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(HANSARD)

Monday, May 10, 1999

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Monday, May 10, 1999

The House met at 11 a.m.

Prayers

GOVERNMENT ORDERS

• (1105)

[*English*]

INCOME TAX AMENDMENTS ACT, 1998

The House proceeded to the consideration of Bill C-72, an act to amend the Income Tax Act, to implement measures that are consequential on changes to the Canada-U.S. Tax Convention (1980) and to amend the Income Tax Conventions Interpretation Act, the Old Age Security Act, the War Veterans Allowance Act and certain acts related to the Income Tax Act, as reported (with amendment) from the committee.

Hon. John Manley (for the Minister of Finance) moved that the bill be concurred in.

(Motion agreed to)

[*Translation*]

Hon. John Manley (for the Minister of Finance) moved that the bill be read the third time and passed.

[*English*]

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, in the time allotted to me this morning, I will provide some context for the thinking behind the 1998 budget and then highlight some of the measures that were included in this particular bill which forms the income tax side of the 1998 budget itself.

First, the 1998 budget reconfirmed our balanced approach to building a strong economy and a secure society. The federal books are balanced. We have put an end to credit card governing. We indicated in the 1998 budget and will continue to reduce Canada's

debt burden through a two-front strategy of stronger economic growth and a concrete debt repayment plan.

As government members, we have always said and we recognize that a healthy bottom line is a means to an end, not an end in itself. In the 1998 budget we have also included the Canadian opportunities strategy, which included the millennium scholarship program, as well as other programs.

• (1110)

The 1998 budget represents the second stage of a three part plan that we put together in 1994. The Minister of Finance said that this plan was not simply a theme for one budget or one year. It has defined our approach from the beginning and will define our approach in the future.

First, as in the previous budgets, we reduced the deficit. With the 1998 budget we balanced the books and have begun the process of debt reduction. In future budgets we will stay the course. The 1999 budget proved these words.

Second, we have invested in the future. Over 80% of the spending in the 1998 budget reflected two of the highest priorities of Canadians: access to knowledge and skills, and support for health and education through increased transfers to the provinces.

Third, we reduced taxes initially in the 1998 budget in a targeted way. As soon as the country's resources permit we will broaden and deepen the process. As we saw in the 1999 budget, that is exactly what the government did. Collectively, the 1998 and 1999 budgets provided \$16.5 billion of tax relief to Canadians. This is an approach that is delivering real benefits for Canadians today. It is certainly a robust outlook for Canada as we start the new millennium.

As I go through and highlight some of Bill C-72, I will take a moment and comment on what members will probably hear from the Reform Party, the Bloc and other opposition parties. These parties will say that the government is off track. We will argue that we are not. The true test will be what Canadians think.

As we conclude our prebudget deliberations from year to year, and we are about to start in June and into the fall for the upcoming budget, over and over again Canadians reflect on our approach. We have taken a balanced approach in both the 1998 and 1999 budgets, which is what we will continue to do.

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Let me highlight some of what is included in Bill C-72. When the finance minister presented the 1998 budget, he noted that these measures represent the first steps toward general income tax relief. Each of the budgets have provided targeted tax relief where it would be most beneficial. With the deficit behind us, the government is now in a position to introduce broad based tax relief while adhering to the principle that such relief must not jeopardize our regained fiscal health or impinge on the priorities like health care and education.

General tax relief as indicated in the 1999 budget will speak for itself. The measures in the bill reduce taxes for low and middle income Canadians, those least able to pay. Two of the measures in the 1998 budget provide general tax. For low income Canadians, the amount of \$6,456 that can be earned tax free is increased by \$500 effective July 1, 1998.

Most people will ask, as I am sure the hon. member for Elk Island has asked before, how this can actually work. It was explained to the member in committee. He seems to understand the technical matters of this particular bill so I will leave the member to refer to the report from committee. The spousal and equivalent to spousal maximums of \$5,380 were also increased by \$500.

What does this mean? It means that single taxpayers with incomes under \$20,000 can earn up to an extra \$500 tax free; for a family earning under \$40,000, the maximum increase would be \$1,000 tax free. As a result of this measure, 400,000 low income individuals will be removed from the tax rolls and another 4.6 million taxpayers will pay less income tax.

The 1999 budget was a follow up on the 1998 budget and in fact continued on the same track. The 1999 budget extended this \$500 increase to all taxpayers and raised it by a further \$175, increasing the basic exemption by \$675. Canadians are now able to earn \$7,044 tax free in 1999 and \$7,131 in the year 2000. In addition, the maximum spousal and equivalent to spousal amounts will increase to \$6,055.

• (1115)

These measures will benefit 600,000 low income Canadians, 400,000 will pay no federal tax as a result of Bill C-72 and another 200,000 will disappear from the tax rolls because of the 1999 measures.

The second measure providing tax relief in the 1998 budget is the elimination of the 3% general surtax for people earning under \$50,000 and a reduction in the surtax for those with incomes between \$50,000 and \$65,000. Members may recall, and there may be people in the gallery who will recall, that when the Conservatives were in office they put in place a 3% surtax to pay for the deficit. What we have always said is that once the books were balanced the 3% surtax would be the first tax measure we would deal with, and the 1998 budget did so in a targeted fashion. The surtax has been eliminated for almost 13 million filers and it has been reduced for another one million Canadians.

The 1999 budget is very much intertwined with the 1998 budget. In 1998 we targeted the reduction of the 3% surtax to those earning below \$50,000 and in the 1999 budget we will have eliminated the surtax completely for 15.1 million Canadian taxpayers as of July 1, 1999.

In every budget our government has provided targeted tax relief where the need was greatest and the benefits most substantial. The 1998 budget was no different. It introduced the Canadian opportunities strategy which was designed to ensure that all Canadians have an equal opportunity to participate in the changing economy.

Hon. members know that many students have limited access to post-secondary education because of financial barriers. Bill C-72 implements several measures which will financially benefit students.

For example, for some students a federal tax credit of 17% of interest paid on federal and provincial student loans was introduced, which will provide tax relief for about one million students. A student with a \$25,000 loan, which is the average, would typically see a federal-provincial tax reduction of \$530 in the first year alone. The new credit would mean about \$3,200 in tax relief over a 10 year pay down period.

An hon. member: You're keeping me awake.

Mr. Tony Valeri: The hon. member says that I am keeping him awake. I am thankful, and I am sure his constituents are very thankful, that he is staying awake. It is not often that the member stays awake in this Chamber. I thank him for the compliment.

This tax credit complements other student assistance measures announced in the 1998 budget, such as graduated interest relief and extended loan repayment periods which will assist a further 100,000 students.

To help Canadians upgrade their skills through full time study, often difficult for those in the workplace, Bill C-72 includes measures such as tax free RRSP withdrawals for lifelong learning. It is not uncommon, as I am sure hon. members across the way and certainly members on this side of the House are aware, to find that there are constituents back home who find themselves in a job, in a position, they are employed. They have been able to put away some money in RRSPs, but they need to upgrade their skills and they find themselves unable to access money to do that. Much like the homeowner program which utilizes the registered retirement savings plan, this program would allow Canadians to access tax free RRSP money for lifelong learning in order for them to upgrade their skills and to further their education.

An individual who is enrolled in full time training for at least three months can withdraw a maximum of \$10,000 per year from their RRSP up to a limit of \$20,000 over four years. The money must be repaid to their RRSP program over a 10 year period.

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Another measure in Bill C-72 extends the education credit to many part time students who are trying to balance work, family and other commitments. Students can claim a credit for each month they are enrolled in a qualifying course which is at least three weeks in duration and meets a minimum of 12 hours per month. That also facilitates lifelong learning for about 250,000 part time students.

I am sure members will recall that in the 1998 budget the government made some improvements to what is known as the registered education savings plan. The 1998 budget introduced the Canada education savings grant. I have received a number of calls and a number of constituents have contacted me to find out about the program. I am sure the same is true for hon. members across the way. They include grandparents, parents, aunts and uncles who want to contribute to their niece's or nephew's, grandson's or granddaughter's educational savings program. The government has provided a 20% grant on the first \$2,000 put into a registered education savings plan for children under 18. That is a maximum of \$400 per year that the federal government will contribute to that program to help young Canadians access post-secondary education.

• (1120)

Bill C-72 also proposes additional changes to RESPs. It is important to note that disabled part time students will now be eligible for educational assistance payments from RESPs for the first time. Families whose children do not pursue higher education would be able to transfer up to \$50,000 from their registered education savings plan to their registered retirement savings plan. That is an increase of \$10,000. That creates a bit more flexibility in the registered education savings plan which will encourage more Canadians to contribute.

There is also the new caregiver credit which provides Canadians caring for an elderly parent or a disabled family member a tax reduction. This credit will assist about 450,000 caregivers who are not normally eligible for it.

Another important measure which was included in the 1998 budget, and I am hopeful that members opposite will draw attention to it because many of their constituents will benefit from it, will benefit self-employed Canadians. As a result of the 1998 budget self-employed Canadians will now be able to deduct health and dental insurance premiums from their business incomes. We have allowed that particular measure to go forward. I know that the Canadian Federation of Independent Business was a big promoter of that measure, as well as a number of members opposite. Members on this side of the House have consistently fought for self-employed Canadians. This is an example of an initiative that will help that sector of the business community.

Volunteer firefighters, under previous legislation, received \$500 tax free for their volunteer efforts. In the 1998 budget we have increased it to \$1,000 and will extend it to other emergency service volunteers such as ambulance technicians and search and rescue volunteers. There is also a recognition of volunteerism in the 1998 budget because we know that individuals, like volunteer firefighters, give of their time and contribute to their communities. This is a way for the federal government to provide some tax free moneys to them as reimbursement for expenses they incur in the work they do for their community.

The 1998 budget continued the government's policy of providing targeted tax relief and began the process of ensuring general tax relief, starting with low and middle income Canadians. The 1999 budget builds on these measures and is part of a long term strategy to reduce taxes. Of course members opposite will simply say "Cut taxes at any cost". They do not understand that the commitment the government has made is to remain in balance. We have provided targeted tax relief in the 1999 budget. We have provided \$16.5 billion in tax relief and we have never said that this is the end of our tax strategy. We have always said that this is the beginning of our tax strategy.

Together the 1998 and 1999 budgets set us on the track for tax relief and will continue to provide tax relief to Canadians.

Some hon. member: Oh, oh.

Mr. Tony Valeri: I hear the Conservatives at the other end of the Chamber hollering across the way. I think they are hollering in support of Bill C-72. The hon. member for Kings—Hants is yelling at a number of individuals on the Liberal side. I would assume he is merely saying that he is supportive of Bill C-72 and finds that the tax relief is quite adequate as a starting point. It is certainly something that we on this side of the house agree with and we will continue to provide tax relief.

• (1125)

If, for a moment, the hon. member for Kings—Hants could pay attention to what is going on, then he would understand what tax policy is all about and be able to provide some constructive suggestions in the debate.

Bill C-72 is essentially in line with the government's principles of tax policy. We feel that its relief measures are fair. The initial focus for broad based tax relief is on personal income taxes, where the burden is the greatest. The government has said continually that personal income taxes are where relief is needed first and that is what the 1998 and 1999 budgets have provided.

Most important, in the context of a lot of rhetoric that goes on in the House, given that there is an Ontario election campaign on right now and there is a lot of talk about tax relief, the measures for tax relief in the 1998 and 1999 budgets are not financed with borrowed money. It is the first time in decades that a government is providing

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tax relief to Canadians and is not borrowing to provide that relief. In essence, what we have is a reduction in tax relief. We do not have an increase in the deficit. We do not have an increase in the debt. What we also do not have is what most—

Mr. Richard M. Harris: Madam Speaker, I rise on a point of order. I was listening to the comments of the parliamentary secretary and I would like to advise members to move away from him because I am sure lightning is going to strike.

The Acting Speaker (Ms. Thibeault): The hon. parliamentary secretary.

Mr. Tony Valeri: Madam Speaker, the hon. member probably understands that when one has young children one actually engages in discussion about mystic knights, Thor and all of the other myths. In fact, when lightning strikes it is actually supposed to be a symbol of good luck, so I would thank the hon. member across the way.

I guess he was taking exception to the point that I was making, in essence saying that the government is not borrowing money to finance these tax cuts. Obviously the Reform Party has some difficulty with that. I could point to some previous platform documents in which the Reform Party indicated that we, the government, should first balance our books before engaging in any sort of tax relief. Obviously today that is not much of an issue because it feels the wind is blowing toward tax relief and that is where we should be going. Regardless of whether we put ourselves back into a deficit position or increase the debt, Reformers are just promoting irresponsible tax cuts for Canadians.

I can only reiterate that in every pre-budget consultation I have participated in Canadians have consistently said they are in favour of tax relief, that they want tax relief, that the burden of personal income taxes is too high, but that they are not prepared to pay the price of a reduction by decreasing the quality of health care or education, or by increasing the deficit or the debt. We very clearly and carefully listened to Canadians and that is demonstrated in the 1998 and 1999 budgets.

I would reiterate that both the 1998 and 1999 budgets, and certainly Bill C-72, represent the starting point for the process of ensuring general tax relief. The 1998 budget started with low and middle income Canadians. The 1999 budget broadened that tax relief to include all Canadians. As we move forward in budgets to come we will continue to provide a very balanced approach, one that includes investing in Canadian priorities, continuing to bring down the tax burden for Canadians and ensuring that we stay in balance.

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Madam Speaker, ordinary members rise in the House to describe how proud or pleased they are to speak to a particular bill. However, today I can only say that I am disappointed with the thrust of Bill C-72. Actually, it is more of a short stab in the dark.

The parliamentary secretary talked in glowing terms of long term tax relief. The bottom line is long term. Will anybody live long enough to actually see tax relief?

My disappointment arises from what is not in this bill, as much as what is. We do not oppose certain measures such as the reinstatement of the \$5,000 credit for investments in labour sponsored venture capital funds. That simply brings it back up to where it was before the government tinkered with it.

● (1130)

We understand the finance minister cut that amount in 1998 because certain funds were not doing what they were supposed to do. Fair enough. But in some regions of the country these funds are performing a valuable service.

We realize that we cannot simply open the floodgates on investments and accept accountability and viable opportunities for every dollar that is offered. That is why the Reform Party has long advocated increased competition in the financial services sector and a removal of foreign asset restrictions on RRSP accounts. This country needs a diverse pool of investment money and the widest possible range of opportunities for that investment.

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

We are aware that RRSP contributions have fallen off in the last two years. People just do not have the cash to buy those RRSPs. There is something like \$126 billion in unused contribution room outstanding. As I said, it is a noble effort and let us hope there are a few Canadians out there who can actually afford to get retrained and plan on using that training here in Canada rather than being forced to go to other lower tax jurisdictions.

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

We can characterize this as a housekeeping bill. We are a few days late in getting the parliamentary rules in place. Revenue Canada's cutoff was about a week ago, but we still have not made into law the restrictions and so on that are actually in place for last year's Revenue Canada forms. It is a cart before the horse scenario.

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Why not fill out the skeletal legislative agenda with bills that show vision, imagination and courage rather than something that is last year's business? I guess we would be treading on the Liberal's electoral secrets for success: say little, do less, keep your head down. This is a major disappointment for Canadians who are poised to grab their share of the future and find themselves regulated to death by their government.

What we do not see in Bill C-72 is any admission by the finance minister, his bureaucrats or any of the Liberal members of the finance committee that their tax system is out of control. We see a clause that reduces the individual surtax by a couple of bucks. Who on the government side would dare stand up and defend putting taxes on taxes in the first place? This goes on year after year and Canadians still wait for the government to wake up and straighten out the mess in the complex tax code it has made.

The 5% surcharge which remains untouched falls on incomes as low as \$60,000, not a lot of money in today's economy. There are thousands of workers in high tech industries or specialized manufacturing who easily make that much, and what do they do? They take their skills and their incomes and they maximize them south of the border.

The Liberals maintain their punitive tax structures while Canadian artists, entrepreneurs, doctors and scientists head for friendlier climates. Worst of all, they table bills like this one to announce all over again what Canadians already heard about and paid for in last year's budget. They are so hungry for any positive PR spin that they keep talking about all the good things that really do not add up to any dollars at all.

We have heard the finance minister claim that the country can only afford this style of nickel and dime tax adjustment, that it costs the government to give people their own money back. What a ludicrous premise. We know what it costs because year after year the finance minister announces that his programs will cost the treasury so many billions of dollars, and he goes ahead and subtracts that amount from the nation's books or the taxpayers' pockets, whichever is handier.

There is another reason for my disappointment. This government bill takes the opportunity to fiddle with the tax act, but instead of simplifying it or even simplifying the language, it merely piles more complexity on to the impenetrable pile it started decades ago. Members have risen in this House and read out passages from this bill, or have referred to this and other bills as being as thick as phone books. I have said that if the tax code was piled up it would be taller than any individual. I can also say that the tax code when piled on the back of a taxpayer can drive him to his knees.

Does Bill C-72 address the complexity or incomprehensibility of the tax code? No it does not. It merely carries on the age-old tradition of defining the taxpayers' responsibility to the govern-

ment and not the government's duty to lighten the burden of taxes and to reveal clearly why they are needed and how they will be spent. Accountability, quite a concept.

In the revised explanatory notes that accompanied this bill and which were published in March, there are several pages of anti-avoidance rules that chase taxpayers into their home offices to make sure they are rendering unto Caesar what Caesar decides is his.

• (1135)

Ironically, they also include exceptions which allow clever tax lawyers to again avoid the taxes that are being chased in the first place. We know from the auditor general's report that billions of dollars in potential taxes continue to elude governments. We are aware that despite promises there are still loopholes for the well to do to cart off family trusts to lower tax regimes around the world. So much for our complex tax codes.

The Liberals have made it clear that they believe the myth that high taxes result in high revenues and that excessive spending leads to better service. We would not have to dig too deep to expose how this logic breaks down in the real world. It is human nature to resist when being pushed where we do not want to go. When the price of a good or service rises, we look for a bargain or reduce our consumption of that article. If taxes become too much of a burden, we seek relief any way we can either by avoidance or by going where a more enlightened tax regime offers a better deal for our tax dollar.

Lower taxes are not the only thing that influences people but it starts a cycle of prosperity that solves many other issues. Increasingly higher taxes reduce economic activity until there is less and less to tax. Governments see decreasing returns and cannot afford the services they claim to uphold. We have seen those cuts to the bone in health care. This is the opposite of what some in the House will say. They are convinced that high taxes alone provide a foundation for services. They follow this logic to its faulty conclusion, a complex tax code, taxes on taxes.

On the other hand lower taxes do not lead to a lack of services for the following reasons. Given a limitless amount of money to spend, it is also human nature to continue to demand limitless services to go along with it. It is human nature for bureaucrats to continuously try to satisfy those demands. What we have seen in the last three decades or so is the explosion of government spending in an effort to micromanage every aspect of our economic and social lives.

Government is everywhere trying to be all things to all people and failing at most. It tries to be charitable but ends up subsidizing self-defeating behaviour. It tries to stimulate a business on one side of the street while putting another one out of business through higher taxation and artificial competition.

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The government creates monopolies and then finds itself in an endless process of paying inflated sums to keep the market under control. The old adage is if it moves tax it. If it moves again tax it some more. If it stops moving the government subsidizes it so it can tax it when it starts to move again. That seems to fit in very well with this logic.

In the 1999 budget we saw an increase in the child tax benefit and an admission by the finance minister that the clawback provisions are a disincentive for parents to earn more money. According to the C.D. Howe Institute, even with the tinkering, single earner families with two children with earnings in the \$20,000 to \$30,000 range, which is right around that poverty line that has been arbitrarily set, would keep less than \$35 from an additional \$100 earnings. This is true of the worst provinces. I define those as the ones where there are so many overlapping federal and provincial programs that Canadians have no choice but to sit and wait for the government to tell them what their income is going to be.

In Bill C-72 we see the same tinkering at work. The child care expense deduction has been increased to \$7,000 but it only applies to parents who hire people to take care of their kids. This has become a fairly common situation in Canadian households. Many people are of the opinion that one of the strongest reasons for this is that the government takes too much money.

Canadian couples should have the decision as to how they are going to raise their children. It has been snatched from their hands and placed in the cold dead grip of a disinterested bureaucracy with its own social agenda.

Taxpayers' money not only goes to finance programs to relieve a situation that governments create, but it also goes to finance lobby groups to perpetuate the myth that Canadian families would be in stress without the government rather than because of it. Even so, tens of thousands of brave parents make the courageous decision to re-order their lifestyle to fit what is best for their young children.

Bill C-72 fails to address another situation that is obvious to everyone except the Prime Minister. On May 3 the Prime Minister got up and said the government wiped out bracket creep by increasing the personal exemption by a whopping \$50 a month. He failed to mention several facts of which the government should rightly be embarrassed.

Not only should the basic personal exemption be in excess of \$8,000 a year, but the Liberals are only going to phase in their tinkering over the next two years. It will only go to a maximum of \$7,131, not nearly enough in today's economy.

They like to brag on the other side that somewhere between 400,000 and 600,000 Canadians have been pushed off the tax rolls with their generosity. They fail to mention that 1.4 million people have been added back on through the back door to these tax rolls

because the Liberals have not got around to adjusting the tax brackets for inflation. We call that bracket creep. That is according to the OECD study.

