In my riding of Chambly, there was a post office sandwiched between two malls. There was a rumour that it was up for sale. The two mall owners came to my office. They asked me whether they could be assured that they would be notified in order to put in a bid, to purchase the post office business, which would have to move. Fortunately, it did not happen.

At the time, I had recently been elected and I was not very familiar with how to handle this. I phoned Canada Post Corporation and talked with an official. I wanted some assurances. Would there be a call for tender? Would it be public? I was told "Listen sir, if Canada Post decides to give away its post office, the government has no say in that decision. As long as we submit a positive balance sheet to the government, it does not ask any questions". I thought it was totally appalling to get such an answer, but it was the truth. The person who gave me the information did not want to mislead me. He was telling me that the act, as it was worded, allowed Canada Post to do that.

As members can see, the Access to Information Act could be used in that situation. We could ask bodies, organizations or crown corporations to appear before a House committee or someone to justify their actions.

Therefore, we agree with the principles behind this motion. But it would have to be amended before we could support it.

[English]

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Madam Speaker, I similarly am pleased to add but a few remarks to the motion put forward by my hon. colleague from Red Deer.

It is truly not a new debate certainly in this House. I submit that it is a very admirable attempt to address an issue that has become of increasing concern to parliament. I know that my hon. colleague personally has been very persevering on this issue.

The motion before us is whether to make parliament and crown agencies subject to scrutiny under the Access to Information Act. The Freedom of Information Act itself and the laws are built around the basic principle "that government information ought to be publicly available whenever possible". This comes from the secretary of state in 1977 on the issue when the Freedom of Information Act was first enacted.

This legislation is aimed at helping to keep government itself honest and certainly to bring about greater accountability. I think we can all agree that this should be entrenched and wherever possible there should be transparency. It is something I believe that the public is now expecting and further to that, demanding of parliamentarians. There is a growing degree of frustration among members of parliament in this session and certainly the public as well that this is not the case. The current legislation is not achieving that end.

Private sector restructuring has affected current freedom of information laws. Currently the freedom of information laws do give citizens, including obviously members of this House and both provincial and federal members, the right to obtain government

held records, except in certain cases where it is in the public interest to maintain some secrecy.

The federal government's freedom of information law is known as the Access to Information Act. However, there are times when that information is not accessible, so there is a bit of an anomaly there.

This is consistent I suppose with the back and forth debate that went on when this type of legislation was first enacted, the balance that had to be struck, and it is a proper word to be used. It was used by the parliamentary secretary in her remarks. There is obviously a need to balance the right to protect an individual's privacy or a business's privacy in some instances versus the general public's right to know.

• (1805)

I would submit that cutbacks to the public service have caused an increasing delay in government processing of freedom of information requests. The federal information commissioner has made remarks along these lines calling this a festering silent scandal.

I would submit that further to that, this is consistent with some of the results that we have seen coming from the government, that there is a delay. Delay can be the deadliest form of denial when there is a need for information. A certain policy approach is developing that seems to grind citizens down and perhaps grind even individual members of parliament down in their attempts to find out information from the government.

The government has obviously taken the position that it has to be accountable fiscally. No one denies that and certainly the attempt to achieve this result is going to result in cuts. I think these cuts account for much of the delay that happens within the federal government. However, experimenting with new methods of delivering public services, privatization of former government controlled agencies, has been a necessary means to the desired end of that fiscal responsibility, but there is a risk of efficiency and risk of delay in taking this approach.

All governments are constantly searching for ways to transfer functions out of government departments and back into the private sector. Contracting out on the delivery of public services has obvious problems as it relates to freedom of information requests. I suggest that there is also a creation of mistrust if the contracting out to these private sector companies results in the government's ability to say that it can no longer give this information because it is out of the government's hands.

Activities that are being delegated to industry run organizations that then become exempt from freedom of information laws are of a real concern. One example is Nav Canada which provides traffic control services. Like politics, private industries are very competitive and there are occasions when they will fiercely guard certain

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trade secrets. Bids for government contracts would be a perfect example.