• (1140)

A KPMG study, and we know how much the finance minister likes those when they are in his favour, has shown that the low to middle tax bracket of \$29,590 should be almost \$37,000, an increase of over \$8,000. If anybody in the finance department had bothered to keep up with the times, the higher tax bracket of \$59,180 should be over \$73,000 just to keep up with inflation. That might convince many of our valuable scientists, engineers and skilled workers to stay here and add that value to our country and our economy.

The Liberals would tell us that they cannot afford real tax cuts, only the nickel and dime stuff they have been feeding Canadians. In Bill C-72 there is another instalment of surtax reduction, although we always hear that it is \$500 a year when in fact it was \$250 last year and \$250 this year. Again, the numbers are better when we add them altogether. I wonder if many Canadians will actually notice that change in April 2000.

There is a tax credit for interest paid on student loans which is a good thing, but it only applies to the federal government student loans, not to the bank student loans. There is a real disparity. The students who are still going to school can write off the federal government part but not the bank loans. As the federal government withdraws from programs such as that, these same students find themselves caught on the horns of a dilemma.

I wonder how much better off we would all be if the finance minister had not wasted time with the millennium scholarship fund and simply had gone to the source. That was really the taxpayers' hard earned surplus in 1998. If he had turned the money back to students who really need it, I think we would have got a lot more bang for our buck.

Eliminating bracket creep for instance would have put a \$900 million ding into the finance minister's slush fund but would have put hundreds of dollars back into the hands of low and middle income Canadians, right where they need it.

We also see provisions for people to use their RRSPs for something other than a hedge against government incompetence in mismanagement of the CPP fund. People can withdraw money for education, which is good. But since it is their money anyway, it is a bit of a shell game as to what they should be able to do with it.

I come back to the question of why the government cannot do anything more substantial or imaginative than this tinkering we see in Bill C-72. This government will try to use two excuses. It will say that it will not cut taxes and it will not tax us back into a deficit the same way it taxed us into the high spending it did in the first place. It will also say that it wants to be fair to the poor or maintain

services that Canadians are so proud of, part of our Canadian mosaic, or that it apparently represents what we are as a people.

We have seen government spending go up the last three years and projections that it will continue to do so. This is hardly a prudent way to manage the future. Our fundamentals are supposedly right, but in our minds they are not.

We have also seen the insatiable desire of this government to hold control of every aspect of health care and social spending in its grip, even in the face of the Liberals' proven incompetence.

As I said before, we have the cart before the horse with this legislation. We are working with provisions in this bill that were actually implemented last year. The funding was set aside last year.

The parliamentary secretary in his address earlier this morning talked in glowing terms about people below \$20,000 being in a tax free zone. I ask what is the big deal? That is still well below the poverty line that is arbitrarily set in Canada, so that is really not a whole lot to crow about.

People in Canada are looking for real tax relief. The industry minister, with supporting statistics from his own department, Industry Canada, has acknowledged the realities of a high tax system in Canada and what it is doing to our economy here, our productivity, as it were.

Again the parliamentary secretary talked about the RESPs. As I said before, if we are talking to finance people, a trust fund is far more manageable in the RRSP portion of it. It gives us lots more flexibility. Students can do different things with that. They do not have to go to the same type of college or facility that the RESPs would direct them to. It is much more easy and much more flexible to put that money into a trust fund.

The caregiver tax credit of \$400 that he so eloquently spoke of appears at \$11,000 worth of income. It is nickels and dimes again. It does not go anywhere. As a caregiver, \$400 a year does not begin to cover a week's cost when one is caring for an invalid or a handicapped person. It is an insult to these people.

The parliamentary secretary talked in glowing terms and his words were that the winds of tax relief were blowing across the country. I would say that the reality is it is not even a gentle breeze.

• (1145)

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I am pleased to speak this morning for the last time on Bill C-72, which implements certain measures set out in the 1998 budget brought down by the Minister of Finance.

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Some hon. members will most certainly recall, and I will take it upon myself to remind the others, that in 1998 when the Minister of Finance released his budget, we in the Bloc Québécois had some years previously encouraged the government to include certain measures that were included in that budget. Minor as they may have been, they were, in our opinion, a step in the right direction. Our position has not changed fundamentally with respect to those highly specific measures.

Generally speaking, however, given the broad range of possibilities presented to the Minister of Finance in 1998, which were included in the latest budget for 1999-2000, we did not feel the Minister of Finance had gone far enough. He claimed otherwise, however, concealing the real figures on the state of the public purse. With those real figures, we were able to state that the Minister of Finance could have gone much further with the broad range of possibilities available to him, if he had any real compassion.

What are the budget measures from 1998 that we find today in Bill C-72, which we had encouraged and applauded at that time, and still do today?

There is the \$500 increase in the basic personal credit. We supported this measure, although the Minister of Finance could have gone even further beyond the tiny step he took.

There is the surtax reduction for individuals, to a maximum of \$250. This too is positive, but does not go far enough.

There is the homebuyers plan for the disabled. Finally, after several years of battles, the plan is now in place. We worked on this. A number of my Bloc Québécois colleagues worked very hard representing associations of the disabled from their ridings so that special measures such as the homebuyers plan for persons with a disability could become a reality. We applauded this measure.

There are the tax credits for interest on student loans. Students deserve support in their efforts to acquire knowledge and to enter the labour market. In this case too, the government has not gone far enough in supporting students in Quebec and Canada.

There is an increase in the child care expense deduction. This is a good thing.

As regards the lifelong learning plan and the matter of tax-free withdrawal of funds invested in a registered retirement savings plan, here again, when the Bloc Québécois made public a few years ago an analysis of a possible and positive reform of personal taxes, we were the first to ask the Minister of Finance to use the funds invested in RRSPs for purposes other than retirement.

The rate of unemployment, as we have seen, has remained fairly high. We could also see that there were urgent needs, particularly in

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the case of middle income families, and that we should either think about using the funds invested in a registered retirement savings plan to create self-employment, to allow taxpayers to create their own jobs, or about helping them return to the labour market, through continuing education programs.

We were happy to see that measure included in the 1998 budget. In fact, we supported that initiative when the Minister of Finance made it public.

However, we do not agree with the minister—and he is certainly not deserving of any praise regarding this aspect of his 1998 budget—when he says he could not do more than the few positive measures found in Bill C-72, because this is utterly false.

When the Minister of Finance brought down his 1998 budget, he claimed there would be a zero surplus for each of the following three years. However, we were quick to react and set the record straight regarding the 1998-99 figures and the anticipated results for 1999-2000.

In 1998-99, the surplus will exceed \$15 billion. We are talking about a \$15 billion surplus for the fiscal year that ended on March 31. In the next fiscal year, the surplus will be \$20 billion.

• (1150)

The Minister of Finance is still claiming there is no money available. But he forgets to mention that, under the Financial Administration Act, all the unexpected surpluses in the previous fiscal years were automatically used to pay off part of the debt. Last year, over \$20 billion went directly to pay back part of the capital on the debt.

We have nothing against paying off the debt. That is not the point. However, when one has a surplus, one must make a number of decisions as a good manager of the public treasury. Instead of using a portion of the surpluses from last fiscal and a portion of the surpluses from this fiscal to help out middle income families, he could have provided more assistance for unemployed workers and students, given the precarious economic situation in which many families have been living in Quebec and in Canada since 1997-98.

Instead, the Minister of Finance presented an inaccurate picture of the state of the nation's finances. He then used this picture to make his argument that it was impossible for the federal government to provide any more assistance to middle income families, who have been having a hard time for several years now because of him.

What could the Minister of Finance have done during fiscal 1997-98, fiscal 1998-99 and the current fiscal year? He could have done something we have been asking him to do since the 1993 election, which is to devote some of his precious time to federal fiscal reform. Since 1993, the Bloc Québécois has come up with

two possible scenarios for reforming federal taxation, one for individual taxpayers and one for corporations.

When we released our two reports, the Minister of Finance even congratulated us on our good work, but he has done nothing about reforming federal taxation since.

Some hon. members: Oh, oh.

Mr. Yvan Loubier: Mr. Speaker, would you please ask the members opposite to withdraw if they have matters to discuss? The environment is not conducive to productive exchanges, particularly not during a speech on something as basic as the future of families in Quebec and in Canada. Would you please ask them to continue their conversation elsewhere?

The Acting Speaker (Mr. McClelland): I do not think the other members were being too noisy. They were merely chatting, but I understand your point.

Mr. Yvan Loubier: Mr. Speaker, there was nothing petty in what I said. It is rather tiresome to be speaking and hear the whispers of a Liberal MP over there. Out of mere courtesy, perhaps out of respect for this House, if there is a need for private conversations, they should be held in the lobby. Moreover, the Chair has often stopped conversations of that nature in order to ensure that the institution operates as it should. That was all I was asking for. I see that my colleague has finished his discussion, so I can now continue my speech.

I was saying that, in 1998-99, the Minister of Finance could have done great things. He had choices to make. The same thing goes for 1999-2000, but since Bill C-72 is connected with the 1998 budget, I will limit myself to that budget.

He knew he had a surplus of \$15 billion. He could count just as we could. If we in the Bloc Québécois were able to determine that the surplus for fiscal year 1998-99 would range between \$12 billion and \$15 billion, he could have done the same with the whole gang of public servants, specialists, and the amazing prediction machine at his disposal. But instead he concealed the real figures.

We have been calling for tax reform for years now. The Reform Party did exactly the same recently. The Minister of Finance prefers to focus on economic conditions rather than taking a serious look at the tax system.

This is certainly a major undertaking, because the last tax reform was in 1968, with the Carter report. That report led to the implementation of certain measures which resulted in some marked improvements to the tax system, ones which were of considerable significance.

• (1155)

But it is work. It is true that the time he spent on reforming the tax system he would not spend promoting his candidacy for the leadership of the Liberal Party of Canada.

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The Minister of Finance must have the interest of the public more at heart than his own interests, and, until he convinces me otherwise, I think he has worked more for his own interests, and he has displayed a certain laziness not found among his predecessors.

He could have done extraordinary things. When he felt the lid on the pot was beginning to lift, he decided to establish an empty working group that produced an empty report. Some considerations were correct, but most did not relate to the needs for significant change, particularly in the area of personal income tax.

The Mintz working group, which he set up in order to reform taxes, focussed on corporate taxes only. What did the Minister of Finance do with the report Mr. Mintz submitted? He took it and he put it on a shelf. He applied none of its recommendations.

He did not deign to work on reforming personal income taxes, which would be easy to do. As I mentioned earlier, the reports the Bloc Quebecois produced were applauded and welcomed by the Minister of Finance. But there has been no follow up. There really is a lack of interest.

What could the Minister of Finance have done without racking his brains and compromising his race for the leadership of the Liberal Party of Canada? He could have fully indexed the tax tables and all the parameters of federal taxation. He could have done it very simply. I will illustrate my remarks in this respect in a few minutes.

Here is what happens without indexation. Since 1986, the government has not taken inflation lower than 3% into account. When the rate of inflation is such as the one we have been experiencing for several years, the federal government gets tax revenues that increase every year, without having to impose any direct tax increase or specific tax measure. So, by not fully indexing tax tables, the Minister of Finance is quietly getting more money, every year, in the federal treasury.

When inflation is high, taxpayers must pay more for goods and services. They must pay more for food, housing and even in taxes. They pay more indirectly because no adjustment, or only partial adjustment, is made by the federal government to the tax tables and the various federal tax components, to take into account the cost of living increase.

If the government fully took inflation into account, it would lower federal tax rates for certain income categories, or it would allow a tax rate that is currently low and that applies to a specific income category to apply to a higher income category.

Instead of doing that, the government decided it was just too easy to get more money. It was just too easy to fully index tax tables and components. Instead of helping middle income families, the Minister of Finance decided to maintain the unfair system that has been in place since 1986.

What is the result of all this? I tried to illustrate how it affects taxpayers, particularly middle income earners, who account for 70% of all taxpayers. On the first \$29,590, the federal tax rate in 17%. If the government had fully taken inflation into account since 1986, and had also fully indexed federal tax brackets, taxpayers would now be paying 17% not on the first \$29,590 that they earn, but on the first \$36,918.

• (1200)

This makes a difference. Because taxes are not fully indexed, taxpayers are paying 17% on the first \$29,590 of earnings instead of on the first \$36,918. This has a negative impact on families' disposable income.

We are told that families' disposable income has continued to fall since the late 1970s. This is a measure that reduces disposable income. Disposable income is what is left over after taxpayers have paid all their taxes. It is what they have left to buy goods and services and to make investments.

When tax brackets are not indexed, it starts to add up: 17% on the first \$36,000 rather than 17% on the first \$29,590 starts to add up to thousands of dollars a year.

The \$29,591 to \$59,180 federal tax bracket is taxed at 26%. After that, it goes up. Normally, with full indexing, the 26% tax rate would have kicked in between \$36,000 and \$73,800 instead of between \$29,000 and \$59,000. This becomes important, because the first \$36,000 earned would be taxed at only 26% instead of 29% or 30%, which is quite a difference.

The Minister of Finance preferred instead to continue with this unfair system, to allow the economic situation and inflation to continue unchecked so as to provide him with additional revenue, rather than impose any unpopular measures like raising income and other taxes.

I would remind hon. members that some 72% or 73% of taxpayers fall within the category of the two taxation levels I referred to, of 17% and 26%, for incomes of between \$29,000 and \$59,000. So not having fully indexed tax tables, tax levels and other tax parameters since 1986 has cost the majority of taxpayers very dearly.

I will give an illustration of what not having full indexation can represent for a resident of Quebec and a resident of Ontario. For example, for a family with one wage-earner and two children, with a 1986 income of \$25,800 and a 1996 income of \$35,400, the lack of indexation of the tax tables and other tax parameters has meant a loss of between \$7,000 and \$10,000 since 1986. That is a considerable amount of money.

We are not talking about a family with millions in income, but a family with one wage earner and two children, whose income was

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\$25,800 in 1986 and had risen to \$35,400 by 1996, as a result of inflation and promotions. The lack of indexation of the tax tables and other tax parameters has meant a loss of \$7,000 since 1986. That is a considerable amount of money.

These people do not have any money to throw away. They are not taking vacations in Acapulco every year. Since 1986 they have seen between \$7,000 and \$10,000 in net revenue taken out of their pockets. They could have invested it in their children's education. They could have used it to improve their general situation. They also could have perhaps put it toward buying a house.

Maintaining such unjust situations is a serious matter. We have a family with one wage earner, a family of two adults and two children, losing between \$7,000 and \$10,000, if their present income is \$35,000 or \$36,000.

That is what lies behind the inaction of the Liberal government and the laziness of the Minister of Finance .

• (1205)

It is not for the fun of it that we have been asking him to reform taxes since 1993 and keep asking him to do so. They could have done something else to improve people's situation. They should have reformed taxes years ago. It needs to be done soon. It needed to be done in 1993, when there were one million poor children in Canada. Today, in 1999, there are 1.6 million poor children.

This man, rising every week with his hand on his heart and speaking of his compassion for poor children, is helping make the parents of these children poorer. This category of middle income earner, representing 70% of taxpayers, makes the greatest contribution to the employment insurance fund. The Minister of Finance is literally stealing the surplus from it, to the tune of \$6 billion or \$7 billion a year, rather than take this money and give it back to workers in the middle class and employers in SMBs or give a significant part of it back to the unemployed who are excluded from the application of the employment insurance plan.

The Minister of Human Resources Development, who says that he too has great compassion for those worst off, cut the plan and tightened eligibility criteria with the complicity of the Minister of Finance. The Minister of Human Resources Development is a kind of sherpa for the Minister of Finance.

Middle income earners paying because the tax tables and brackets are not fully indexed are also paying in terms of the money they take—and I am being polite—the money they rob from the employment insurance fund. These people pay double, and this is the fault of the Minister of Finance. If we look at the category of the public servants, these are the same middle income earners whose pension plan surplus will be taken by the President of the Treasury Board.

He has just introduced a bill that will establish the pension investment board for the main pension plans. He also announced that he expects he will use the \$30 billion surplus accumulated in the plan as he sees fit, without consulting anyone.

This is a curious style of management, in which money is taken from middle income earners, because there is no tax reform. More money is taken from them when the government helps itself to the surplus in the EI fund. And moreover the same thing is happening to federal public servants, as the government is grabbing the surpluses in their pension funds.

I was going to say something unparliamentary, but I will refrain. I am casting about for a word that is parliamentary but conveys my meaning. It begins to look like the federal government is systematically misrepresenting the numbers, using money that does not belong to it, wasting this money on measures designed more for the visibility, such as the millennium scholarships, the Minister of Canadian Heritage's Canadian flag operation, or the Council on Canadian Unity. This is no way to manage taxpayers' money and the public knows it. The public should not be underestimated.

When we travel throughout Quebec, as I often do, people, not necessarily hard-liners, tell us that the federal government's management of taxpayers' money and the type of hypocrisy we see here make absolutely no sense.

Since 1996, the Minister of Finance has been promising legislation to eliminate tax loopholes that mostly benefit Canada's millionaires and billionaires. We have not seen it yet.

People will remember the auditor general's criticism in 1996, following our denunciations that went all the way back to the 1993 election campaign of the family trust system for millionaires—not for middle income earners, but for millionaires—that lets them use tax loopholes for tax planning purposes instead of the purposes for which they were originally intended, such as providing a life annuity for a permanently disabled child.

Here we have a situation that was denounced by the auditor general, a situation where officials from the Department of National Revenue, the Department of Finance and the Department of Justice got together on an evening one December 24 a few years ago and came up with an advance ruling allowing a family of billionaires to transfer two family trusts totalling \$2 billion completely tax free to the United States.

• (1210)

This was unprecedented. At least, we were not aware of any other similar situation.

There was a public outcry and the Bloc Québécois strongly condemned what had taken place. I must say that the public

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servants who were present when that advance ruling was made and who appeared before the Standing Committee on Finance and the Standing Committee on Public Accounts found it to be most uncomfortable to say the least.

Following that incident, the Minister of Finance announced that he would table a bill to make taxpayers accountable in the case of such transfers by providing a certain amount to pay taxes to Revenue Canada when assets are transferred abroad.

Three years ago, when the minister announced his intention to eliminate that loophole, what did these millionaires and billionaires do? They came up with all sorts of schemes to immediately transfer their trusts to tax havens abroad, by taking advantage of the precedent created by that advance ruling. They took advantage of the situation. In 1999, three years after alerting robbers, the Minister of Finance has yet to table his bill to eliminate the tax loopholes available to these millionaires.

It is hardly surprising. In the last budget, the most significant tax reductions are for those with incomes of \$250,000 and up. Based on the proposed tax reductions, these people, who do not have a hard time making ends meet—unlike a family of two adults and two children with an income of \$36,000—will benefit from tax savings of \$3,800 as early as this year. On the other hand, those earning between \$25,000 and \$50,000 are not going to benefit from a tax saving of any more than \$80 to \$350.

The reason is obvious. We see where the friends of the Liberal Party and the friends of the Minister of Finance fit in. They are not families with one wage earner, with two adults and two children, and an income of \$36,000. They are millionaires and billionaires. Moreover, what came out yesterday or the day before about the key contributors to the Liberal Party of Canada's campaign fund is most revealing. There are many banks, trust companies and family trusts. No change there. Join the dots between a \$35,000 or \$45,000 contribution, even \$100,000, from major companies to the Liberal Party coffers, and then ask yourself whether the Liberals will end up with their hands tied afterward when it comes to tax reform, to blocking the loopholes for millionaires, for preventing the banks from doing certain things.

It is so ridiculous that I recently cut out an article on this subject, which I found most instructive. In 1993, when I first came to this House, I said we would be fighting to block the gaps in the taxation system, the so-called loopholes. These loopholes enable people who are far from being in need to do tax planning, to do all sorts of tricky tax moves, with the blessing of the Minister of Finance, in order to find themselves tax-exempt in foreign tax havens.

In the newspapers in 1993, there were classified ads that read "Come and plan the retirement of your dreams with us". They were talking about tax havens. At that point, the Income Tax Act permitted millions and millions of dollars in taxes to be saved through various means.

I was looking at a paper last week again, and it made no sense. There was another classified ad, which read in English and French, "Come and see us, we have ways for you to save hundreds of thousands if not millions in taxes, depending on your income". No family earning \$36,000 a year will be able to take advantage of the advice on how to save money in tax havens. One has to have money to do that.

Six years later, nothing has changed, with tax havens. With permissive federal taxes and the federal Income Tax Act, the situation is similar to that of 1993, in which millionaires and billionaires paid no taxes and 70% of Quebecers and Canadians pay most of the taxes, that is, the average income earners. Yet the Minister of Finance still has not introduced a bill to put an end to this scandal.

• (1215)

Bill C-72 contains some positive measures. They are the ones we praised in the 1998 budget. The Minister of Finance could have done so much better that it is ironic he is getting off so lightly.

With the options available to him then and now, he could have helped improve the situation of people in this country, of middle income families that have been struggling for years. Some of them have sunk into poverty because of the measures of the Minister of Finance and of the Minister of Human Resources Development in the area of employment insurance. He could have done a lot.

Still, this bill is a small step in the right direction, and we would not want to tell taxpayers "These incomplete measures would save you a few dollars, and we could not oppose the bill simply because it really did not go far enough".

Therefore, we will support this bill, but we will continue to condemn this rip-off of middle income families and the fact that the Minister of Finance has simply let economic—and political—conditions dictate his course of action for several years, not assuming his responsibilities as he should have.