Crown corporations, single purpose agencies that are still wholly owned by the government have been created to allow for these formerly government controlled industries to operate. In some cases they operate free from access to information requests even when technically they are covered by the freedom of information laws, the thought being that compliance could decline as the traditional public service is fragmented. This would leave them free, one would suppose, from government influence yet they are still being funded by the Canadian taxpayer. That element of taxpayer support should outweigh the government's ability to hide behind the supposed arm's length relationship they have with the government.

There we are on the horns of the dilemma. There is a need for the public to know, certainly on most occasions, but the government has obviously distanced itself from this obligation by saying it is a private sector company. The Canada Customs and Revenue Agency and Canada Mortgage and Housing Corporation are other examples of where the government has moved toward privatization of a formerly publicly run agency.

Government services are run like private industries on many occasions. Efficiency has improved as a result when the private sector enters in. Still there is this competing issue of the bottom line fiscally versus the need to be accountable in the public sector. This is the case in private industry as well. There are occasions when the government has to step in and demand information. When there are issues of environmental concern and certainly when there are potential Criminal Code violations, then the government has to actively pursue even private sector companies.

As governments attempt to find new non-tax revenues, they may also undermine access rights. An example is that several governments may sell information and this information would then be exempt from freedom of information laws regardless of the price. Information protected for a price undermines equal access to government information.

• (1810)

Presently the Access to Information Act appears to be something the government itself is prepared to look at in terms of possible amendments. There is certainly a great deal of merit in doing that when there is increasing demand from the public that we as parliamentarians be more accountable and more open in that regard.

There is a quotation that knowledge is power, but further to that, a little bit of knowledge is sometimes dangerous. When it comes to making an important decision, not having the full picture is something the public and members of parliament sometimes wrestle with when it comes to an access demand. The balance that must be struck is something we must constantly strive for.

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Should parliament itself be subject to the scrutiny of access to information? Obviously it is public money that is paying the salaries of individual members of parliament and I would suggest there is already a great deal of public scrutiny toward members of parliament. I would also suggest there is a higher degree of accountability on the part of the government to meet that obligation. There is a higher degree of accountability when it comes to disclosing decisions that not all members of parliament have participated in.

With access to information, I would suggest the Canadian public do have a certain degree of a right to know. There are obviously occasions which have been mentioned previously, national security, trade secrets, the concerns that individual constituents might have about access to information requests that would affect them, those considerations are always going to be kept in mind by the information commissioner himself.

The information commissioner should have the authority to review reasonableness for fee schedules for freedom of information requests. There should also be a release if that price continues to be unreasonable. There should be a release of records where citizens' complaints are justified. Monitoring of the system as a whole is something I believe would be a very worthwhile exercise.

I personally support the initiative of the hon. member. I believe there is a huge public appetite for this type of exercise to occur. If it happens in some small way, we might contribute to the restoration of a degree of public confidence in parliament and politics generally as an honourable profession.

Mr. Gurmant Grewal (Surrey Central, Ref.): Madam Speaker, Motion No. 2 states:

That, in the opinion of this House, the Parliament and Crown Agencies should be subject to scrutiny under the Access to Information Act.

This motion is brought before the House for debate by my colleague, the hon. member for Red Deer, who is also our foreign affairs critic.

What is access to information? Any Canadian should be able to write a letter asking for information from a federal government agency and get that information within 30 days. That is the Access to Information Act. We should be able to see the books or get minutes or papers relating to why a certain decision was made in the administration of the policy and programs of our federal government and crown agencies.

There should be nothing to hide about the Canadian Wheat Board, for example. Canadians know about the mess this Liberal government either created or at least allowed surrounding the Somalia inquiry. In that case documents were altered, severed, lost or destroyed. Canadians will never know what really happened

because the Liberal government did not want us to know. It shut down the Somalia inquiry.