Who knows, perhaps he will make it and become Prime Minister some day, but I certainly do not wish it on Canada. As for us, we will be gone; we will have left and probably have achieved sovereignty a few years earlier. Canada deserves better than a minister like this one, a minister who did not take his responsibilities when he was in a position to effect social change, but chose not to.

[English]

Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP): Mr. Speaker, I am quite delighted to speak to Bill C-72 today in this closing round of debate.

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My first question would be to the Parliamentary Secretary to the Minister of Finance. What is it about bracket creep that he likes so much? We hear an awful lot about bracket creep. I know it is something that my friend feels very strongly about because he just refuses to let it up. He wants to hold it close to his chest as though this is his special bracket creep and no one is taking it from him. I will get back to this point in a moment.

In order to give a balanced approach, I have to say that there are a number of things in the legislation that are actually quite helpful; for example, the increase in tax breaks for caregivers. Who can stand in the House and say it is not a good idea for the government to come up with an extra \$400 per year for people taking care of people in their homes? This is going to make a tremendous difference. Something like \$35 will really be noticed by people who are caregivers. Quite frankly, it is the ultimate in baby steps in terms of tax reform but it is at least a slight lean in the right direction.

There have also been increases in the registered education savings plan, the homebuyers plan, the part time education deductions, the child care expense deductions, and, as I mentioned already, the caregiver tax credit which provides, as it states here, a new refundable tax credit up to \$400 per caregiver. This will make a major difference.

There are a number of changes that we would support in principle. However, they are the most infinitesimal changes that one could imagine occurring to the tax act of Canada. If we sat down and asked what the absolute minimalist approach we could take to tax reform and what would be the least we could get away with and still sound like we are doing okay, that would be what Bill C-72 is all about. However, to say that none of this is worthwhile would obviously be silly. There are a number of important gestures. I perhaps would use the term gesture more than anything to indicate that we are moving in the right direction.

Having said that, what on earth am I going to say at report stage and third reading on this particular bill?

I got up early this morning and reread all the weekend papers to look at what they were saying about taxes, tax changes, tax reform and so on. We have all filled out our tax returns in the last few weeks.

• (1220)

We all have a sensitivity about the tax system. I was curious to know what the editorial writers, reporters and others were saying. The general theme was that the tax rate and the tax burden should be reduced.

I think we have seen this movie before. I remember reading in the newspapers a few years ago that the fundamental requirement to achieving economic prosperity in the country was to reduce the levels of inflation. The levels of inflation were simply too high. We

had images of Prime Minister Trudeau wrestling this phantom inflation to the ground and pinning it down. Once this was done the economy would turn around. I can say with some pleasure that we did that. We wrestled the old inflation to the ground, pinned it down for three counts and it was down and out. Now, for all intents and purposes, we have no inflation.

Did that significantly change the way the economy was functioning? Did we become more productive? Did employment levels come down substantially? Unfortunately the answer is no. There was no significant shift.

The government then admitted it had made a mistake. It felt that if it could get interest rates down then that would stimulate the economy back into high gear. We went through all sorts of contortions and interest rates finally came down to relatively recent historic lows in the 4%, 5% and 6% range for people borrowing money. However, that did not have the big hit that we had anticipated either.

The government then said that it was not just inflation and interest rates, that it was really the size of government. The President of the Treasury Board then said that 55,000 federal civil servants would have to be laid off. The government laid off 55,000 people across the country, one of the largest layoffs ever in Canadian history. Did that achieve the results? No, that did not have much of an impact in the end either.

The government had laid off 55,000 people and inflation and interest rates had gone down but now the problem was the deficit. It then began cutting programs and the deficit went down. As a matter of fact it was wiped right out. The deficit is history. It went the way of the dodo bird.

Things, however, did not change a whole lot or turn things around. The government then said it had a new problem called tax cuts. It felt that if taxes were cut it would get the economy moving and into high gear. My friend from the Conservative Party agrees with me. It is a mantra for people to get up in the morning and say "Please God, lower tax rates and the economy will get into high gear".

Who is going to say that we should not do that? I am not going to say we should not lower taxes. It would be almost suicidal to say that. However, I have seen this movie before. Getting inflation down, the deficit down, downsizing the government and cutting taxes does not work. It has not worked in the past. I am not sure this is the answer. Where is this call coming from? Is it widespread across the country?

I know my Conservative friend and the Parliamentary Secretary to the Minister of Finance will recall the questions we asked Canadians when we toured the country during our prebudget consultations. We asked Canadians what they thought should be done, and what their priorities were for the budget in terms of the economy.

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I can say without any hesitation that some people said that tax cuts were not a priority. They said that health care, education and training were priorities, but that tax cuts should come after the health care system is back on its feet and after a decent educational system is in place from kindergarten to post-secondary. If some of my colleagues who were on the committee feel differently, then I think we should hear from them.

Sometimes people were pushed and pressed and said they wanted tax cuts, but when the question was asked whether they wanted to see tax cuts or health care left the way it was, the answer was no. The same answer came back when they were asked about education. Most of these people, who were experts in their field, admitted to our committee that they did not want tax cuts as a top priority.

Perhaps we should set that aside because it would appear that tax cuts are not really the top priority. It really is a major issue. When a poll was conducted recently asking Canadians what should be done in terms of the federal budget, 45% of Canadians felt that health care should be a priority and only 7% said that taxes were the most important issue facing Canadians. I wonder who those people are? We have heard some of them speak out. We heard Paul Desmarais say that taxes were too high, particularly for wealthy people. Jimmy Pattison, on the west coast, said that taxes were too high for wealthy people. We have heard others make the case that taxes are too high, resulting in a lot of Canada's best managers, high tech workers and scientists going to the United States.

• (1225)

There is no denying that many people are being attracted to the United States, but I suspect that the tax rate is only one of the attractive features. I suspect the offer of perhaps twice as much money to leave Canada and go to the United States to work in Texas, Michigan, Florida, or wherever is probably as crucial as any in the decision making.

What is perhaps even more important to some of the high tech workers and the scientific community is the fact that they will have decent lab supplies and decent labs to work in. Having the funds available for their research also attracts some of our best researchers to go to the United States. I suspect that taxation is far down on their list of points when they make that decision.

I am not saying that reduced taxes is something we should not be concerned about. We obviously should, but is it a priority?

I suspect that if we were to press the issue we would find that most Canadians are fed up with the taxes that they pay because of two things. I think most Canadians filling out their tax returns and either writing a cheque to the Receiver General of Canada or have been writing cheques over for the last year, depending on the nature

of their income, are fed up with the high taxes they are paying because they think they are not getting a good deal for their taxes. They think their taxes are being spent on some questionable priorities of the government.

I do not think Canadians are that far out. I remember a big deal that happened in the House when we found out that \$3.3 million was being spent to improve the image of the other place. Is it a national priority for Canadians to improve the image of the other place? Some people think it is, but I suspect that, other than a handful of senators, we would be hard-pressed to find a single Canadian who would say that he or she wants his or her tax money to go toward enhancing the image of the people who inhabit the other place across the hallway.

Does anyone remember the \$98,000 spent for a book on dumb blonde jokes? I took that personally being somewhat of a blonde myself. Is it a national priority to give someone \$98,000 to write and publish a joke book about blondes? Is this something that taxpayers want to see their hard-earned tax dollars going to pay for? I doubt it.

There is also the \$500,000 canoe museum up in the Prime Minister's constituency. I know many of us are very fond of canoes. A lot of us have canoes and we paddle them. A canoe is a great Canadian image-maker, but I do not know if it was a priority to spend \$500,000 of our hard-earned tax money on a little canoe museum in the Prime Minister's riding. I will listen to my Liberal friends opposite as they stand up and say that having a dumb blonde joke book funded by the taxpayers was a good way to use taxpayers money, or whatever. Let us face it, the list is endless.

The point I am trying to make is that most Canadians do not begrudge the fact that they have to pay taxes. That is why in the past we have had a very good health care system. That is why we have a whole variety of programs that differentiate us as a country from most other countries of the world. However, there is a feeling that their taxes are not being wisely invested or wisely spent, that there is a lot of frivolous and unnecessary spending going on without a proper accounting. As parliamentarians, I think we all have to admit that there is not a proper accounting.

I remember that when I was first elected the big time of the year was when we went through the estimates. We would sit down in our committees, whether it was the agriculture committee, the foreign affairs committee, the finance committee, or the health committee, and spend days and days going through the estimates so that members of parliament would at least have some inclination as to what the department was spending the money on. The minister and the parliamentary secretary would be grilled. The secretaries of state and the departmental representatives would also be grilled. At the end of the process we had a general feeling that the moneys being invested were at least identified as to where they were going.

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• (1230)

Whether we agreed with them or not, we at least knew they were being spent here and being invested there, they were going to build this or they were going to try to get that thing happening in that part of Canada, et cetera.

Now the whole process of dealing with the estimates has essentially been thrown out the window. Committees really do not deal with the estimates in the same vigilant way they did in the past. In many cases they do not go over the estimates at all. They are deemed to have been discussed, deemed to have been passed and that is the end of it.

When taxpayers feel that their elected representatives do not represent them in going through how taxes are being used it is absolutely true. There is a good reason the taxpayers of Canada feel a little uneasy at this time of the year when they are writing their cheques to the Receiver General of Canada.

It is fair to say that most Canadians, may I say all Canadians, feel that some people get a better deal than others because of our tax system. Some people benefit from our tax system where other people pay too much. Let us face it. Some are in a category where they can hire a tax accountant, or they have a good tax adviser or lawyer, and they use the part of the tax act of Canada, the Income Tax Act which is annotated with explanations beside some of the points.

My guess is that if they can afford a tax lawyer, or their affairs are in such a way that they have a good tax accountant or a good tax adviser, they can probably take advantage of provisions in the act that will enable them to either pay very little income tax or in some cases pay absolutely no income tax in spite of the fact that they might have had substantial income during that year.

It is a fact of life that a lot of people pay very little income tax. As a matter of fact I know lots of people in this country who are proud of the fact that they have used this book. They have good advisers and have arranged their financial affairs in certain ways that they do not pay any income tax all. That is the way it is. They are not doing anything wrong. They are not doing anything illegal or unethical. They are simply using the provisions of the tax act that most Canadians are unable to use because their income tax is deducted at source. For Canadians who work in a plant or a factory, or in an office, somebody deducts their income tax and that is it. They do not have any real deductions that other people obviously have.

There is this feeling that the tax act is haywire, unfair, unjust and that it is biased in favour of certain Canadians who tend to be wealthy, and larger corporations, compared to the average small business. That is simply a fact of life.

I am going to ask that we pause for a moment or two while I read from the bible of taxation. It has come that time of the day when it behoves us all to set aside a few quiet moments to contemplate what the tax act actually says. I will not read much.

I have chosen for today's reading chapter 127, verse 11, subsection (b)(vi). I think all members of parliament will get quite a thrill when they listen to this part of the bible. It may even be inspiring. Let us put ourselves into a state of meditation for a moment or two while I read from section 127, verse 11 of the tax act. It goes like this:

Application of ss. (9) after November 16, 1978.—In applying subsection (9) in respect of

(a) a qualified property or qualified transportation equipment acquired after November 16, 1978, or qualified construction equipment acquired after April 19, 1983, the references in paragraph (a) and (b) thereof to "5%" shall be read as references to "7%", the references in paragraphs (a.1) and (b.1) thereof to "5%" shall be read as references to "13%" and the references in paragraphs (a.2) and (b.2) thereof to "2.5%" shall be read as references to "3%",

(b) a qualified expenditure incurred by a taxpayer after November 16, 1978 and before his taxation year that includes November 1, 1983, or a qualified expenditure incurred by him in that taxation year or a subsequent taxation year if he deducted an amount under section 37.1 in computing his income for the year,

(i) where the expenditure was incurred by a Canadian-controlled private corporation in a taxation year of the corporation in which it is or would, if it had sufficient taxable income for the year, be entitled to a deduction under section 125 in computing its tax payable under this Part for the year, the references in paragraphs (a) and (b) thereof to "5%" shall be read as references to "25%" and the references in paragraphs (a.1), (a.2), (b.1) and (b.2) thereof to "2.5%" or "5%", as the case may be, shall be read as references to "0%", and

(ii) in any other case, the references in paragraphs (a), (a.1), (b) and (b.1) thereof to "5%" shall be read as references to "10%" and the references in paragraphs (a.2) and (b.2) thereof to "2.5%" shall be read as references to "0%"; and

(c) a qualified expenditure incurred by a taxpayer in his taxation year that includes November 1, 1983 or a subsequent taxation year, other than a qualified expenditure referred to in paragraph (b), the references in paragraphs (a) and (b) thereof to "5%" shall be read as references to "20%", the references in paragraphs (a.1) and (b.1) thereof to "5%" shall be read as references to "10%" and the references in paragraphs (a.2) and (b.2) thereof to "2.5%" shall be read as references to "0%".

• (1235)

That is from the tax act, section 127, verse 11(b)(vi).

I could read some more of the fascinating passages but I think the case is clear. Who in their right mind could understand what the hell that is all about? Nobody. I doubt if there is a tax expert in this country who could honestly say they know what that is all about. They practise the grey area of taxation.

Back in the sixties the Carter commission went from coast to coast and spent a great deal of time analysing the tax act of that period. It made a number of recommendations. Now is the time to have Carter commission two and to re-evaluate our tax act from top

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to bottom to ensure for the future that it is a fair and just piece of taxation.

Mr. Ken Epp (Elk Island, Ref.): Madam Speaker, I have to comment. I was truly warmed at the reading by the minister, and he is not the minister; I was thinking of minister in the ecclesiastical sense. It warmed the cockles of my heart.

The member said something about tax breaks not having an effect on the economy. I want to challenge his thinking about this and I would like him to respond.

Whether one taxes or not does not really destroy any money. All it does is change who gets to spend it. It is my understanding that when we are taxed, our earnings are simply put on a train or now on the electronic highway and they are shipped at a million miles a second to Ottawa. Politicians and bureaucrats spend the money which the people have earned.

It is certainly true that some government spending provides people with jobs. We know that is true for all government workers as it is true for other people as well who contract for government jobs. I do not think we would totally discount that taxes are an active player in the economy.

Most studies I have read or read about imply very strongly that if we leave the money close to the people who earn it, they actually invest it in a better way than most governments spend it. The member indicated some of the waste government is involved in.

I would like the member to comment on why it is in his view that reduction of taxes would not help the economy. It certainly would not hinder it. I think it would help it because the people would spend it more wisely than the politicians and bureaucrats.

Mr. Nelson Riis: Madam Speaker, as usual I appreciate my friend's intervention. He always has a thoughtful point to make. Once again he has made a thoughtful point. I agree with him in part and I will explain the part.

• (1240)

All of us would agree that government expenditures in health care and education are probably tax dollars well invested. I do not think anyone would deny that. Tax dollars spent on canoe museums or dumb blond joke books and so on are probably moneys not well invested. Let us agree that there are useful public expenditures and unuseful public expenditures.

The point my hon. friend makes is if there is a tax cut, is this not good for the economy. There is a lot of talk about tax cuts these days in the provincial election in Ontario. The so-called winners of the Ontario provincial tax cuts which were introduced previously resulted in someone earning \$15,000 will save \$160 a year and

someone earning \$250,000 will save \$5,000 a year. In other words someone making a lot of money is going to save a lot more.

We can call our economic system a capitalist system, a market driven system or whatever, but it depends on people buying goods or services. As long as people are buying a lot of goods and services our economy heats up. When those consumer dollars are not being used our economy weakens.

When we give a tax break to low or middle income earners, they will likely spend every nickel of that tax break. They will go out and spend it either on buying a new car, on clothing, on food, on whatever. They will spend all that extra money they have in their hands. An upper income earner will take that money and invest it in the international stock market. They may set money aside for investment at another time and they may even start a business.

The point I want to make is that it is more likely that middle and low income earners will spend their money than will a multimillionaire who gets a tax cut. They may not spend the money. They may, but they may not. They may not even spend it in Canada. They may prefer to buy a condo in Florida, the Cayman Islands or wherever.

If we want to get the maximum bang for our tax reduction, can I suggest to my hon. friend that we give some thought to cutting a tax that would be felt the next morning by every single citizen, from a child to the most elderly taxpayer or consumer, and that is a reduction in the GST. That would be felt from top to bottom. Every single person would benefit, as opposed to having selected tax cuts for the benefit of certain people.

Mr. Ken Epp: Madam Speaker, I hate to dominate the debate but I did give others the opportunity to stand before I stood for the second time.

I need to get my head around this. There is certainly the view that some Canadians may spend it outside the country. The fact is that if it is earned in Canada, it is taxed in Canada. Surely the member is not going to be in favour of passing laws that say people face some financial penalty if they invest their money outside the country. I am sure he would not be contemplating that.

I want to make a comment and again have a response with respect to how people spend their money. I am quite convinced that a member of the NDP would certainly favour reducing the money that flows from the poor to the rich. What is happening is that not only collectively as taxpayers and as citizens do we owe a lot of money to the big financiers and the large financial corporations, but also as individuals. People are loaded with debt like they have never been before. It could just be that with a tax cut those individuals would be able to reduce their debt and certainly we should reduce it as a country so that we end up transferring less of the earnings of those in the middle to lower income class to the rich class.

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I think the hon. member should be in favour of that. I would like his comment.

Mr. Nelson Riis: Madam Speaker, what I am about to say I say with all the respect possible.

I think that those who are calling for a tax cut as the only element of major tax reform are being a bit narrow in their thinking, to be fair. I would like to use a harsher term than that, but I will just say narrow.

• (1245)

I believe that what we require in this country is tax reform. If we have decent tax reform that is fair and just and honest in approach we would find that most middle income Canadians would get a tax break. The taxes would be lowered for the average middle income earner and those at the higher end would perhaps be paying slightly more.

The reality is that we have to close some of these loopholes. I know the government has closed a few little ones, but if we close more of the large tax loopholes that exist, have a complete tax reform as we saw during the Carter Commission period, then we would have a better tax system and a fairer distribution to those who pay the taxes of Canada.

For decades and decades the system has become so out of whack, so convoluted, so biased, so unfair, so unjust that it has caused most Canadians to enter the underground economy whenever they have an opportunity. I know that what happens underground is illegal, by and large, but we understand why people do it. They do it because they know that their taxes are not being wisely invested. They know that a lot of people are getting tax breaks that they do not get and cannot get. Therefore, they get whatever tax breaks they can by operating in the underground economy.

The auditor general did us a service in his last report by suggesting that it is in the range of about \$40 billion worth of transactions. I would guess that is very conservative. He is a conservative individual. His methodology is always conservative. I suspect it is much larger than \$40 billion.

We could imagine that if that \$40 billion was on top of the table, the amount of debt reduction and program expenditures that exist in our economy that could be financed just from that would be quite substantial.

I think it behoves us to go beyond our rhetoric and our discussion of simple tax cuts to talk more about a decent overhaul of our whole tax system.

Mr. Scott Brison (Kings—Hants, PC): Madam Speaker, before I begin my comments I would like to commend my colleague from

the New Democratic Party on his comments today on tax reform as opposed to tax cuts. I think that is a very important distinction that needs to be made.

The problems we face as a country are perhaps more complicated now than they have ever been. The challenges that we face change more rapidly now than we have ever seen before. We are in a rapidly changing, globally competitive environment. Within that context, Canada now, more than ever, needs significant holistic tax reform.

My colleague referred to the Carter Commission which travelled the country formulating public policy in the 1960s. I believe those tax reforms were implemented in 1971. The next tax reform that was significant was in the late 1980s, I believe 1988, when there was a significant broadening of the bases and decreasing of the number of brackets.

Of course, we will remember the GST in 1993, a significant tax reform which resulted in significant political reform, most of which, politically, was not positive. That being the case, the impact of the GST, I would argue, ultimately has been quite positive. It replaced the manufacturers sales tax, which pummeled Canadian enterprise in a global environment, and replaced it with a consumption based tax.

Increasingly that is what tax experts and productivity experts are calling for, a movement from taxes on capital, from taxes on income, to a more fairly based consumption tax, which could in fact be progressive. It need not sacrifice progressivity as an expense to a tax system that fosters competitiveness. I appreciated his comments.

These are exciting times that we live in today in Canada. It took 14 years, from 1984 to 1998, to eliminate the deficit. In fact, the leader of the Reform Party in this House said that deficit reduction in Canada really began back in 1984. At that time, when the Progressive Conservative government was first elected, the deficit as a percentage of GDP was around 9%. Over the next nine years it was reduced from 9% to around 5%. At the same time program spending growth was reduced from 15% per year to zero growth by the time that government left office rather suddenly in 1993.

• (1250)

Since then efforts to reduce the deficit have continued, largely abetted and aided by the policies implemented by the previous government. Those policies were free trade, the elimination of the manufacturers sales tax, the introduction of the GST, and the deregulation of financial services, transportation and energy. Those structural changes in the Canadian economy made by that government were credited by the *Economist* magazine in 1998 as being pivotal and important for the reduction and the ultimate elimination of the deficit in Canada.

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The reason I mention this very important period of time in Canadian history in terms of fiscal policy and economic policy is because I believe that as we enter the new millennium, as we enter a period where change is going to be more rapid and the challenges facing Canadians are going to be ever more complex, we need a government that is more than a caretaker, more than a stewardship short of government, a government that basically has inherited some strong economic policies but really has not done a whole lot to create new economic policies or made the types of visionary changes that are necessary to lead Canadians proudly and prosperously into the next century.

Right now, when the challenges are so great, we need the type of government that would engage Canadians in the kind of dialogue and the type of visionary public policy creation that would produce in the long term the types of policies that will attach the hands of Canadians to the opportunities of the 21st century. Tax reform is a very important part of that. Arguably, tax reform, particularly in the early 21st century, will be very important as an economic development tool. We are seeing that around the world, whether it is in countries like Ireland which have very aggressive corporate tax strategies, the tax policies that we are seeing in the U.S., for instance, or within our own country. We are seeing provinces jockeying for position to reduce provincial taxes in order to attract industry and create increased levels of job growth and prosperity within the province.

Tax reform is going to become more and more important. In this environment it is going to take more than tinkering around the periphery of taxes. It is going to take a significant, mature and holistic approach to what are systemic problems.

This government's approach to taxation policy is anaemic. The government has refused to deal with some of the root difficulties and some of the distortions we have within the tax system.

There are some individual elements of Bill C-72 and some individual initiatives that are difficult to disagree with in terms of their general direction. For instance, the increase in the personal tax credit of \$500 is positive. We agree with the general trend to increase the personal tax credit. The PC party is calling for an increase, not just to \$7,000, but to \$10,000. It is unconscionable that in Canada we are taxing people who make as little as \$7,000 per year. We believe that the personal credit should be raised to \$10,000.

The government is saying that by increasing the personal credit by \$500 it is taking 400,000 Canadians off the tax rolls. What the government fails to mention is that since 1993, due to bracket creep, this government has actually dragged 1.4 million low income Canadians, kicking and screaming, on to the tax rolls for the first time. It is hardly fair for the government to say that it is taking people off the tax rolls when in fact it is putting more people on the tax rolls, and bracket creep continues to cost Canadians a lot. We are calling for the elimination of bracket creep and the

re-indexing of tax brackets, particularly in the post-deficit environment.

• (1255)

We saw the reduction of the 3% surtax, which was a deficit reduction surtax. Seeing that it has played a role in reducing and ultimately eliminating the deficit, we would call for the government to eliminate the 3% surtax, which has been the trend, but also to eliminate the 5% surtax. The government is calling it the high income surtax. That is one of the issues we have from a competitiveness perspective because the government treats people making over \$60,000 as though they were rich.

In Canada the highest marginal tax rate is hit at around \$60,000. In the U.S. the highest marginal tax rate is not reached until the individual hits a threshold of about \$412,000 Canadian.

Last week in *Maclean's* magazine there was an interesting survey of opportunities for freshly minted graduates in Canada. The average salary for a freshly minted graduate with a bachelor degree in commerce, according to *Maclean's*, who is entering the financial services sector in investment banking, is \$72,000. In the first year out of university these bachelor of commerce graduates, or business administration graduates, are making \$72,000. Immediately, in the first year out of school, with student loans and everything else, the government is taxing them at the highest marginal tax rate.

It is little wonder that we are chasing from Canada some of our best and brightest young people who are seeking opportunities, particularly south of the border, in what is frequently referred to as the brain drain.

The government sometimes says that it is not really a personal income tax issue, that that is not the biggest reason; the fact is that U.S. companies are also paying more money. The fact that U.S. companies are paying higher salaries is partially due to the fact that U.S. companies are paying lower percentages in corporate tax rates. The general compensation trends have been toward salaries combined with stock options. In that type of environment our capital gains tax plays a significant role in reducing incentives for Canadians to stay here. This is particularly pervasive within the high tech sector.

If we are to be competitive in the 21st century it is particularly important that we be competitive in the high tech sector and that we be competitive in the service sector as opposed to simply focusing on the traditional manufacturing and resource based sectors.

The challenges and the opportunities we have now are very exciting. In the post-deficit environment tax reform is a very viable and, I would argue, important initiative that the government should

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be pursuing more aggressively; not just tinkering with, but offering significant broad-based reform.

In a pre-deficit environment, without a fiscal surplus, tax reform is more difficult because whenever there is tax reform the government stands the risk of creating winners and of course losers. It is dealing with a zero sum issue. It is not possible to give more to one group without taking more from another.

However, in a post-deficit environment it is possible to implement significant, important and innovative tax reform without hurting any group within society. Tax relief can play an integral role in tax reform. When one group is provided with more through a simplification of the tax code, it need not mean that another group receives less. The surplus environment provides an opportunity for ameliorative tax relief that would compensate for any detrimental effects of tax reform.

• (1300)

Canadian workers and taxpayers have played a significant role in the elimination of the deficit. As I said earlier, it took 14 years from 1984 to 1998 to accomplish that. Canadian taxpayers have seen an increase from 1993 to 1998 from \$112 billion in federal taxes to about \$150 billion in federal taxes, a growth in federal taxes that far outstripped the growth in the economy.

According to Douglas Porter, senior economist and vice-president of Nesbitt Burns who was a witness before the finance committee last week, disposable income has fallen significantly in Canada primarily due to the high tax burden, particularly relative to the U.S. The fact is that in the U.S. over the past few years there has been a significant increase in personal disposable income and during the same period there has been a decrease in Canada.

Personal debt rates are at an unprecedented high in Canada. Personal bankruptcy rates are higher than they have ever been. The government may boast of being in the black, but the fact is that because of the government's high tax policies Canadians are in the red at an unprecedented rate.

During the seventies and eighties Canadian disposable income was around 80% of the U.S. level. By the end of 1998 Canadian disposable income had fallen to 50% of the U.S. level. Part of that as well is related to the lower dollar in Canada and that whenever our dollar is weakened it represents to a considerable extent a pay cut for Canadians in the global environment in terms of what we can consume. It is a corporate tax issue. It is a personal tax issue. It is a productivity issue.

Interestingly on the productivity question, which we have been studying in the finance committee, most witnesses indicated that high taxes in Canada had played a role. Some said it was a very significant role. Some said it was a smaller role. Almost all the witnesses attributed, at least in part, our low productivity growth in

Canada to our high tax regime and the secular decline in productivity over the past 30 years to taxes which are simply too high and make us uncompetitive.

Another issue that comes up frequently at the finance committee productivity hearings is investment. In jurisdictions where investment is high, typically productivity is higher. The Canadian government tendency to tax capital and income on capital reduces incentives to invest. When one reduces investment one ultimately reduces productivity.

Certainly members on the government side would like to debate the whole notion of productivity and spend a lot of time trying to define productivity in a rather esoteric or arcane intellectual argument. The government does not seem to realize that productivity is one of the greatest challenges facing Canadians in the 21st century in terms of our ability to build wealth in Canada.

There is a huge number of factors. Tax policy is very important. Social policy can play a role in terms of innovative social policy. While the government claims that innovative or forward thinking tax policy or tax reduction cannot coexist with innovative social policy, the fact is that the government is wrong on that.

One witness before the finance committee was Dr. Fraser Mustard who has done an immense amount of work on innovative social policy and on investing in young people and children, particularly in preschool, and what is known as head start programs or early intervention programs aimed at children in high risk situations. Many of these studies have been done in inner city communities where the need was greatest, but they would apply almost anywhere.

One dollar invested in preschool children in high risk situations would provide a societal benefit of about \$7 by the time the child reached the age of 25. It is a very innovative social policy aimed at those first three years of early childhood development, the first three years of a child's life during which 90% of the child's cognitive adaptive skills close off.

• (1305)

That is the one area where we do not have any real government policy. We have a post-secondary education policy which is primarily provincial but with some federal co-operation through things like the millennium scholarship program. We have a secondary and primary education system.

We have absolutely not strategy for the area during which we can have the most significant and positive impact on the lives of our young people and on the future competitiveness of our country through augmenting our human capital for those first three years.

The government will argue that we cannot have tax reduction, tax reform and innovative social policy. That is not true. This is a

government that cannot walk and chew bubble gum at the same time. The fact is that we can have both.

We spend more on health care in Canada than the U.S. government does on a per capita basis. I would argue that the U.S. health care system is very inefficient due to the lack of a single tier system, the insurance industry and the litigious nature of U.S. society. By the same token, the U.S. spends more on health care than we do in Canada on a per capita basis and has a defence budget that is mammoth on a per capita basis relative to ours.

We can actually have the type of tax reform Canadians need, the type of social policy reform Canadians need, but it will take vision, leadership, courage, a depth of knowledge of global issues which Canadians have not had since the previous government, and innovative policies like free trade, reducing or eliminating the manufacturers sales tax, and deregulation of financial services, transportation and energy.

Unfortunately it seems that Canadians will have to wait until after the government has left office before they get the meaningful broad based tax reform they need to compete and succeed in a global environment.

Mr. Deepak Obhrai (Calgary East, Ref.): Madam Speaker, I listened with interest to my colleague from the Conservative Party.

He brought one point forward when he said an investment of \$1 in early childhood would give dividends. He used the figure of \$7 at age 25 as being the benefit to Canada, which is an extremely positive feature. I would like him to take into account the high tech brain drain we are seeing from the country. We probably will lose the \$7 with that brain drain.

Now there is a new proposal coming from the finance minister with reference to giving tax breaks through stock options for high tech industries. What would the member's point of view be on this kind of tax break? Would that be the way to go, or would a comprehensive tax reform for every Canadian be a better way to go?

Mr. Scott Brison: Madam Speaker, the member raised the very important issue of the significant investment in Canada in social infrastructure aimed at producing bright, talented young people who ultimately choose to live in other jurisdictions if we do not reduce our tax burden. That represents a huge loss of potential and a huge loss of investment for Canadians and for Canada. If we take into account the cumulative effect over the person's life of the bright young talent that we lose, it is immense.

I agree with the member. We have to address tax issues if we are to benefit from the type of social investment we spoke of. He referred to the same studies, Dr. Fraser Mustard's studies on early childhood intervention, which is very important and very innovative.

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In terms of a tax break which would benefit specifically the high tech sector, I agree with the hon. member that we do not need a more complicated and Pavlovian tax code that encourages one behaviour and discourages another. We need significant broad based tax reform aimed at providing all Canadian industries and individuals with a heightened level of competitiveness.

• (1310)

I guess in Canada all sectors are high tax sectors, but we should be fostering and supporting our high tech sector. I would argue that the tax system should not be used to encourage or discourage one type of behaviour or another. I am in complete compliance and agreement with the hon. member that we need broad based tax reform effort aimed at reducing corporate and personal income taxes, at simplifying both of them, and at moving our tax bases from the taxing of capital and income on capital.

In a global sense and in a competitive sense we have to move toward a consumption tax base. We can have a consumption tax base that is progressive. There are ways to ensure movement toward a consumption tax which need not sacrifice the progressivity that is important to Canadians as part of our tax code.

Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP): Madam Speaker, I listened with interest to my friend's thoughtful presentation which he always gives.

I have a question for him regarding the GST. I know the GST is a friend of his and he likes the idea of the GST. However, would he not agree with what many tax people tell us? It was the introduction of the GST, setting aside the rationale, explanation and need for it, which was the straw that broke the camel's back when it came to the underground economy? People said it was too much, a rotten tax and therefore moved as much of their operations underground as they could. I do not mean that to be a critical point directed to my friend.

Would my colleague agree that perhaps the people's perception of the GST, as accurate or inaccurate as it may be, was what led to an acceptance of the reality of the underground economy as a reasonably legitimate way to do business in Canada?

Mr. Scott Brison: Madam Speaker, the GST was arguably the straw that broke the government's back. I am not sure of the camel to which the member referred, but the government seemed to be ignominiously humped from office at that point.

The difficulty the government faced at that time in selling the GST, which replaced the manufacturers sales tax that pummelled and punished Canadian export industries, was that only 18% of Canadians were aware that there was a manufacturers sales tax. It was not a good news story. People were not aware by and large that

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there was a manufacturers sales tax. This new tax was a very difficult sell.

A couple of weeks ago I participated in the Canadian Tax Foundation annual meeting on a weekend. That is what I do with my weekends; I go to tax foundation meetings. I am a pretty exciting guy. At that meeting over and over again tax experts suggested that the baby step movement in Canada with the GST to a consumption base was very important for Canadian competitiveness.

They argued that we need to move further toward a consumption base and away from income based taxation and taxes on capital and income on capital. Those types of taxes, whether they are on capital, income from capital or personal or corporate income, make Canadian industry and Canadian individuals less competitive. They hurt our productivity, reduce the potential for Canadians and companies to grow jobs, and hurt our potential to keep Canada's best and brightest young people in Canada.

• (1315)

A consumption tax, and there are ways to effect progressivity within a consumption base, would provide a more broadly based system which should not and would not increase the degree of the underground economy.

The numbers used by people in terms of the degree to which we have an underground economy in Canada vary significantly. It is much harder to get around paying GST than it is for people to use high priced tax accountants and get away with paying less income tax. As the member indicated earlier in his speech, there is an inherent regressivity in the tax system. People at the higher income levels can afford to hire tax experts and pay less income taxes, corporate taxes or whatever. With a consumption base it is much harder to get around that. I would argue that it would ultimately reduce in the long run the degree to which there is an underground economy if we are serious.

Another issue that exists is that it is much easier today to have significant tax reform than it would have been in 1993 because we are in a post deficit or surplus environment. We need not improve the tax situation for one individual by reducing or hurting another individual with the tax system. It is not a zero sum game any more. We can combine tax reform with tax reduction. I would argue that to maximize the potential of either we need to implement both.

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Madam Speaker, I am pleased to join in the debate. I was not planning to do so until I heard my colleague's remarks about productivity and the discussion about the brain drain during the questions and comments.

It brought to mind that part of the 1998 budget which dealt with investing in young and older Canadians to make them more productive and more effective citizens. I am referring to the

various measures under the Canadian opportunities strategy, a co-ordinated group of measures specifically focused on creating opportunities for Canadians. I want to mention one or two aspects of that co-ordinated strategy.

The first one is the establishment of the Canadian millennium scholarship foundation which is now beginning to provide scholarships to Canadians across the country. The focus of the scholarships is on qualified students who have problems dealing with the steadily increasing tuition fees found in universities in virtually every province in Canada.

The problem of accessibility to university and college has become a serious national problem. It was very appropriate at that time, as it still is, for the Government of Canada to look at the causes of the decrease in accessibility as provinces and universities increase their tuition fees, a serious problem for many students, and to try to deal with it directly through the millennium scholarships.

It is true that a couple of provinces very sensibly kept their tuition fees down. Even so, students will benefit directly from that aspect of the 1998 budget which deals with the productivity of Canada and of all Canadians and with the brain drain mentioned by my colleague in the Reform Party.

The second area of this co-ordinated set of measures to create opportunity by expanding access to knowledge and the skills needed for better jobs that were built into that budget is substantially increased support for advanced research and graduate students.

• (1320)

The federal government supports research in Canada, particularly through the grants councils, the Social Sciences and Humanities Research Council, the Natural Sciences and Engineering Research Council, and the Medical Research Council. In 1998 there was a substantial increase in the funding of those councils.

At one level it would appear to be funds which are going into creative research projects in the social sciences, in engineering, in the natural sciences, and in the environmental sciences and so on across the country. However the other aspect is that those grants provide income directly to graduate students at various levels of their careers.

The increase in funding to the grants councils can almost be thought of as a job creation program, a very rapid and effective job creation program for highly educated young people who are seeking to become more educated. In effect they use those moneys to support themselves and to continue their education.

I would say again to my colleagues that in the 1998 budget there was a focus on research and on improving research to make Canada more productive. However through the grants councils the focus was on providing funds for graduate students who are the future of all kinds of science research in Canada.

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Dealing with the same problem, the access to university and college which I mentioned with respect to the millennium scholarships and the question of graduate students receiving funds to support themselves through school, there were measures in the budget to help students manage debt loads.

It is popularly known now that our students because of increases in tuition are faced with much greater student loans to pay off than was the case previously. In the budget, dealing with the productivity again, tax relief was provided for interest on student loans. The Canada student loan program was improved to help students deal with the debt loads which they are unfortunately facing when they graduate.

I would point out to my colleagues that in the same package of material each item is directly tailored to dealing with improving research, improving the quality of our students, our future teachers and researchers, and helping to encourage students to stay in school, which we know is the way to go for jobs and for productivity nowadays.

It should be remembered that the government provided in the budget for tax free RRSP withdrawals for lifelong learning. That is important. We pay lip service to it now that we have to learn and relearn throughout a career. Before it was possible to go to school, to do an apprenticeship and be set for a career. Now that is no longer the case. People not only have to go to school when they are young. They have to go to school when they are less young.

Since the budget it is now possible for Canadians to upgrade their skills throughout their working lives because they can make tax free withdrawals from their registered retirement savings plans, specifically when those withdrawals are for lifelong learning.

In the same budget there was an extension of the education tax credits and the child care expense deduction for part time students. All those measures were aimed at productivity and ultimately at the brain drain which my colleagues opposite were discussing.

In the budget as a part of a very focused package there was the Canada education savings grant. In our educational system we often think there are no grants—

An hon. member: There is a brain drain going on now.

Mr. Peter Adams: My colleague points out there is a drain of brains occurring now. I will try to speak more slowly and perhaps more will stay.

• (1325)

I stress that the Canada education savings grant is a grant. It is often thought that grants no longer exist in our system. For very

low income students there are still grants. For certain specific identified groups of students there are still grants as well as the student loans they can obtain in various ways.

In addition, as a result of the budget we are discussing today families can better save for their children's education through the Canada education savings grant. That means people who invest in RRSPs obtain a grant of 20% on the first \$2,000 of annual contributions to registered education savings plans in addition to the tax benefit from that investment. There is actually a grant up to a maximum amount per child which families can obtain and retain until they take those moneys out of the plan and invest them in their child's education.

Continuing with the group of measures built into the 1998 budget, the focus of our discussions today, there was an EI premium holiday for youth at risk. Support for youth employment was provided by more than doubling funding for youth at risk who lack basic education and job skills and by providing employers an employment insurance premium holiday for additional young Canadians hired in 1999 and 2000.

We are no longer dealing with students who are faced with problems of getting into college or staying in college or university. We are dealing with those who lack basic education and job skills. Those provisions are extremely important for young Canadians. Through 1999 and 2000 they and their employers get considerable encouragement so that jobs are created for them.

The last measure I want to mention in this group of co-ordinated measures is designed to create opportunity by expanding access to knowledge and skills needed for better jobs and higher standards of living in the 21st century.

This package of budgetary measures was designed to focus on the area of increased funding for SchoolNet, community access and the Canadian network for advancement of research, industry and education, the acronym for which is CANARIE. The purpose of these investments is to bring the benefits of information technology into more classrooms and communities across Canada.

Let me talk first about SchoolNet. It is very common to say that education is a provincial jurisdiction. Of course it is. The federal government has no interest in running elementary schools, except in certain special cases which exist across the country. However we have great interest and a great responsibility in elementary schools and high schools if in the national interest there is concern about the quality of education across the country.

I believe the federal government should do something about it. SchoolNet is as good an example as I can think of. Under the SchoolNet program, one of the focuses of the 1998 budget, the federal government linked every elementary school and high school to the Internet.

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It started in the rural areas and the more remote parts of the countries and gradually moved into the cities. Today all our young people, our elementary school and high school students, have access to the Internet many years before all students in the United States will have access to the Internet. If this is not an investment in productivity, I do not know what is.

I mentioned researchers and university professors getting increased funding. I mentioned graduate students getting increased funding. I mentioned through the millennium scholarships undergraduate students getting increased funding. I mentioned their families getting support to allow students to go to college and university. I mentioned the increased support for people who want to go back to school. Now I am talking about our elementary schools. If we are to have a truly productive society, if we are to stop the brain drain, not just today or next week, but forever, the federal government has to think about the whole pyramid. If we were to fix one part of the pyramid so that, for example, university faculty would be better off, important though they are, in the end, if we were not producing people to replace those university faculty through the elementary and high schools and undergraduate programs, our system would be of little use.

• (1330)

The SchoolNet program was the federal government thinking about productivity, thinking about accessibility to colleges and universities, and doing something in every elementary school and every high school in Canada. That is the way a federal government should think, nationally.

By the way, except in the House, I have never heard a protest from the provinces about interference by the federal government in their jurisdiction with respect to SchoolNet.

I also mentioned, in that same section, the community access program, which does the same thing. It links people to the Internet, but in this case, in my riding for example, it links libraries, township offices and other public places to the Internet so that people who are not in elementary school and high school can link and interact with the great virtual world of the Internet. The Canadian Network for the Advancement of Research, Industry and Education, CANARIE, does the same thing. It links research organizations across Canada.

My point is that the discussion we have had about productivity is not simply a matter of manipulating taxation, although in the measures I mentioned there were some taxation changes; it is a matter of the fairest possible and most effective tax system we can have, but also positive investment in areas which encourage productivity such as those I have mentioned.

I have been very pleased to have this opportunity to speak and I move:

That the question be now put.

The Acting Speaker (Ms. Thibeault): The House has heard the terms of the motion.

Mr. Ken Epp: Madam Speaker, I rise on a point of order. I need clarification. We have a motion that the question be now put and I am not sure that is debatable, if I am not mistaken.

The Acting Speaker (Ms. Thibeault): Yes, it is debatable that the question be put at this time. The floor is open.

Mr. Ken Epp (Elk Island, Ref.): Madam Speaker, then I will rise on debate.

The government wants to close the debate and get on with the vote, and I suppose in a way I do not blame it, since we have already filed our income taxes which concern this bill. I do not understand exactly what the government is doing. We thought we would be using the day to debate this issue, to talk about taxes and the measures the government is using, and here we are with a very flagrant motion to stop the debate and to basically shut off our discussion on this whole topic.