We use access to information to track the Liberal government's mismanagement of the expenditure of our tax dollars. The Somalia debacle is the prime example of the importance of the Access to Information Act. A CBC reporter using access to information received two copies of the same documents from national defence. The copies were different but they were supposed to be the same documents. The Somalia inquiry is a very sad chapter in Canadian history in terms of the Liberal Party's lack of respect for democracy.

Our access to information laws should be reviewed and strengthened. That is what this motion is asking. We should constantly be pursuing a freer and more democratic government and society. That is what the official opposition is trying to accomplish with this motion. We should not risk our national security, but we should try to be as transparent and open with the Canadian taxpayers as possible.

• (1815)

The Canadian taxpayer finances federal government endeavours. Where are the details? Why are the details concerning the expenses of the operation of the Canadian parliament not covered by ATI? That is a big question. Why are other important agencies protected? We need to know that. That is why we are debating Motion No. 2.

The Liberals could have taken action concerning this matter as soon as they saw that my colleague's Motion No. 2 was on the order paper. Rather, he had to wait for the lucky draw for his motion to be debated. The Liberals forced the debate to take place.

There is another way the Liberals could have proceeded. If the Liberals had looked through the lens of issues and not through the lens of political stripes, they would have read Motion No. 2 and done something about it. However we know they do not do that.

The official opposition is forcing the government to talk about accountability as it relates to crown agencies as well as parliament. There should not be a Liberal in the House who would oppose my colleague's motion. Every Liberal should want their constituents to have access to information concerning crown agencies and parliament. As our federal government contracts out more and more work, the records of these contracts become more and more important. We need access to information.

We have seen the Prime Minister strangle a taxpayer. We heard him talk about an imaginary friend. We have seen him apparently throw away the rights of Canadian university students in favour of a foreign dictator. Most recently we saw all parties in the House, including the Liberals, agree to televise all House of Commons committees. Yet the Prime Minister and the elite Liberals do not want it to happen. Maybe the report on televised committee sittings is in the same place where Motion No. 2 was before the member for

Red Deer forced the Liberals to take it off the shelf and debate it in the House.

The democratic record of the government is abysmal. Members across the way should be ashamed of their record on democracy. They have moved closure or time allocation to limit debate in the House more than 52 times. The government does not like the democratic process.

When I was deputy critic for foreign affairs I tracked the shenanigans at the Canadian International Development Agency, CIDA. When my staff requested studies from CIDA, ATI requests came back saying "no such study was ever done". Did CIDA change the name of the study? Or, was there really no such study? It is difficult to tell.

When our ATI laws are so weak it is difficult to know the facts and the truth. It makes it difficult to track the government, to hold the government accountable, to make the government more efficient, to find out where our money is being spent, where there is duplication and where there is waste. Canadians have the right to know what is happening with their money.

This is all wrong. It should be easy to track the government so we can be proud of our record and proud of the way the government is run. In conclusion, I urge members of the House to support Motion No. 2 and let us ensure that the Liberal government does not continue to make a mockery of democracy.

Mr. John Bryden (Wentworth—Burlington, Lib.): Madam Speaker, when we talk about access to information what we are really talking about in the final analysis is the good of the general public but very specifically the need for the watchdogs of government, parliamentarians and the media to be able to have the instruments and the tools to scrutinize government to make sure it is honest and efficient.

Certainly that is the role of both backbench government MPs and opposition MPs. We need good information. We have to be able to get that information from government so we can do our job.

• (1820)

It is the same with the media. The media must have the tools of good freedom of information legislation in order to do its job for all Canadians and for parliament.

In the context of the media I cannot tell of my surprise when after the member for Red Deer submitted his earlier bill, Bill C-216 that would do the same thing, open up crown corporations, I received a letter in November 1997 from the chief operating officer of the CBC, in which the chief operating officer appealed to me as a member of parliament—and I imagine this letter went to every other member of parliament—to resist Bill C-216 because it threatened the independence of the CBC under the Broadcasting

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Act and it threatened journalistic integrity and it threatened the CBC's competitive position. The CBC, we understand, is a billion dollar plus crown agency operating primarily on government funds, so I was surprised by that.