• (1335)

I wish that people in Canada knew what was going on in the country. We have a lot of members who are very upset. I am talking about members of our society, our citizens and taxpayers. They are very concerned because we have a government that insists on taxing them to death. At every turn there is another tax. There is a tax on a tax. The governments of the past 30 years have not done a thing about this. They have simply been riding roughshod over taxpayers.

This Liberal government has brought in a bill to implement parts of the Income Tax Act provisions from the 1998 budget after the provisions have already been put into practice. That probably puts the thumb on the whole issue of why we are in such trouble in this country. These Liberals want to pass themselves off across the country as having been successful in bringing our fiscal house into order. That is what they keep crowing about.

The fact of the matter is that we have more debt than we did when the Liberals first took office, about \$180 billion more. We have higher interest payments on the debt as a result, even though we are blessed these days with low interest rates. We have an endless stream of taxes and user fees. The average Canadian family has at least \$3,000 less than it had when the Liberals took office.

I believe that the way parliament works is the root of the problem. We have no mechanism by which the taxpayers can be represented here, no mechanism at all. Many members over there would argue that is not true. The Liberal government represents the government and its wishes. Liberals vote the way the Prime Minister or the finance minister directs them. They will acknowledge that they do not represent the people, that they vote on these issues the way they are told to. Surely it must be the role of the opposition to represent the people here. That is fine, but the

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frustration is that we on this side get up to speak on behalf of taxpayers, we speak on behalf of students, we speak on behalf of those people who are laying on cots in hospital hallways, we speak until our voices are hoarse, but no one listens. No one does anything about it. Then, when it comes time to vote, we are routinely outvoted simply because we do not have quite enough members here yet.

I am looking forward to the day when we have members in this House of Commons on the government side who, in contrast to the Liberals and the Conservatives, are dedicated and committed to representing the people who sent them here, to representing the taxpayer and the call for lower taxes, for fairness in taxation and decency in the way the government spends our money, not the flippant kind of spending that we see over and over again from this government. It is really atrocious that the government keeps doing these things and not listening to taxpayers.

I will refer briefly to a newspaper clipping, the headline of which indicates that 85% of Canadians are upset by the tax bite. I suppose that no one would really ever say that they love taxes. If I earn money and someone has the legislative right in this country to take it away from me, I suppose, no matter how good the cause, there is going to be a certain degree of resistance to that. However, we ought to pay attention when the headline says that 85% of Canadians are upset. In the text of the clipping it says that these people are very concerned about taxes. They are upset by them. In that scale of question, half of Canadians said they were very upset or extremely upset. The reason is twofold. The total tax bite is too high. Together the different levels of government take too great a proportion of our earnings. It is around 50%. It takes until July 1. Maybe that is why it is called Canada Day. We work from January to July just to pay our taxes.

• (1340)

It is little wonder that the proportion of families who have two earners instead of only one is being increased so much, against the will and the choice of many Canadians. They simply have to do that in order to pay their taxes.

I have mentioned in the House before that my wife and I decided she would be a full time mom. What did I do? I had to get an evening job to supplement the income. I used to tell people that I worked on Tuesday night for Trudeau and on Thursday night for my family. Back in Trudeau's time it was already that bad.

Has it been alleviated? Did nine years of Conservative government solve the problem? I think not. We had a massive increase in our national debt under that administration. Have the Liberals solved the problem? They want people to think they have. I suppose reluctantly we ought to say, thank goodness, at least they did not spend the surplus that was dumped into their lap through lower taxes, particularly in Ontario and Alberta, and more competitive and better trade because of the free trade agreement. The Liberals were against it, but it has been a bit of a saviour for our country and our economy.

It is incredible that these people want us to believe they have done anything. I insist that the budget is balanced these days despite the government. If we had not had this government we would have been way further ahead now.

I find it atrocious that the government has absolutely no plan to reduce the debt. Over 30% of our tax dollars go to pay interest. That is a direct transfer of wealth from ordinary Canadians who are earning it to the pockets of the bankers and the rich people who have more money than they need.

We have poor people who are hardly able to make ends meet. They have to pay atrocious rates of taxes, one-third of which go to interest payments on the debt. Does the finance minister or the Liberal government have any plan to reduce that debt? The answer is no, they do not have a plan.

I have a copy of the figures taken from the budget. This happens to be the 1999 budget, but the comments are still appropriate, even though we are talking here about the 1998 budget. It is the same thing. I am looking at the net public debt numbers.

It is true that the deficit has gone down, but what has happened to the public debt? What is the plan? The net public debt in 1998 was \$579.7 billion. What is the plan for 1998-99, which is the budget we are talking about? It is right in the document, \$579.7 billion. It is exactly the same number. What is the plan for 1999-2000, the budget which the finance minister gave several months ago? It is \$579.7 billion. In that document, for the year 2000-01 what are they projecting for the debt? It is \$579.7 billion.

• (1345)

What is the change in the debt? Zero. Because the government has no plans to pay off the debt. Instead it is saying it has a contingency fund and if it does not need it, of course it will be used to reduce the debt. Meanwhile the government is using all sorts of chicanery in its budgeting process, in its documentation and in its communications and says "We are going to take this money and put it into a fund. We will be able to use it so that Canadians will think we are doing something".

In this budget which we are talking about today, and the debate on which has now been shut down, there is a motion about the millennium fund. The parliamentary secretary, for whom I have a lot of personal respect, read a departmental speech and referred to the millennium scholarship fund. That is atrocious. It is against accounting rules. It is against everything that makes any sense.

The government in the 1998-99 budget is costing out money that will not be available until the year 2000 so we can celebrate the year 2000. It is taking money year by year, budget by budget, and socking it away for the big Liberal re-election fund which coincidentally will happen within a year of the millennium celebration. That is atrocious. The way the government is trying to spin it is absolutely shameful.

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I have a son who is a student and is really having trouble making ends meet. He has to look after his family while he goes to classes. He is trying to earn money so that he can pay his tuition and provide food and housing for his family. He has to make enough money so that he gets close to having to pay taxes. If he actually earned enough so that he could get by without having to borrow, he would have to pay taxes. As it is now, all the Liberal government does is force him into debt while it is saving up for its election fund with this big high power millennium scholarship fund for students in the future. The government is ignoring those who have a genuine need today. The 1998-99 budget ought to deal with the issues of 1998-99 first and foremost.

I am not against the government saying it projects in subsequent budgets that this will be done and there is room for long term planning, but to actually budget it out is contrary to the rules of accounting. It is contrary to what the auditor general says is acceptable and those guys are doing it anyway. They are running roughshod over the rights of Canadian taxpayers.

I think of the ways the government mismanages and misspends money. My hon. colleague from the NDP brought some of these to our attention already. It keeps spending money and wasting money on things no Canadians would support if they were actually given an opportunity to vote on them. Instead the government is just wasting our money.

The hon. member mentioned the dumb blond joke book for \$98,000. There are people in my riding who make \$15,000 a year and pay taxes. If I asked them if they were happy about the fact that the taxes they are paying are going to supplement the publishing of such a book, they would really get upset and I would not blame them.

There are other things which are just ridiculous. There is one in Hamilton which is using \$60,000 of taxpayers' money, which I suppose is the money that 60 middle income taxpayers have to earn in a month. Sixty taxpayers will be sponsoring a trail in Hamilton so that visitors can stroll along and discover old factory buildings. That is totally absurd.

We need to leave the money in the hands of the people who earn it. Sure we can justify taking money out in the form of taxation for reasonable expenditures, but this type of thing has to stop. I am committed to making it stop.

• (1350)

We are contributing \$50,000 to a scavenger hunt in Parry Sound. When I was a youngster we had scavenger hunts and they did not cost a penny. Somebody would make up a list of things that people would go looking for. They did not need \$50,000.

There is a millennium project under way recreating the Calgary town hall with the original bell for \$1.1 million. Why can the locals

not do that? It is because the federal government is taxing them to death. They have no choice in these matters. The whole country has to fund this. It is absolutely ridiculous.

Mr. Dennis J. Mills: Madam Speaker, I rise on a point of order. I have been listening attentively for the last 12 minutes to the member for Elk Island. I look at Bill C-72 and I see things which deal with supplementary personal tax credits and the homebuyers plan. I have not heard the member talk about anything pertaining to Bill C-72.

The Acting Speaker (Ms. Thibeault): I am sure the hon. member for Elk Island will make his speech pertinent to the bill.

Mr. Ken Epp: Madam Speaker, of course the member is totally wrong. The millennium fund was announced in the 1998 budget and the member knows it.

An hon. member: This bill, Bill C-72.

Mr. Ken Epp: Madam Speaker, Bill C-72 deals with the 1998 budget and that is what we are talking about. We are talking about the whole issue and what should have been in this budget. We are talking about what should have been in Bill C-72 to fix the budget to make it right. Instead we are being fed all this garbage. I think it is time that we looked at the way the government does these things.

The Income Tax Act is pages and pages of convoluted words that only add to the distress of Canadian taxpayers. There are several ways to reduce taxes but all of them require the use of professionals. Gone are the days when ordinary taxpayers making \$12,000 or \$15,000 a year could do their own tax forms. Canadians have to hire professionals. They know that this government will screw them out of another couple of thousand dollars unless they have a paid professional. Whether Canadians pay the government or the professionals, their money is being stolen from them. It is a shame and the government ought to be ashamed of itself.

What does Bill C-72 say about health care? It is what it does not say. It is a fact that budget after budget is a shell game on how we are going to communicate. We have a government that talks about an education budget. All the government does is it arranges for students to have a maximum amount of debt. The government gives them no real help. It taxes them. Sure the government gives a little deal with a tax break on the interest on student loans. Thank you very much but that has to be the correct kind of loan. Bank loans are not covered. Is that not shameful.

Some students cannot get enough money from their student loans to go to school, especially mature students with families. They do not have enough money from the basic student loan to attend school. They have to get a bank loan. Can they deduct that interest? No. They pay taxes and interest on the money that is left after the tax bill.

That is how the government operates. It takes money over and over again from those who are unable to pay a great deal because of their low income levels. Not to mention the fact that our dollar has slid down to almost zero because of the tax and grab scheme of the federal government. I think it is atrocious.

We have tax changes that are supposed to increase the non-refundable personal tax credit for the individual surtax. Once again the spin doctors and the communicators announce a number, \$500.

• (1355)

The Speaker: With that comment, you have run out of time but you still have 10 minutes for questions and comments. We will take one question and a response. You will have still some time later on.

Mr. Dennis J. Mills: Mr. Speaker, with your indulgence I would prefer to continue after question period with my comments and questions and possibly my remarks, if that is favourable to you.

The Speaker: It is okay with me. That will give the full 10 minutes to our hon. colleague who can use it all up. This will give us a bit more time for Statements by Members. We will proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

NATIONAL POLICE WEEK

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, May 9 to 15 is National Police Week in Canada. It provides Canadians with an opportunity to show their appreciation for the remarkable job being done by police across Canada. These men and women have chosen to dedicate their professional lives to serving and protecting our communities often at risk to their own safety. We applaud their commitment.

Police week provides police with an opportunity to forge stronger ties with those they serve. Police men and women in Canada help to maintain a consistently high level of safety in our communities. The fact that Canada is considered the safest country in the world in which to live is no coincidence.

I know that I have the support of the House when I say that Canadians value their police forces across the country. Strong police community relations are vital to the preservation of our safe streets and homes.

It is a privilege to recognize National Police Week. I invite all Canadians to join me in saluting those men and women who have

chosen to dedicate their lives to the protection of our homes and communities.

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AGRICULTURE

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, spring is here and farmers in Lakeland constituency have started seeding the 1999 crop. Many have been dealing with the fallout from the worst drought in recent history and again are planting into dry soil. They are faced with low prices due to unfair European and U.S. subsidies and unfair import restrictions into Asian markets.

For eight long years the Reform Party has promoted its policy of creating a trade distortion adjustment program which would use part of the capitalized value of the Crow rate subsidy to create a fund to compensate farmers for this type of financial loss.

The Liberal response was to announce a \$900 million compensation program which was supposed to be delivered to all farmers before seeding began. Show me the money. In my riding where the disaster is the worst I have yet to hear that a single grain farmer has received a cheque from this \$900 million program. Why does this government routinely make promises it has no intention of keeping?

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NATIONAL STUDENT COMMONWEALTH FORUM

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, on Tuesday, May 4, I had the honour of addressing the National Student Commonwealth Forum. These students came together in Ottawa from every region of Canada to explore global issues and work toward reaching a consensus in their vision for a better tomorrow.

A project of the Ottawa branch of the Royal Commonwealth Society, now in its 27th year the forum encourages learning, role playing, discussion and brainstorming regarding the cultures, countries, institutions and issues of the Commonwealth. The theme of last week's forum was poverty.

On Wednesday, May 5 members of the federal branch of the Commonwealth Parliamentary Association had the opportunity to meet with the students and share their views about issues facing Canadian youth.

I would like to thank the planning team for organizing an exciting week and commend the Royal Commonwealth Society on its leadership in creating this forum.

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NATIONAL NURSING WEEK

Ms. Elinor Caplan (Thornhill, Lib.): Mr. Speaker, I am pleased to inform the House that May 10 to 16 is National Nursing

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Week. The theme is “Older Persons and Nurses—Partners for Healthy Aging” emphasizing the pivotal role nurses play in the delivery of safe quality health care.

Nurses have long played an important role in providing quality health care and in promoting the development of more appropriate health care service delivery systems. Today there are 260,000 registered nurses in Canada whose commitment, dedication and caring services touch every aspect of our lives.

This year, the International Year of Older Persons, the Canadian Nurses Association will be highlighting available resources and raising public awareness for the needs of our aging population.

This week and every week let us give our nurses the appreciation and respect they deserve.

[*Translation*]

Thanks to all the nurses in Canada and congratulations to them for their invaluable contribution.

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• (1400)

[*English*]

WEGENER'S GRANULOMATOSIS

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, Wegener's Granulomatosis is an uncommon disease where the body's immune system attacks its own body tissues leading to the inflammation of the blood vessels.

Primarily affecting people in mid-life, this disease affects their respiratory system and may involve the kidneys, eyes, throat, skin and other body organs. With no known cure, early diagnosis and proper treatment are essential to bring the disease into remission.

I congratulate the Wegener's Granulomatosis Support Group of Canada for increasing public awareness about this disease and for the ongoing support it provides to those with the disease and their families.

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NORTH-WEST MOUNTED POLICE

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, it was 1874. The North-West Mounted Police, only one year old, was dispatched from Manitoba to points further west. The primary goals were to establish friendly relations with the aboriginals and to maintain peace as settlers arrived. Two hundred and seventy-five men, 114 ox carts, 73 wagons, 93 cattle, field artillery and agriculture tools were on their way to Alberta.

Now 125 years later this trek west is being re-enacted as a part of preserving the history of our proud police force. Saturday, just two days ago, the first contingent left Emerson, Manitoba. The northern

contingent of this trek is expected to arrive in Fort Saskatchewan in my riding on July 23.

We are proud of our history and the RCMP which had its beginnings 125 years ago. Congratulations to the organizers and participants in this historic re-enactment. We look forward with enthusiasm to the excitement of this celebration throughout the summer.

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CONSTABLE MICHAEL JOY

Mr. Stan Keyes (Hamilton West, Lib.): Mr. Speaker, it gives me great pleasure to pay tribute to a model Canadian and a great constituent from Hamilton West.

Back in 1997, Constable Michael Joy, an officer with the Hamilton-Wentworth Regional Police Service, received the Star of Courage, the second highest medal of bravery. Earlier today Constable Joy was again at Rideau Hall and became the first officer to be decorated with a second bravery award from His Excellency the Governor General.

These awards from the chancellery add to Constable Joy's numerous recognitions. He was awarded seven St. John's life saving awards, including the Priory of Canada. In 1996 he received the prestigious Ontario Police Medal of Bravery for which he has been nominated a second time. Constable Joy has also been nominated for this year's Canadian Police Association Top Cop Award.

On behalf of all hon. members in this House, I thank Constable Joy, the most decorated officer in Canada, for his dedication to the Hamilton community and to the people of Canada. Mike, thank you. Thank you for continuing to serve with distinction, courage and bravery.

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[*Translation*]

CANADA-FRANCE PARLIAMENTARY DAY

Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.): Mr. Speaker, it gives me great pleasure to announce the second Canada-France parliamentary day being held today within these precincts.

The day began with a symposium on the co-existence of the civil and common law systems in international commercial contracts. French and Canadian experts shared their concerns and suggestions with us.

Late this afternoon, there will be a round table on the Canada-France action program signed last December by prime ministers Chrétien and Jospin with a view to strengthening the partnership between our two countries.

At the end of the day, there will be an opportunity for all participants to meet His Excellency the Ambassador of France, as well as members of the France-Canada federation.

Clearly, the relationship of co-operation and friendship between France and Canada is very strong and grows stronger daily, both at the intergovernmental and inter-parliamentary levels.

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[English]

KOSOVO

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, the conflict in Yugoslavia rages on. Last weekend however saw a tragic change of events when the Chinese embassy in Belgrade was mistakenly bombed.

On behalf of the official opposition I would like to express to the Chinese people and the Chinese government our profound regrets for this tragic loss of life and the injuries and sufferings caused by this bombing.

This incident illustrates the unintentional consequences of combat. Despite that fact, NATO must stay the course in its resolve to bring an end to Milosevic's campaign of ethnic cleansing and to ensure a safe return of Kosovar Albanians to their homes whereby they can live in peace and security.

In the past, all efforts to resolve this conflict peacefully failed because Mr. Milosevic refused to agree to a negotiated settlement.

• (1405)

On Thursday, members of the G-8, including Russia, came up with a seven point plan aimed at ending this conflict. It is now up to Mr. Milosevic to demonstrate his commitment to peace and his desire to end this conflict by signing on to the plan.

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[Translation]

THE LATE GILLES RICHER

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, it was with sadness that we learned yesterday of the death of Gilles Richer, a pioneer in the field of television writing.

Gilles Richer began his career in the summer of 1964 as a member of the travelling team producing Radio-Canada's *Rouli-Roulant*. A few months later, he became a writer for the top talk show of the era, *Les Couche-tard*, with Jacques Normand and Roger Baulu. From 1966 to 1970, Gilles Richer wrote 151 episodes of *Moi et l'autre*.

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He also wrote several plays and revues, which were performed at the Saint-Sauveur theatre, and worked on a number of films, the best known of which is *Tiens-toi bien après les oreilles à papa*.

I extend my deepest condolences to the family and friends of this pioneer of television.

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[English]

CHILD POVERTY

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, after a year and a half of talking about a national children's agenda, the federal government has released a brightly packaged piece that talks a lot about vision but demonstrates very little. In fact, this supposed blueprint for children is only a starting point for public consultation, which in turn will lead to a vision document in the fall, which may or may not lead to concrete action a year from now.

Let us put things in perspective. In the time it has taken for the federal government to come up with this discussion paper, thousands more children have slipped below the poverty line. Why? Because Canada now has the dubious distinction of having cut more on social programs than any other G-7 nation.

Poor Canadians are suffering because the federal budget has directed not one single federal dollar to families on social assistance since 1985 and because of broken promises on a national child care program.

Canadian children need action, not glossy discussion papers. I call on the government to fast track this process to ensure that it is children who benefit, not Liberal policy wonks and pollsters.

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[Translation]

THE ENVIRONMENT

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the national round table on the environment and the economy has issued an important challenge to the federal government: to adopt a strategy integrating a number of options in order to attain the Kyoto objectives on greenhouse gas reduction.

The advantages of a harmonized approach for all of North America are ample justification for the effort required to encourage the governments of Canada, the United States and Mexico to work together on this.

The Government of Canada ought to be quick in adopting an integrated action plan bringing together all federal departments involved, while respecting provincial areas of jurisdiction.

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The time is ripe for action. We all have an obligation to future generations. They expect sustained and effective leadership from us. The ball is in the federal government's court.

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BLOC QUEBECOIS

Mr. Denis Coderre (Bourassa, Lib.): Mr. Speaker, last Thursday, the Bloc Québécois member for Trois-Rivières expressed outrage at the presence of Mayor Guy Leblanc at consultations currently being held in all regions of Quebec by our party.

I wonder how the Bloc Québécois can explain that, at their May 15 forum on globalization, Carl Grenier, Deputy Minister in the Quebec Department of Industry Trade and Commerce, is going to be the guest speaker at a partisan assembly of the disciples of Parizeau.

One might well wonder whether, as in 1980 and 1995 with the last two referendums, the separatists are again putting the Quebec governmental machinery to work in the service of separation from the rest of Canada.

Will the taxpayers of Quebec find that acceptable, I wonder.

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[English]

NORTH AMERICAN FREE TRADE AGREEMENT

Mr. Jim Jones (Markham, PC): Mr. Speaker, in April the Business Council on National Issues, the Canadian Chamber of Commerce and the Alliance of Manufacturers and Exporters Canada organized a luncheon to celebrate five years of NAFTA.

There is so much to celebrate. Total trade among the three countries has increased by 75% and now surpasses \$700 billion a year. Employment has increased significantly in all three of the NAFTA partners.

The Prime Minister's comments to Michigan State University on Friday neglected to mention an important fact. NAFTA's success story in Canada came about for one single reason: the visionary leadership of the former Conservative government.

The Prime Minister and his Liberals must stop taking credit for Canada's growing economy because of NAFTA. This Liberal rewriting of history rivals credibility.

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[Translation]

POVERTY

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, on November 24, 1989, the House of Commons unanimously passed a resolution to eliminate child poverty in Canada by the year 2000.

• (1410)

Since then, the Liberals have done everything in their power to increase poverty. They have drastically reformed employment insurance, which hits women and young people the hardest, refused to index tax benefits for children, cut \$33 billion in the Canada social transfers, and so on.

What are the effects of this policy on the eve of the year 2000? The response is overpowering. The number of poor children has increased by 60% since 1989, and, surprise, the minister has announced in excited tones new consultations on the subject.

We know what the solutions are. It is time to act and to put the elimination of child poverty at the top of his list of priorities.

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[English]

MENTAL HEALTH

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, last week was Mental Health Week in Canada. As part of that week I had the opportunity to visit the Kitchener-Waterloo regional office for the Canadian Mental Health Association.

The federal government under the national strategy on community safety and crime prevention has provided \$48,000 to the CMHA to run a project called the diversion protocol. This project will assist and support members of the Kitchener community who have mental health problems and who have been involved in the criminal justice system. The objective of the diversion protocol is to assist individuals and provide them with the necessary resources for managing their mental illness and ensure they do not become involved in a cycle of crime.

Mental health problems affect more Canadians than does any other illness. In Ontario approximately 1.5 million people have some form of mental illness. It is therefore important that this government continue to work in partnership with community organizations to ensure that Canadians with a mental illness have access to the programs and services they require.

I commend the CMHA of Waterloo region for its dedication and commitment to the community.

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DRUG OVERDOSES

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, as the Minister of Justice hands out \$2 million to the Canadian Bankers Association, the Insurance Council of Canada and the Retail Council of Canada to fight crime, over 2,000 people in British Columbia over the past decade have died of drug overdoses. In 1998, 371 died and from January to March of this year 48 died from overdoses in greater Vancouver.

Oral Questions

Drug overdoses in British Columbia are reaching epidemic proportions and the Liberals choose to fund lobby groups to fight crime rather than deal with the drug tragedy. The effects of a government devoid of a drug strategy led this weekend to a riot at the Kent maximum institution in British Columbia where inmates high on heroin went on a \$50,000 rampage. Add heroin to inmates already known for violence and escape and you have a recipe for this kind of carnage.

It is time the government got serious on the drug and drug overdose issue. The solution to this tragedy and the consequences we saw this weekend at Kent can be found at the street level, not in the boardrooms of lobby groups.

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ST. FRANCIS XAVIER UNIVERSITY GRADUATES

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, today I rise to extend congratulations to the graduates of St. Francis Xavier University in my riding of Pictou—Antigonish—Guysborough.

St. FX was founded in 1853 by Bishop Colin MacKinnon in Arichat, Cape Breton and in 1855 it was relocated to the beautiful community of Antigonish.

St. FX defined its true mission and purpose in the 1920s and 1930s with the creation of the Antigonish Movement and the Extension Department. It took direct action to help communities take control of their economic and social destiny gaining international recognition.

This is the same university that is world renowned for its famous "X", the official symbol of the university. It is also the university of one of Canada's former prime ministers, the Right Hon. Brian Mulroney.

On May 2 degrees and diplomas were conferred on St. FX's graduates. This is a significant milestone that these talented young men and women have achieved. Graduation is a special time and an opportunity for students to celebrate their achievements with family and friends. Many of St. FX's new graduates will be entering the workforce to embark on their chosen careers and to begin a new and exciting phase in their lives. On behalf of the PC Party I congratulate the new St. FX's graduates and all 1999 graduates.

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BRAVERY

Ms. Wendy Lill (Dartmouth, NDP): Mr. Speaker, I want to recognize five very brave members of my community of Dartmouth today: Rodney Kenneth Druggett, Marion MacClellan, Lindsay Woodin, Laurie Boucher and Jill Louise Quinn, all of

whom received the Medal of Bravery this morning. I will focus on two people for the moment.

On July 5, 1997 Laurie Boucher and Jill Quinn saved their children from drowning at Lawrencetown, Nova Scotia. Seeing the boys were being carried to the open sea by a strong undertow, Mr. Boucher and Ms. Quinn swam to their rescue 30 metres out. Ms. Quinn reached her panicked son and towed him to shore. Mr. Boucher managed to grab hold of his own son and repeatedly pushed him against the waves to keep him afloat. Despite his valiant efforts he was unable to fight exhaustion and was swept out to sea. The boys and Ms. Quinn were able to reach shore.

Laurie Boucher's son Jeffrey was here today to accept the Medal of Bravery for his father from the Governor General. A brave father who will not be forgotten.

ORAL QUESTION PERIOD

• (1415)

[English]

KOSOVO

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, earlier today there were reports of a partial withdrawal of some Yugoslav forces from Kosovo, but the United States and Britain have rejected a partial withdrawal as an unacceptable half measure.

Does the Prime Minister agree that a partial withdrawal of Yugoslav troops from Kosovo cannot be considered a credible fulfilment of NATO's demands?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is probably not enough to ensure the security of the people who would like to go back to Kosovo. One of the main conditions of the five conditions we put forward was the end of the violence and the security of Kosovars returning to their homes.

The partial withdrawal will probably not satisfy the goal of making sure that the refugees can go back in total security. At this moment it is better than having no offer at all. My view is that it is very important the violence be terminated, that Milosevic withdraw his troops and we stop the bombing. That would be the best result we could hope for.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, that is an interesting response, but this weekend Canada's Minister of Foreign Affairs said that the continued presence of some Serb forces in Kosovo was negotiable. He implied therefore that the partial withdrawal of Yugoslav forces from Kosovo might well be acceptable to Canada.

Oral Questions

Does the Prime Minister agree with NATO that a full withdrawal of Yugoslav troops is necessary, or does he agree with his foreign affairs minister that a half measure may well be acceptable?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, I did not say that a partial withdrawal would be acceptable. I said that one of the major planks in the proposal put forward at the G-8 meeting on Thursday was that there would be a clear commitment to the territorial integrity of Yugoslavia and the surrounding countries.

I said that there would have to be some way in which that could be implemented. That is as far as we went. What exactly and how we would be doing it are the kinds of details we are now discussing. Those will be the kinds of proposals that would be included in a security council resolution.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, everyone in the House wants the G-8 peace plan to succeed, but it is important that NATO speak with one voice and that the members of NATO speak with one voice.

NATO says a full withdrawal of Yugoslav forces is essential. Our foreign minister is being quoted in the press as saying something different.

Just to make Canada's position crystal clear, will the Prime Minister say that from Canada's perspective any presence of the Serb war machine in Kosovo is unacceptable?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the five conditions which have been set out are very clear.

We are talking about an immediate end to the violence in Kosovo, the withdrawal of the Yugoslav security forces from the region, the safe return of the refugees, the deployment of a strong international military presence capable of guaranteeing the safety of the refugees, and the commitment of the Yugoslav authorities to pursue a negotiated settlement based on the principles of the Rambouillet agreement.

These are the conditions that have been agreed to and are still the conditions of the 19 countries, but in terms of implementing them there will be some discussion.

There is an element too that we have to keep in mind. There will always be a minority of Serbs in Kosovo who will need protection. There is a group of Kosovars who would like to gain the independence of Kosovo through an armed struggle. We have to ensure that there will not be war there. That is why there are negotiations at the moment, but the five conditions set out by the 19 countries are still valid ones.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, the U.S. Congress takes the support of its troops very seriously. Last Thursday it allocated another \$13 billion for the NATO mission in Yugoslavia.

The Liberal government has yet to discuss any substantial increases for our forces even though we know that they are probably stretched to the limit as it is now.

Why has the government not announced an immediate increase in cash for our troops for this specific Kosovo mission?

• (1420)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have the authority to spend the money that is required to make sure our troops can do the job they have to do while they are abroad.

We have done it in the past. We are doing it now and we will do it in the future.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, it would not hurt to tell parliament about that. I think the job to be done is now. That is the important point. That is exactly what we need to get to.

The implementation of the G-8 proposal will require a peace-keeping force of about 60,000 people. Our Prime Minister has pronounced that 800 of our troops will be going to the NATO mission, but we will likely be asked to commit more and very soon, and that will mean stretching our limited resources even further.

Will the Prime Minister take this opportunity right now to let parliament and Canada know that he will be injecting emergency cash into this specific mission because the job, the time is now?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have had more troops in previous years in the former Yugoslavia and we always managed to do it through the normal process.

We have estimates. We debate the estimates. There will be a debate on the estimates on June 9. When we need more money during the year we come up with supplementary estimates. This is the way we have always operated and never was there a lack of money when it was time to provide the protection soldiers need to do their job properly.

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[Translation]

POVERTY

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the federal government is about to get involved in the area of child benefits by setting up its own programs under the social union framework agreement. I should point out that there are now half a million more Canadian children living in poverty than there were in 1989.

Oral Questions

Will the Prime Minister have the courage to admit that if there are 60% more poor children than in 1989, it is largely because of his government, which made very deep cuts to the Canada social transfer and to employment insurance?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we set up new programs such as the credits for poor children, which will total \$2 billion as early as July 2000. This means there are new programs. Other new credits have also been put in place. I am convinced that our programs will prove helpful.

As for transfers to the provinces, the provincial governments are receiving more money now than they did in 1994, when we brought down our first budget.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, this is a classic scenario. First, this government cut funding, thus putting pressure on the services, and then it got involved in jurisdictions in which it has no business.

My question to the Prime Minister is: Could it be that his government is about to get publicity at the expense of Canada's poor children?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have provided child benefits since 1946, if I am not mistaken, when the Constitution was amended to allow family allowances in Canada. Therefore, such benefits do come under federal jurisdiction.

We changed the tax credit formula, so that those who do not need such credits do not get them, thus leaving more money for those who need it. This is the system that is in place and that was negotiated a few years ago with all the provinces agreeing.

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, we have no problem with the federal government talking with the provinces about the problem of poverty. But in Quebec the government has begun implementing various components of a comprehensive family policy. Federal interference that might be detrimental to this policy and this approach would not be welcome.

Will the Minister of Intergovernmental Affairs tell us whether there will be discussions with Quebec, like those with the other provinces, regarding the right to opt out with full compensation?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, one excellent example of federalism has to be the national child tax benefit. It was designed to allow each province to set up its own programs, while the federal government focuses on helping the children of poor families within its own constitutional area of jurisdiction. This has provided most of the funding for Quebec's five-dollar day care program.

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, Quebec did not sign the social union framework agreement because it does

not want the federal government interfering in our areas of jurisdiction and undercutting what we do by making direct transfers to individuals. Either the federal government will impose its new programs on Quebec or it will give Quebec the right to opt out with full compensation.

• (1425)

Which is it going to be?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, it has been the same story for 30 years.

In 1967, Jacques Parizeau, the Bloc Québécois' senior adviser, or maybe its crypto-leader, warned people that, although Canada was amazingly decentralized, centralization was in the offing. Barely two months ago, Mr. Parizeau repeated this warning.

In Canada, the provinces and the federal government work in partnership, and that will continue to be the case.

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[English]

KOSOVO

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the minister has told the House that the protection of Kosovo civilians and the search for peace in Kosovo are the government's highest priorities. Meanwhile the serious, tragic, erroneous bombing of the Chinese embassy in Belgrade, an infringement of international law, does nothing to move the diplomatic process forward.

Under these circumstances how does the government propose to win China's co-operation at the UN security council?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, on Sunday I wrote a letter to the President of China on behalf of Canadians to apologize for the mistake which caused the damage and the death of one person at the Chinese embassy. It was an error by NATO that we deplore.

The leaders of China said they still believe that a peaceful solution is needed and that they will not use this incident to withhold their collaboration in trying to find a peaceful solution through a resolution at the security council. As the minister of foreign affairs said over the weekend, we are working very hard to achieve this.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, regretably the bombing of the Chinese embassy is a spectacular screw up, a serious setback for the UN sponsored peace process that must involve the Chinese.

Oral Questions

Now we are hearing press reports of a partial Serbian troop withdrawal from Kosovo. Is this not the ideal time to suspend bombing in order to get us to the final peace settlement that is so desperately needed in Kosovo?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I do not think so. We have to tell Milosevic it is not a partial solution that we need. We need a situation where he will stop the murdering, cleansing, raping and destruction of a people in Kosovo. We shall never lose sight of that. It is very important.

The best way for Milosevic to have peace and stop the bombing is to make sure the Kosovars can go back home in full security.

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AGRICULTURE

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, it just seems to be getting worse for Canadian farmers.

Fusarium is a disease affecting cereal crops across Canada. Last year alone it cost \$70 million to Manitoba farmers. Manitoba scientists and farmers have been asking the PMRA to authorize an emergency registration of Folicur. Nothing has been done to date even though this fungicide is registered in the United States.

Will the Minister of Health, under his authority, allow the emergency registration of Folicur so farmers will not be devastated by another disaster this year?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, as the hon. member knows the Pest Management Regulatory Agency, which is responsible for examining and processing applications for approval of pesticides, has to take into account the science, not only the needs of the producers and growers but also the needs of the environment and the safety of consumers.

Farmers themselves want to be certain that the food supply is safe. The PMRA will continue its work responsibly assessing all the factors and will act at the earliest possible time in the public interest.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, my question is for the minister of agriculture. During a meeting of the national safety advisory committee a few months ago, Paul Martin from the department of agriculture stated that it was possible to cover negative margins in the design of a current AIDA program according to article 7 of annex 2 of the WTO agreement. Arbitrarily the Minister of Agriculture and Agri-Food decided not to cover negative margins at a cost to Canadian farmers.

• (1430)

Why were negative margins not covered in the AIDA program if they were WTO compliant?

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, there were a lot of things taken into consideration when the criteria for the AIDA package were put in place.

Those discussions took place with the safety net advisory committee and other representatives of the industry and the provinces. The strongest package that we could put forward at that time was put forward.

I encourage the farmers again today to please send in their applications so that we can send them their cash.

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TAXATION

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, the latest Statistics Canada report confirms that job creation in Canada has been stalled for the last three months, but tax creation, that just goes on and on and on.

CPP premiums went up January 1, part of the largest tax hike in Canadian history, and we have bracket creep taking \$1 billion a year out of Canadians' pockets. The net result is that Canadians are paying higher and higher taxes, we have fewer and fewer jobs and low income Canadians are being hurt.

When will the Prime Minister make the connection between high taxes and fewer jobs?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, in every one of our budgets we have had tax cuts, starting with targeted ones. In the last two budgets we have cut taxes by \$16.5 billion, which means 600,000 Canadians are off the tax rolls.

We will continue to cut taxes in the future, but we will not do it in a way that rips the fabric out of Canada's social programs. We will do it in a responsible and balanced way, respecting the priorities of Canadians.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I am overwhelmed with emotion when I hear that.

The fact is the government takes \$6 billion a year from Canadians who make less than \$20,000 a year. That is the compassionate approach of the minister and the government.

When will the Liberals figure out that when taxes keep going up forever and ever, low income Canadians are hurt the most and in this case it is Canadians making less than \$20,000. When will they make that connection?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the Reform Party recently called for \$25 billion in new budgetary measures but could not tell us where it would pay for more than \$9 billion of those new expenditures.

Every day the Reform Party is calling for new cuts here and there or new expenditure programs. Every day the black hole of fiscal reform gets deeper and deeper.

Oral Questions

[Translation]

KOSOVO

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, my question is for the Minister of Foreign Affairs.

According to our information, the Minister of Foreign Affairs held a meeting with the Chinese ambassador to Canada this past weekend in connection with the Chinese reaction to the accidental bombing of their embassy in Belgrade.

In light of the events of this past weekend, can the minister bring us up to date on the changes in the Chinese position with respect to the peace process?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, as the Prime Minister has said, the Chinese are currently engaged in the peace process.

Certainly the circumstances are regrettable, but at the same time this is, in my opinion, one more reason to continue to seek a resolution to this conflict through diplomacy. And I believe the Chinese share that view.

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, we know that the Canadian embassy in China is located in the vicinity of the U.S. embassy. In fact, it is in the same security sector.

Chinese protestors encouraged by the communist regime have targeted a number of symbols of the west, and have done considerable damage to the American embassy.

Can the minister tell us whether the Canadian embassy has been affected by the recent demonstrations, and what steps have been taken to ensure the safety of our embassy staff and of Canadian nationals in China?

[English]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, at the present moment there are sporadic demonstrations in and around the Canadian embassy. As a result, a substantially increased security presence has been developed. At this moment, reports from our ambassador indicate that no direct damage has been done. It is simply a matter of demonstrating their point of view. There are of course much wider demonstrations that seem to be organized or orchestrated. We regret the fact that this is the way of presentation.

• (1435)

However, as I said in my earlier answer, I think the most important objective right now is to work with the Chinese as well as the other members of the security council to find a peaceful resolution and bring this all to a—

The Speaker: The hon. member for Prince George—Bulkley Valley.

BANKING

Mr. Richard M. Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, the finance minister's delay in his response to the MacKay task force report is causing a lot of uncertainty and speculation in the country. One speculation is that the finance minister will soon allow banks to sell life annuities through their retail branches.

I want to ask the secretary of state if Canadians are in fact about to see their local banks selling life insurance annuities?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the government will be responding to the MacKay task force before the summer. I know the member will be happy to see the results of what we decide at that time.

Mr. Richard M. Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, as the country and particularly those in the financial services industry wait, and wait and wait for the finance minister's response to the MacKay task force report, the uncertainty within the industry continues to grow.

I want to ask the secretary of state if he can tell us exactly when the finance minister is going to respond so that we can end this uncertainty and speculation within the financial services industry? Exactly when is he going to report?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the government will be responding fairly soon to the MacKay task force.

I find it quite interesting that the hon. member would have time to even look at this issue. After all, he has spent much of his time trying to plot against his leader in the establishment of the UA.

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[Translation]

BILL C-77

Mr. Yves Rochelleau (Trois-Rivières, BQ): Mr. Speaker, my question is for the Minister of Transport.

Bill C-77 to deregulate interprovincial bus service is causing concern to both the businesses involved and the people served, especially those in the regions.

Is the Minister of Transport aware that by going after the cross-subsidization of links established by the Quebec transport commission, he is preparing to deprive people living in the regions of affordable inter city bus service?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, we have this bill before the house right now for the purpose of debate and to raise questions such as the hon. member has just raised.

Oral Questions

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, with Bill C-77, travel by bus will cost a lot more or disappear in the regions and cost less between major cities.

Does the minister not see that, by going ahead with his bill, the federal government is not only attacking the regions yet again, but is also scuttling the revival of train service between major centres?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, I must inform you that there are other provinces—British Columbia and Ontario, for example,—that have another opinion on the matter.

I think the question raised by the hon. member is one for the committee that will be studying the bill and not for Oral Question Period.

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[English]

THE FAMILY

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, unfortunately the government continues to put children's needs last. The justice minister's response to the report of the special joint committee on "Putting Kids First" is to wait until the next millennium before addressing children's needs; well after the next election.

After 55 meetings and over 500 witnesses, why do kids have to wait until the next millennium for access to both of their parents?

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, if the hon. member has bothered to read the response tabled in the House today, he knows that our response reinforces the principle of the best interests of the children.

One of the things the hon. member seems to forget in this discussion is that custody and access and parental responsibilities are a shared jurisdiction between the federal government and the provinces and territories.

Unlike the Reform Party that preaches provincial rights, we actually want to work with the provinces to ensure we have a family law system that does act in the best interests of all children.

• (1440)

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, I have read the response and it is of little comfort to the needs of children.

Over three years ago I introduced a private member's bill on shared parenting. Then we had a year for the committee to hold more than 50 meetings and hear from over 500 witnesses. Now it is

going to take a minimum of three years before the minister does anything more than talk.

This minister's delay does nothing to help the 47,000 children caught up in painful custody battles each and every year. Why does the minister feel it is acceptable for thousands upon thousands of children to go through the pain of custody battles?

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I think everyone on this side of the House is very much aware of the difficult and emotional circumstances that may exist when families break up.

Unlike the hon. members on the other side of the House, we recognize that this is a complex issue and one in which the law has a role to play, but that there are other strategies that we have to work on as well. What we are committed to doing is ensuring we protect the best interests of the child but in co-operation with the provinces and territories with whom we share jurisdiction.

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[Translation]

BILL C-68

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, the bill on young offenders is not short on contradictions. For example, the French version of the statement of principles in Bill C-68 alludes to the positive perspectives and social reintegration of adolescents, while the English version refers to the meaningful consequences of the crimes committed by young offenders.

Considering the fundamental contradiction that exists between these two principles, could the minister tell us which version will guide the courts: the French one or the English one?

[English]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, if the hon. member believes that there is a problem with the form of expression in either the English or the French text of Bill C-68, I would be more than happy to discuss the matter with him in committee. If changes need to be made we will accommodate them.

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YOUTH

Ms. Maria Minna (Beaches—East York, Lib.): Mr. Speaker, last Friday it was announced that the Missing Children's Network Canada has entered into an alliance with Hilton Canada to increase awareness of the plight of missing children.

Can the Minister of National Revenue tell us what role his department is playing in this vital endeavour?

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Mr. Speaker, we were very happy last Friday to be part

of the announcement that Hilton Canada will join the Missing Children's Network Canada to promote the cause of child safety and heighten the public's awareness of the serious problem of missing children.

I am particularly proud of my department's participation in our missing children's program which assists police forces and other agencies across Canada and internationally in locating and returning abducted children and runaways.

We all share in the responsibility to find every missing child. One missing child is one too many.