As a former journalist I fired a letter back very quickly in which I said to the chief operating officer of the CBC that as a former journalist I knew that his concerns were unwarranted and that in fact I myself had a private member's bill, Bill C-264, which put in enhanced protections to corporations and organizations like parliamentarians and the CBC in the sense that Privacy Act considerations would prevent any damage to journalistic integrity, and that he had no fear of losing the independence in the Broadcasting Act simply because the CBC would be required to disclose its administrative procedures.

There is a huge issue here. As I pointed out to the chief operating officer of the CBC, the issue here is that it is the one organization in the country that is completely outside any kind of government scrutiny even though it gets money from the government. We cannot see any of the salaries in the CBC, as I explained to the chief operating officer. We cannot see any mismanagement in the CBC, as I explained to the chief operating officer. We cannot even see nepotism in the CBC.

We as parliamentarians are subject to all kinds of scrutiny. When we undertake patronage, which is the source of all kinds of controversy in the country and which the opposition is constantly attacking the government on, we are talking about a form of nepotism that is at least public. In the CBC we can see none of that.

I wrote him back and got a letter back from him again. He simply said that he was sorry, that the CBC's administrative procedures must remain secret because exposing CBC records under the access rules for administrative purposes would in fact expose all CBC records whether gathered for administrative, creative, journalistic or programming purposes. That is not true, not true at all.

I wrote to Peter Mansbridge, one of the top journalists in this country. In my letter I said "Peter, as a journalist would you disclose your salary as an example to the rest of the CBC to show that you as a journalist believe in the principles of access to information". He wrote me back a letter in which he said "Given the kind of scrutiny, both real and imagined, that public figures are faced with in this country, there are few things that remain private. In my case I am fortunate that my employer chooses to at least keep my salary details private". And so it goes. The top journalist in the country, while he demands transparency and accountability of parliamentarians, is not prepared to submit to it himself.

When the journalism community is not prepared to have the same kind of transparency it demands and asks of government, then it should not criticize those bureaucrats who are afraid of the type of legislation we all know is very necessary in this country for the

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efficiency and honesty of this country. I say to the member for Red Deer, way to go.

Mr. Bob Mills (Red Deer, Ref.): Madam Speaker, I thank all members who have spoken today, in particular the member for Wentworth—Burlington for his example. That example is probably what it is all about. While there are many things I would like to say in conclusion, I think that says it all. While the member was talking about the CBC, I could make exactly the same statements about the wheat board and other crown corporations in my constituency.

• (1825)

While working on this for some six years now, I discovered that the criteria for a crown corporation being subject to the Access to Information Act was not under the jurisdiction of the information commissioner or the justice department, but under the jurisdiction of the governor in council. In other words, the cabinet decides which crown corporations are subject to the Access to Information Act and which ones are not.

I do not believe that in a day when we pride ourselves on being democratic and when we pride ourselves on going around the world democratizing other countries, that it is acceptable to have our

openness subject to the decision of just the cabinet. As we have more crown corporations because of government downsizing, it is time to open this up. Yes, we should protect competitiveness and those kinds of things, but that is a lame excuse for not having crown corporations open to the Access to Information Act.

In 1994 I was told by the then justice minister that this was about to be changed. I was not to worry. We would not have to work on access to information for more than another year and it would all be opened up. That has not happened. We are still waiting. Canadians are waiting. As we enter the 21st century, I think it is critical that government open up and let people know what in fact their tax dollars are being spent on.

The Acting Speaker (Ms. Thibeault): The time provided for the consideration of Private Members' Business has now expired and the order is dropped from the order paper.

[*Translation*]

It being 6.30 p.m., the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.27 p.m.)

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