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ABORIGINAL AFFAIRS

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, Bill C-49 fails to protect aboriginal women's property rights in the case of divorce.

The Senate is now looking at this bill and will send it back to the House with the very amendments the government refused to accept.

The minister is being given a second chance to right a wrong. Will she commit to protecting aboriginal women's property rights in this bill, yes or no?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I continue to believe that Bill C-49 is a very good piece of legislation not only for Canadians but certainly for the 14 first nations who will now have the authority and jurisdiction to deal with lands on their reserves.

As is always the case, the Senate has the prerogative to hear witnesses and make recommendations for amendments. I would be pleased to hear them if they wish to present them to me.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, I do not think she heard the question, but I am going to look at you and I am going to ask it and I am sure you will understand.

Aboriginal women's rights were not protected in the bill. Now the minister's colleagues in the Senate are saying the same thing. How can she deny aboriginal women in this country the same property rights that other women have?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, if the hon. member would read the bill he would see that the 14 first nations that are part of Bill C-49 have agreed to include matrimonial property issues as they develop their land code. If they would just read the bill they would see the answer.

Oral Questions

• (1445)

AGRICULTURE

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, because of low commodity prices, the failure of AIDA and unchecked input costs the pessimism on the prairies this spring is apparent to all and palpable.

Now farm organizations want a grain freight rate costing review because recent efficiencies within the system appear to be favouring CN and CP by about \$200 million a year. Two hundred million dollars a year would amount to about \$5,000 per farm per year.

My question to the Minister of Transport is, when he meets with the stakeholders on Wednesday in Winnipeg, will he agree to establish a comprehensive grain freight rate review?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, I will be meeting on Wednesday in Winnipeg with the various stakeholders to discuss the next step following Justice Estey's report.

We are looking at a process that would facilitate an implementation of Justice Estey's report. The government feels that Justice Estey has put together a reasonable group of recommendations that move us toward a more commercially oriented system for the haulage of grain.

I will not slam the door on any reasonable suggestion from any party at that meeting.

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, I think the minister would agree that Mr. Estey in his report did not review transportation costs in any comprehensive way. The Saskatchewan Wheat Pool and many other prairie organizations stand ready to help the minister in this costing review.

Why will the minister not take this advice from a dozen prairie farm organizations and agree today to investigate this on Wednesday with them?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, I think it is somewhat premature to accept the opinion of one group of stakeholders without listening to all of the stakeholders.

I should say that in this whole process I have been much heartened by the fact that the four western provinces have been united in their support for a more competitive grain transportation handling system, including the Government of Saskatchewan, the hon. member's province.

I hope that this spirit of co-operation will continue forward so we can solve this very difficult problem that has bedevilled farmers' incomes for more than a century.

Oral Questions

[Translation]

CANADIAN HERITAGE

Mr. André Harvey (Chicoutimi, PC): Mr. Speaker, my question is for the Minister of Canadian Heritage.

Since the 1996 flood—and I make no apologies for bringing this up again—everyone has become aware of the necessity to preserve the valuable heritage of the few remaining houses surrounding the little white house in the old section of Chicoutimi, known as “le bassin”, which everyone wants to preserve.

Does the Minister of Canadian Heritage intend to collaborate with the City of Chicoutimi in the signing of a bilateral agreement, if possible, to help the municipality preserve this reminder of the floods? Several dozen homes were devastated in part of downtown Chicoutimi, but there are strong feelings about preserving for other purposes—

The Speaker: The hon. Minister of Canadian Heritage.

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, everyone in Canada, and everywhere in the world, saw that little white house being threatened by the flood waters.

This afternoon we are awaiting a call from the Mayor of Chicoutimi, and we are going to try to work together closely to develop this heritage, which belongs not only to Chicoutimi and the Saguenay region but also to Quebec and to Canada.

Mr. André Harvey (Chicoutimi, PC): Mr. Speaker, I would like to ask the minister is she really wants to work along with the municipal authorities because, right now, there is some to-ing and fro-ing going on with Quebec over residential zones and economic and cultural zones.

I hope the minister is going to help the municipality to get this matter under way. We really want to transform the entire area into a cultural and tourist attraction, which I believe will be of interest to the entire country.

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, I thank the hon. member, who has himself shown how much collaboration is possible when there is a desire to settle something.

I can assure him that we will work together. The heritage in Chicoutimi is one that is now known throughout the world, thanks to the strength of character of the people of the Saguenay in coming through this flood which is now famous around the world.

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NORTH KOREA

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, after several years of poor crops and natural disasters in North

Korea, millions of people are suffering from malnutrition and countless numbers of them have died of starvation.

Can the Minister for International Cooperation tell the House what Canada is doing to help the victims of this tragedy?

● (1450)

Hon. Diane Marleau (Minister for International Cooperation and Minister responsible for Francophonie, Lib.): Mr. Speaker, there has been much talk of the Kosovar refugees recently. However, we must not forget the other people in the world who are starving, particularly in North Korea.

In the last two years, we have sent \$23 million in fish, peas and vegetable oil. We are certainly going to go on providing food assistance, because they lack the means of providing for themselves.

* * *

[English]

AIR INDIA

Mr. John Nunziata (York South—Weston, Ind.): Mr. Speaker, my question is for the solicitor general.

The biggest mass murder in Canadian history took place 14 years ago when 300 Canadians were blown out of the sky on an Air India flight off the coast of Ireland. To date no one has been charged with respect to that terrorist act and there has been no royal commission of inquiry in Canada, notwithstanding that the Government of Ireland has had a royal commission as well as the Government of India.

What is the current status of the investigation? When does the solicitor general expect charges to be laid? Does he intend to keep the promise to hold a royal commission of inquiry into that tragedy?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, I understand that this is a heavy burden for families and friends of the victims of the Air India crash; however, this is a very complex investigation. In fact it is up to the Attorney General of British Columbia to decide whether charges will be laid.

Mr. John Nunziata (York South—Weston, Ind.): Mr. Speaker, when in opposition the Liberal Party promised a royal commission of inquiry and that is clearly the responsibility of the federal government.

Can the solicitor general explain to the people of Canada and to the families of the victims why his government has not initiated a royal commission of inquiry?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, as I indicated to my hon. colleague, the investigation continues. The information is being relayed to the

Oral Questions

Attorney General of British Columbia and he will decide whether charges will or will not be laid.

* * *

ST. JOHN'S PORT AUTHORITY

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Mr. Speaker, the transport minister approved the appointment of Mel Woodward to the St. John's port authority even though he works at Coastal Shipping, which is a regular user of the port. He claims that Mr. Woodward has resigned his post and that his appointment therefore does not contravene the Canada Marine Act.

We phoned Coastal Shipping and guess what? Mel Woodward still works there. He is still the boss. Why not? He owns the company.

Will the minister now please obey the law and remove Mr. Woodward from the board? Shame on you, Mr. Minister.

The Speaker: I would ask hon. members, please, to always address the Speaker.

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, I would have thought that the hon. member, as a member of the transport committee which studied Bill C-9, would know what the law states. The law states that one member of the advisory group of the port authority is nominated by a province and one by the municipality.

The appointment of Mr. Woodward was the prerogative of the provincial government. The provincial government was well aware of what the law states and I understand that the provincial government has sought legal advice and believes that the appointment of Mr. Woodward is in compliance with the law.

* * *

[Translation]

MILITARY COLLEGE IN SAINT-JEAN

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, on July 1, 2000, the lease between the federal government and the Conseil économique du Haut-Richelieu for the former military college in Saint-Jean runs out. Companies want to start up on the site of the college and are impatiently awaiting Ottawa's decision.

My question is for the Minister of National Defence. Does the minister intend to grant the request by the Fort Saint-Jean campus to renew the lease on a long term basis to ensure the campus' viability?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, as members know, we have already invested \$25 million to keep the campus going and help it become an institution that serves the entire region. We are now negotiating with regional officials to find

a way of allowing this campus to continue to be used for the benefit of the local population.

* * *

[English]

FRESHWATER EXPORTS

Mr. Rick Laliberte (Churchill River, NDP): Mr. Speaker, the Minister of the Environment has been reassuring the House that the government will be protecting our freshwater resources from becoming a tradable good.

● (1455)

The proposed voluntary ban of bulk exports has been denied by some provinces. Newfoundland and other jurisdictions do not fall under the IJC mandate. Canadians demand that the government protect, preserve and conserve our waters.

Will the minister commit today to a national water act that will ban the wholesale export of our freshwater in this country?

Hon. Christine Stewart (Minister of the Environment, Lib.): Mr. Speaker, the government made an announcement in February that we were calling for an immediate moratorium on the withdrawal of bulk water from watersheds in this country. All provinces, with the exception of Quebec, agreed to the moratorium.

We said that we would be developing an accord with all of the provinces and territories in this country with regard to the withdrawal of bulk water from watersheds. We expect that we will achieve that. We will be amending the International Boundary Waters Treaty Act. We are going to develop with all of the provinces and territories a strategy to protect all freshwater as it exists in our freshwater basins.

* * *

NATIONAL DEFENCE

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, we have been told that it costs \$6,500 an hour to keep our aging Sea Kings airworthy, whereas the modern helicopter flies at \$800 to \$1,000 an hour. The auditor general has questioned the wisdom of spending taxpayers' money on helicopters that have an availability rate of less than 50%.

When will the government initiate the maritime helicopter program by releasing a statement of requirement? It is long past due. Please, think of the families and crew.

Mr. Robert Bertrand (Parliamentary Secretary to Minister of National Defence, Lib.): Mr. Speaker, the minister has said on many occasions that he wants to move on a replacement project for the Sea Kings as quickly as possible. He has also mentioned that he hopes to make an announcement sometime this year.

Oral Questions

[Translation]

PUBLIC SERVICE

Mr. Eugène Bellemare (Carleton—Gloucester, Lib.): Mr. Speaker, in his spring 1999 report, the Auditor General of Canada indicates that the federal government will have to recruit some 3,000 scientists and technologists in the next five years.

Could the President of the Treasury Board tell us what strategies the government intends to take to meet this important objective?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, yes, the main science oriented departments have established recruitment strategies to ensure their needs are met. They are doing so through the regular programs of the Public Service Commission and through pilot projects they have already begun to put in place.

The auditor general has quite rightly alerted us, and we are in the process of putting place the measures that will ensure we have the scientists the government needs.

* * *

[English]

MINING

Mr. John Duncan (Vancouver Island North, Ref.): Mr. Speaker, the giant gold mine near Yellowknife has been dumping arsenic dust into the mine for almost 50 years. Cleanup costs are estimated at anywhere between \$100 million to \$1 billion.

Who will fund this cleanup? Will the government guarantee that it will not be the beleaguered Canadian taxpayer?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, my department is fully aware of the collection of arsenic as a result of the processes at the giant gold mine. We know that Royal Oak is under considerable duress and that there has been a receiver appointed in regard to that mine.

It is our hope that a private sector interest will be found to take over the mine. However, I would like to confirm for the House that my department has a plan of action in place to deal with the arsenic should the mine be closed down. The safety of the community will be protected.

* * *

[Translation]

IRAQ

Mrs. Maud Debién (Laval East, BQ): Mr. Speaker, my question is for the Minister of Foreign Affairs.

According to the *National Post*, Canada is involved in transactions aimed at lifting economic sanctions against Iraq and even at providing compensation if it allows UN inspections to resume, on the grounds that compliance with the UN resolutions can never be totally guaranteed.

Is this approach not sending the contradictory message to President Milosevic that he will succeed in bending the will of Canada and the international community if he hangs in long enough?

[English]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, I do not think we can make a comparison. As the hon. member knows, we had put in place a series of panels in the security council to assess the humanitarian and the arms inspection regimes.

● (1500)

They came forward with proposals and we were basically supporting those proposals which would allow the re-enactment of an international arms control but at the same time make sure that there not be excessive humanitarian damage in Iraq because of the sanctions policy.

We were trying to provide a bridge between the two extremes, between those who simply say keep the sanctions the way they are and those who say there should be no inspection. In good Canadian style we are trying to build a bridge between those two positions.

* * *

HOUSING

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, one of the very negative consequences of the downloading of social housing and co-op housing by the federal government has been the confusion around the management of co-op housing.

As the minister of public works knows there has been a very spirited campaign from the co-operative housing federation for a third sector agency. The minister has agreed to this in Ontario, but there is also a campaign in B.C. to have the same kind of arrangement.

Will the minister respond in the affirmative to the request from the co-op housing movement, and when will he make an announcement that third sector management will take place?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the announcement we made on co-ops in Ontario applies to the other provinces. We will deal with it every time we negotiate with the provinces.

In the case of British Columbia as soon as negotiations start we will definitely discuss them. The same arrangements that were given to the Ontario co-ops can definitely be offered to the British Columbian co-ops.

NATIONAL DEFENCE

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, for the second time in a week a Sea King was forced to make a precautionary landing due to a gear box problem. According to experts a gear box failure could be catastrophic. With all the problems with our 35 year old Sea Kings the minister's comment in scrum was "let's not exaggerate".

Will the government initiate a maritime helicopter program before lives are lost due to an aging, unreliable Sea King? The minister said within two weeks. That was two weeks ago.

Mr. Robert Bertrand (Parliamentary Secretary to Minister of National Defence, Lib.): Mr. Speaker, I mention to my hon. colleague that the air force follows a very strict maintenance and inspection regime. The problems we have recently seen are being addressed. We will continue to do what is necessary to keep our aircraft flying safely.

In conclusion I mention to my hon. colleague that Canada is not the only country that has Sea Kings. The Americans have them and the British air force have them also.

ROUTINE PROCEEDINGS

[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 14 petitions.

* * *

• (1505)

[English]

INTERPARLIAMENTARY DELEGATIONS

Mr. Reg Alcock (Parliamentary Secretary to President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, pursuant to Standing Order 34(1) I have the honour to present to the House, in both official languages, the second report of the Canada-China Legislative Association regarding its first co-chairs annual visit which took place in China and Hong Kong from March 27 to April 9, 1999.

I wish to thank His Excellency, Mr. Howard Balloch, Canada's ambassador to the People's Republic of China, and his staff for their assistance, as well as officials from the Department of Foreign Affairs.

Routine Proceedings

[Translation]

COMMITTEES OF THE HOUSE

FISHERIES AND OCEANS

Mr. Charles Hubbard (Miramichi, Lib.): Mr. Speaker, I wish to table, in both official languages, the 12th report of the Standing Committee on Fisheries and Oceans.

[English]

Pursuant to the order of reference of Monday, March 1, 1999, your committee has considered the main estimates for the fiscal year ending March 31, 2000.

In conclusion, the committee was somewhat taken aback by the small allocation of moneys this year for the small craft harbours and those used by our fishery people.

* * *

ORGAN DONATION ACT

Mr. Lou Sekora (Port Moody—Coquitlam—Port Coquitlam, Lib.) moved for leave to introduce Bill C-511, an act to establish a national organ donor registry and to co-ordinate and promote organ donation throughout Canada.

He said: Mr. Speaker, I have the honour to introduce a bill in the House that will establish a national organ donor registry. Unfortunately in Canada there is a critical shortage of donated organs.

This private member's bill will co-ordinate and promote organ donation throughout Canada.

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

* * *

[Translation]

PETITIONS

PENSION PLANS

Mrs. Pierrette Venne (Saint-Bruno—Saint-Hubert, BQ): Mr. Speaker, I have the pleasure to present to the House a petition from constituents of my riding who are asking, on behalf of all Canadians, that the government stop the plundering of the pensions of workers and retirees, and that it put an end to any measure that undermines the confidence and the morale in the public service, the Canadian forces and the RCMP.

[English]

IMPAIRED DRIVING

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I rise to present another petition on behalf of the citizens of the general area of Peterborough who point out that an average of 4.5 Canadians are

Routine Proceedings

killed and 125 Canadians are seriously injured every day as a result of alcohol related crashes.

They point out that 62% of fatally injured drinking drivers in Canada have a blood alcohol concentration that is over double the legal limit of 80 milligrams per litre.

The petitioners pray that parliament immediately amend the Criminal Code so that mobile digital breath test units are added to the list of approved instruments under the Criminal Code, that police are authorized to use passive alcohol sensors in impaired driving enforcement, and that any driver involved in a crash resulting in death or bodily harm provides police with probable grounds to request a breathalyzer.

* * *

[Translation]

QUESTIONS ON THE ORDER PAPER

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the following questions will be answered today: Nos. 195, 213 and 222.

[Text]

Question No. 195—**Mr. Peter MacKay:**

With regard to the preparation of the budget presented on February 16, 1999: (a) what expenses were incurred by the Minister of Finance and the Department of Finance for outside media advice, speech writing, and promotional and strategic services; and (b) what steps were taken to ensure that outside consultants were not able to use budget information for commercial purposes?

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): As in previous years, the Department of Finance enlisted private-sector expertise to assist in the preparation of the 1999 federal budget and, more particularly, the government's efforts to communicate to Canadians the budget's contents and its possible impacts.

Moreover and again as in previous years, strict measures were put in place to ensure that those whom the department contracted were unable to use their pre-release knowledge of the 1999 budget's contents to realize commercial and/or individuals gains. Specifically, those contracted with knowledge of the budget's contents prior to its release are legally bound to adhere to the provisions of the Official Secrets Act.

Those contracted to assist the government with the preparation and communication of the 1999 budget and the expenses incurred for said assistance were: Principium Inc., \$44,000 for speech writing services performed for the months of December 1998 through February 1999; Earnsciffe Strategy Group, \$60,000 for

strategic services and advice provided from November 1998 through February 1999; HyperActive, \$11,541.61 for on site technical support in February 1999 for the creation of interactive Internet presentations; and Magma, \$17,575 for provision in February 1999 of an outside of government server used to broadcast the live budget speech over the Internet in real time. Magma did not have access to any budget information previous to its release.

Question No. 213—**Mr. John Herron:**

With regards to the Department of Fisheries and Oceans announcements on June 19, 1998, of a \$100 million program for measures to protect and rebuild salmon fish habitat on Canada's west coast is there a similar program available in Atlantic Canada that has the same four components of (1) establishing a permanent fund for habitat initiatives, (2) developing community based stewardship programs aimed at protecting habitat from further damage, (3) extending community restoration and partnership programs, and finally, (4) increasing public awareness of the problems affecting salmon stocks and, if so, how much money is spent in Atlantic Canada on this type of program?

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): The \$100 million program to rebuild west coast salmon habitat announced June 19, 1998 was part of a \$400 million comprehensive program to rebuild the resource, restructure the fishery, and help people and communities adjust to the changing fishery. That same day the government announced \$730 million for restructuring and adjustment measures for the Atlantic groundfish fishery.

While the west and east coast initiatives are both aimed at ensuring stable sustainable fisheries, they have been individually tailored due to the differences in the nature of the fisheries issues on each coast. On the west coast the major commercial fishery, salmon, is particularly dependent on healthy and productive fish habitat in freshwater streams which are more susceptible to the impacts of human development. For this reason a large portion of the west coast program is devoted to habitat conservation and enhancement. On the east coast, production for habitat is not a key limiting factor with respect to groundfish fisheries. As a result the adjustment measures are focused on reducing industry capacity through licences retirement; adjustment measures to help current and former TAGS, The Atlantic Groundfish Strategy, recipients become self-employed, get work experience, develop new skills or relocate; extra help for community and regional economic development, to be provided to Atlantic Canada Opportunities Agency for co-operative initiatives with provinces and other partners; and a cost shared early retirement program.

On July 17, 1998, the government announced \$1.16 million in funding to support volunteer groups in their efforts to improve and restore local waterways. The funding is to be provided under the Canada-Nova Scotia co-operation agreement on economic diversification.

Question No. 222—**Mr. John Duncan:**

For each of the last two fiscal years, with the last fiscal year ending March 31, 1998, what is (a) the total number of income tax returns processed annually by Revenue Canada, both personal and corporate, and (b) the total number of people involved in processing these returns; and for this fiscal year what is the total number of returns that are being redirected to Shawinigan?

Government Orders

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): For each of the last two fiscal years, with the last fiscal year ending March 31, 1998, the chart indicates (a) the number of personal and corporate income tax returns processed annually by the Department of National Revenue and (b) the number of people involved in processing these returns:

Fiscal year	Number of personal returns, 000	Number of FTEs* for processing	Number of corporate returns, 000	Number of FTEs for processing
1996-97	21,432	4,110	1,110	814
1997-98	21,677	3,551	1,140	820
1998-99	22,075 estimate	3,604 estimate	1,201 estimate	840 estimate

*Full-time equivalent, FTE

The Department of National Revenue is constantly updating the way it does business in order to improve client service and increase efficiencies. One example of such change is e-file for the electronic filing of personal income tax returns, which is now being used by over 25% of Canadians. Changes such as e-file, telefile and corporate e-file will reduce the workload in all of the department's processing centres. Rather than allowing these workload reductions to occur across all centre and suffer the resulting reduction in efficiency, the Department of National Revenue is redirecting the work from the Ottawa Tax Centre.

As announced in October 1996 the Ottawa Tax Centre has assumed a new role as a specialized technology site with a national call centre, as well as scanning and imaging systems. The processing of personal and corporate tax returns previously handled by Ottawa is being redistributed across the seven other tax centres located in Surrey, Winnipeg, Sudbury, Shawinigan, Jonquière, St. John's and Summerside. This will require some boundary adjustments for all centres. This change will ensure that the Department of National Revenue's processing operations remain efficient in processing the reduced number of paper returns.

The total number of personal income tax returns being redirected nationally is 3.9 million and the total number of corporate returns is 231,000. This year the total number of returns that are being redirected to Shawinigan from Ottawa and north eastern Ontario is 695,000 personal returns and 28,000 corporate returns.

[Translation]

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

• (1510)

[English]

Mr. John Cummins (Delta—South Richmond, Ref.): Mr. Speaker, on May 3, I reminded the government that the response to Question No. 189 was late. It is still late.

I was told at that time the government was answering 90% of the questions on time. I must point out that never once have I had a question answered within the 45 day period. In fact, of 11 questions of mine the government answered by May 5, it took an average of 127 days to answer them. The quickest response was 58 days.

As of Monday, May 10, today, I have three questions that have been on the order paper for more than 45 days: Question No. 189, Question No. 226 and Question No. 227. I would like to know if I have to wait another 100 days or so to get them answered.

Mr. Peter Adams: Mr. Speaker, I know of the member's interest in Questions Nos. 189, 226, and 227. I will certainly look into them.

I have a new update for him in the area of petitions, having received well over 2,300 of them. We are running at 93%. In the area of questions we are running at 78%.

As the member knows, some questions involve consulting every department in government. Sometimes it involves going to one department, then going to another, and only then being able to go back to the first one.

We are working as hard as we can. I assure the hon. member I will look into the whereabouts of Questions Nos. 189, 226 and 227.

The Speaker: Shall the remaining questions stand?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

INCOME TAX AMENDMENTS ACT, 1998

The House resumed consideration of the motion that Bill C-72, an act to amend the Income Tax Act, to implement measures that are consequential on changes to the Canada-U.S. Tax Convention (1980) and to amend the Income Tax Conventions Interpretation Act, the Old Age Security Act, the War Veterans Allowance Act and certain acts related to the Income Tax Act, be read the third time and passed; and of the motion that the question be now put.

The Speaker: When debate was interrupted for question period, the hon. member for Elk Island had 10 minutes remaining for questions and comments.

Government Orders

Mr. Deepak Obhrai (Calgary East, Ref.): Mr. Speaker, I listened with great interest to what my colleague had to say and I would like to ask him a question.

What is his view of the way the government actually does its accounting? Perhaps he could elaborate on that point.

Mr. Ken Epp: Mr. Speaker, that gives me carte blanche, does it not? What do I think of the way the government does accounting? I think it does not do it right. It is disobeying the rules.

In fact, the auditor general has said as much. It is not permitted under the rules to charge expenditures from one year's budget to different years' budgets. The government is doing this continuously. According to its numbers it has put \$11.5 billion into health care. That is the number its spin doctors like to put out.

If we look at the details, we see this one time payment of \$3.5 billion being available to the provinces any time they want it. When most ordinary thinking Canadians hear that they think it is \$11.5 billion plus \$3.5 billion because that is the way it is communicated.

It is not explicit so I checked it out. The accounting methods are totally unacceptable. In the 1999 budget the government charged \$3.5 billion against the 1998 budget even though it was already past. That is not acceptable. It cannot backload expenses. No business can do it. The government should not be able to do it. Then it forward loaded expenses like the millennium fund, about which I have already spoken.

Just to finish off on health care, if we look at what the government has put into the budget it is \$2 billion a year on health care. That means \$2 billion this year and \$2 billion next year. That adds up to \$4 billion, but the way it is being done is that the \$3.5 billion comes out of that. It is not an extra amount at all. I have checked this out because I did not understand it. At a committee meeting I explicitly asked the officials to explain this to me.

• (1515)

It is also clear after we read the documents for the fifth time. We can finally understand that this is what the government is really saying. There is zero more in the budget. Next year there will be half a billion dollars more for health care. After that the government is talking about \$2.5 billion and \$2.5 billion and \$2.5 billion. Most of us would think that is an increase of \$2.5 billion every year. Wrong. It is an increase of \$2.5 billion from what it was before the first five year plan started.

The government is taking an amount and milking it for all it can. Everyone thinks it is a big amount because the government is announcing the same amount over and over, but it is actually one amount being announced five times. I think that is dishonest, if I dare say that. It is communicating to Canadian taxpayers, to the

citizens of this country, our voters, the people who want to put their trust in this parliament—

Mr. Peter Adams: Mr. Speaker, I rise on a point of order. I listened with interest to what the hon. member had to say and I think he used the word dishonest. It is my understanding that that is an unparliamentary word. It is inappropriate in this case anyway.

The Acting Speaker (Mr. McClelland): I heard the word as well and I heard the context in which the word was used. The context was not attributing it to a specific member of the government, it was attributing it to actions of the government. In my opinion it was used in a parliamentary fashion.

Mr. Ken Epp: Mr. Speaker, I apologize. I mean no offence, as I am sure the hon. member understands. However, I think that Canadian taxpayers have the right to know what is actually going on. The government's accounting methods are not correct. The auditor general has said so. We need to listen to what the auditor general says. It is his duty and it is the duty of all of us as parliamentarians to guard carefully the accounting and the expenditure of the money that Canadian taxpayers are forced to give to the government.

An hon. member: How's Manning doing?

Mr. Ken Epp: Mr. Speaker, I would like to ask the member who is speaking to ask me an intelligent question and I will try to give him an answer.

Mr. Deepak Obhrai (Calgary East, Ref.): Mr. Speaker, this is the third time I have risen to speak about the budget announced by the federal government. Bill C-72 reflects what has been brought in by the budget. It deals with what I would call piecemeal tax relief for Canadians.

The government says it is giving a non-refundable tax credit for interest paid on student loans. I do not think any Canadian would have a problem with that. The government is proposing changes to the registered education savings plan. I do not think anyone would have much of a problem with that. This is a small step toward correcting the problem of high debt loads which students pay.

In my last speech to this House I talked about the problems facing students. We see the government again addressing this issue in a piecemeal way. The government is claiming credit by saying it is addressing the heavy tax burden from which Canadians are demanding relief.

The government estimated that it expects a \$3 billion surplus in the budget. Most forecasters are now expecting that the 1998-99 balance could be anywhere between \$7 billion and \$12 billion. The government is not really looking at the money that is forecast and it does not have a proper plan to provide tax relief to Canadians.

Government Orders

My colleagues from the NDP and the Conservatives talked today about income tax reform to address all of the issues. They feel that tax credits should not be the driving force.

• (1520)

My concern is that we could have tax reform, but we do not want tax reform where, in the final analysis, the bottom line remains the same and the government gets more money from Canadians. There is no point in tax reform which transfers the burden from one group to another group. What Canadians are asking for is real tax relief.

Today in the *Montreal Gazette* there is an article with the heading "I do not pay my taxes joyfully". This arose from the fact that Reverend Bill Phipps said we should pay our taxes joyfully. In the article the writer talks about how much tax he had to pay after he did his income tax return. His bottom line, after indirect taxes, service fees and all of the taxes that are taken from his pay cheque, came to 60%. Sixty per cent of our income is going toward taxes. I do not think there is any Canadian who would say that they would joyfully pay 60% of their income toward taxes when they feel there is no return from the federal government.

There was another news item in the paper today saying that when the premiers meet at their annual conference in Montreal, productivity and tax reduction will be at the top of the agenda.

We have heard the business community screaming about high taxes. Now we have the business community, the provinces and Canadians talking about high taxes. I do not know whether my colleagues on the other side, when they go back to their ridings, have constituents coming into their offices talking about high taxes, but they are coming into my office talking about high taxes. Students are talking about high taxes.

Today we have heard government members and the parliamentary secretary giving great facts and figures on how they are addressing this issue. However, nothing has happened in 1998 and 1999 with respect to tax relief. If we were to take their figures, in 1999-2000 the total tax relief will be around \$55 million. That is a positive aspect for all Canadians. When we take it further, in the year 2000 we will have bracket creep, which the government does not wish to talk about. The bracket creep will increase and will take more money away from Canadians. They will be paying more taxes than they are now. Where is this tax relief they are talking about?

Then we add to that the CPP increase. No matter what we want to say, the mismanagement of the CPP has resulted in a negative balance and it is a tax that Canadians are paying.

While the government wants to say that it has been addressing the demand for tax relief, more and more Canadians are saying that it is not fair. There is no tax relief for them. There is just a manipulation of accounting procedures. My colleague just spoke

about the accounting procedures that the government employed, which everyone is questioning, including the auditor general.

Where is the tax relief that the government talks about? I sat here this morning and heard the many points on tax relief that the government talked about. However, when we look at what is happening out there, tax relief is not there for Canadians. How long will Canadians wait before this government addresses the issue?

• (1525)

We hear from the finance minister that he would like to take a cautious approach. He is keeping money in the contingency fund. Now we see that the surplus will jump from \$7 billion to \$12 billion. What will the government do with the surplus?

The government likes to put forward the argument that if it gave tax relief the social services which Canadians dearly love, especially health care, would somehow face a crisis. I would say that health care is facing a crisis already because of the cuts the government implemented. Now it is putting money back, but it is only what it took away. What about expansion? Canadians are getting older and older. It is not sufficient to put back the money the government took away. The health care system is looking for more solutions and more money because more and more Canadians are getting older. That is why we have a health care crisis. When huge surpluses are being racked up by this government it is wrong to say that if tax relief is given somehow it will impact the health care system.

There are other areas where the government could cut waste. It has been identified many times in this House that the government could cut taxes and it would have no impact at all on many of the social services and health services we have in this country.

It is interesting that the federal government is the last one to address this issue. The provinces have already started to address the issue of tax cuts. They understand that the burden on the Canadian taxpayer is very heavy. The federal government is the only one that does not seem to realize or understand the feelings of Canadians.

Bill C-72, which the Liberals call a housekeeping bill, we would oppose. We oppose it not because there is no tax relief in it, because we understand that there is some small tax relief, but because it does not address general, overall tax relief for Canadians.

Mr. Lou Sekora (Port Moody—Coquitlam—Port Coquitlam, Lib.): Mr. Speaker, I listened to opposition members talk about the budget and a few other things. I have been here for only a year. I came from a city where I was a council member and a mayor for many years. All we hear from members opposite is crying and

Government Orders

complaining about many things, but they never come up with any solutions.

We have surpluses in Canada for the first time in many, many years, and a balanced budget. The fact is that the federal government paid down the debt load by \$30 billion just the other day. The debt load is coming down. We have a balanced budget and a few other things.

Members opposite mentioned health care. The premiers are very happy with the money the provinces received for health care.

Members opposite mentioned high income taxes. B.C., where I come from, has an income tax rate which is 15% higher than any other province. Ontario lowered its income taxes, but the Ontario government borrowed the money to do that. Does it make sense to borrow money to give people a break? This government will do it the way it should be done. When there is money in the budget it will lower taxes.

• (1530)

Does the member not believe in a balanced budget? With all the things he is crying about and with what he is complaining about that is happening or is not happening, I would like to ask him where the money would come from.

Mr. Ken Epp: Mr. Speaker, I rise on a point of order. I am a little confused. I believe this was a speech and it was a very short speech, but I was getting ready to ask a question of him since I think he just made a speech and we should now be in questions and comments on his speech. Is that correct?

The Acting Speaker (Mr. McClelland): That is a really good point of order. After two years it is the first point of order that has been a real point of order. It is a point of order because I recognized the hon. member for Port Moody—Coquitlam—Port Coquitlam. I believe I asked three times for questions or debate and I recognized the member on debate and so it was. The hon. member for Elk Island has a question to pose to the member for Port Moody—Coquitlam—Port Coquitlam.

Mr. Peter Adams: Mr. Speaker, I rise on a point of order. The government side would have no objection to the member for Elk Island answering the questions of the member for Port Moody—Coquitlam—Port Coquitlam.

The Acting Speaker (Mr. McClelland): Let us sort it out then. Was the question asked of the member for Calgary East?

An hon. member: Yes.

The Acting Speaker (Mr. McClelland): In that case we will take it on advisement that the hon. member was rising on questions

and comments and that the question was directed to the member for Calgary East.

Mr. Deepak Obhrai: Mr. Speaker, I understand it is questions and comments and I am so happy to see the member finally ask a question. I was sitting here for such a long time and he would not rise to ask a question. I am so glad he rose to ask me a clear question. He asks what party I am in. I am from the official opposition which will keep him in line.

He talks about a balanced budget. No wonder he has not been asking any questions. He does not know his facts. Of course we all believe in balanced budgets but the issue is that when there is so much surplus, where is the tax credit? That is the issue. Canadians are saying enough of this tax burden. Where are you in coming along and saying yes—

The Acting Speaker (Mr. McClelland): I am sorry but I have a responsibility to interrupt to ensure things do not get out of hand. Please address each other through the Chair.

Mr. Deepak Obhrai: Mr. Speaker, my apologies. I should talk through the Chair.

The debate today is not about a balanced budget. The debate is about tax relief. The government is talking about the tax relief it has given out. That is what we are talking about. We would like to point out to the hon. member that the tax relief his government is talking about is piecemeal tax relief and it is not what Canadians are looking for. There is a huge debate going on among Canadians including businessmen and students. They are all saying that there has to be an approach taken by the government that addresses this basic question. The bottom line is Canadians are saying to get off their backs.

Mr. Richard M. Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I am pleased to address Bill C-72. The title of the bill is sort of scary in itself. Bill C-72 is an act to amend the Income Tax Act and implement measures announced in the February 1998 budget.

It scares the pants off me whenever the government starts talking about income tax changes and implementing its budget proposals. What was even more frightening was when the Parliamentary Secretary to the Minister of Finance talked about the fact that this was just not a one year approach, that the government's approach back in 1993-94 was going to be a continuing approach. It certainly has been.

• (1535)

We saw the tax increases by the Liberal government start in 1994. At that time we gave it the benefit of the doubt. We thought maybe just for that year we would see the income tax increases the government was proposing, but in fact we have seen them every

year since the Liberals have been in power. The parliamentary secretary has certainly given credibility to the tax increase plan the government had back in 1994 when he said that it was not a one year approach.

I am sure the Canadian people have a little bit of a problem with the income tax increases that have been brought in by the government since 1994. As a matter of fact, there has been almost \$40 billion of increased taxation since the government came in. That was brought about by some 38 or 39 individual tax increases.

To see the members of the Liberal government stand and talk about tax decreases or tax relief is a shock in itself. It makes one wonder what kind of horror movies they have been watching that would demand this huge turnaround in their thinking, which we cannot take with much credibility anyway.

The other frightening thing the parliamentary secretary said this morning was that the government has eliminated the deficit and that it is not borrowing any more to balance the books. The Liberal line is "We do not borrow any more; we have eliminated the deficit".

The real story is the Liberals have raided the EI premium surplus fund to the tune of well over \$20 billion. They have simply taken the money despite the fact that the current premium of \$2.55 per \$100 of earnings has been described as being far too high by their own people within the EI commission. The EI commissioner has clearly said that a premium of \$2.00 per \$100—

An hon. member: It is down from \$3.05.

Mr. Richard M. Harris: Mr. Speaker, the hon. member says it is down from \$3.05. That is good. I am glad they brought it down from \$3.05 to \$2.55. The fact is they suddenly stopped. They stopped within 55 cents per \$100 of what the EI commissioner said was sufficient to maintain the EI fund as well as to provide for a rainy day fund in case there was a dramatic decrease in the economy and more people were claiming benefits. It is still several billions of dollars ahead of what is required to sustain the fund and provide for EI benefits.

While we are on the subject, the Liberal government has cut benefits to EI payees, to the workers in Canada. It has cut benefits by almost 40%. Almost 40% of the benefits that were available to workers in Canada before the government came to power in 1993 have been eliminated. Millions of Canadian workers are still paying the price for the plan they had in 1993 but the benefits of the plan have been cut by about 40% by the government. That is one of the ways the Liberals managed to eliminate the deficit and of course it is another tax increase.

Now the Liberals are planning on scooping, I think the number is about \$30 billion, from the public service pension fund. One has to

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ask if this government simply has no shame when it comes to scooping money. These funds were contributed, yes by the government, but in good part by the public servants themselves who work for the government.

• (1540)

The government says no, it has this surplus and it is not going to use it to enhance the retirement benefits of the public servants. Rather it is going to take it all out of there because after all, it is in its bank so it can do it. That is a pretty high-handed attitude from this Liberal government which has always claimed that it is a government which is there to represent the people and to reflect in its policies the wishes of the Canadian people.

I see the hon. member for Port Moody—Coquitlam—Port Coquitlam is in the audience. I am glad he is because obviously he needs as much exposure to debate in the House as he can possibly get so he can catch up to the rest of us.

What we have here is a give them a dime take another dollar type of government. This government is like someone who will take the whole jug of water away from someone who is about to embark on a desert trip.

Mr. Lou Sekora: What about a brain transplant.

Mr. Richard M. Harris: Is it not amazing that when the hon. member for Port Moody—Coquitlam—Port Coquitlam comes into the House and listens to reasoned rational debate which he has no answer for, his only response can be incoherent babble. If the hon. member really wants to find out what his government is doing rather than simply what it tells him, he might listen to the debate that is coming forth.

It was also interesting to hear the Parliamentary Secretary to the Minister of Finance talk about the raising of the tax exemption for firefighters and volunteers from \$500 to \$1,000. That is good and we certainly support that.

It is interesting to note that since 1994 the government has taken another \$2,200 in personal income taxes out of the pockets of the firefighters and other volunteers who serve our citizens so well. It has taken another \$2,200 in net personal taxes from the firefighters and then it has turned around and given them another \$500 in tax exemptions, which would be worth maybe about \$200 or \$300 in actual net taxes. The firemen after six years of Liberal government are still at a net tax deficit of around \$1,800. Would it not be nice if it had left the paycheques of the firefighters alone?

The government has an insatiable appetite for taxing Canadians. We are as you well know, Mr. Speaker, the country with the highest personal income tax in all the G-8 countries. I know you are aware of that, Mr. Speaker, and I know that it really rubs against the grain of your fiscal conservative thinking. I know that you are a free

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enterpriser, Mr. Speaker. I know you hate income tax. I know you can hardly stand it when you are in that chair listening to the government talk about how good it is to the Canadian taxpayer. Mr. Speaker, I sympathize with your job when you have that bunch standing up in the House today talking about just how tax friendly they are to Canadians.

The government has never yet addressed the question of the unfair taxation of Canadian families, particularly two parent families who have one single income in the household. The other day I pointed out one example and I will do so again for the benefit of the Liberals who have trouble understanding things when they are told just once.

• (1545)

On one side of the street lives the Jones family: two parents, two kids and two incomes. On the other side of the street lives the Smith family: two parents, two kids and one income. Both families earn a household income of \$60,000 a year. Everything is the same except one household has two jobs.

The big difference is that the Smith family has made sacrifices because they have realized that in their particular case there is value in having a parent at home to help on a full time basis with the guidance of the children. Because they have made that decision they will pay about \$5,000 more in personal income taxes than the Jones family who live on the other side of the street.

We are not saying that either side has made the wrong decision or the right decision. It was their decision to make. What we want to know is why the so-called Canadian, family friendly government thinks it is fair to penalize the Smith family with one parent staying at home to the tune of \$5,000 each and every year out of their income tax?

The government has not addressed that yet. That is tax discrimination of one of the very worst kinds. Most members know what I am talking about even if the member for Port Moody—Coquitlam—Port Coquitlam is still having problems figuring out what day of the week it is.

The Liberals have an unfair, unclear, incomprehensible and unacceptable tax code. Canadians have been looking to the government for some sort of tax relief. Middle income Canadians, who are by far the biggest supporters to the personal tax revenue the government grabs every year, have not had a tax break and are still waiting.

Middle income families have contributed about 70% to the personal income tax of the government. They are wondering why they are still being penalized while everyone else is getting a tax break. They want to know why wealthy Canadians and poorer Canadians get a tax break but middle income Canadians do not.

The message is that the government really is not the caring government that it says it is.

Unfortunately, despite two sterling examples in the country, the provinces of Ontario and Alberta, the government has not realized, despite examples from all over the world and particularly in the United States, that there is a direct connection between high tax levels and high unemployment as well as a direct connection between low tax levels, low unemployment and a buoyant economy.

The provinces of Alberta and Ontario have given tax relief to their working residents and their economies have boomed. More jobs have been created in Ontario. The biggest portion of jobs that the Liberal government likes to crow about were created in the provinces of Ontario and Alberta, the very two provinces that gave their residents real and substantial tax breaks. The government stands up and takes the credit for that. That is insane. Has it no shame?

The provinces with the lowest unemployment in the country are the ones that have given their residents substantial tax relief. They have done it and have still allowed for increased spending in education and in health care.

• (1550)

Mr. Klein in Alberta and Mr. Harris in Ontario have done well. I know Mike Harris will be the winner in this coming Ontario election because he has lived up to his promises. He has a very buoyant economy. He has had to address the health care and education problems created by the NDP under the leadership of Bob Rae when he was the premier. The problems fell into Mike Harris' basket after the people of Ontario threw out the NDP and their disastrous performers. I just cannot wait until June 3 when we will see Mike Harris, the tax cutting premier of Ontario, returned as premier again.

The Liberals still do not get the message. They do not know the direct correlation between low taxes, low unemployment and a buoyant economy. Our party has a lot of problems with the way Liberals run the finances of the country.

I was in Port Moody—Coquitlam not too long ago and met with some of the people who voted for the member for Port Moody—Coquitlam—Port Coquitlam. They told me how glad they were that their former mayor was now in Ottawa. They said they were very happy to see him leave town. They also said that they had not cared what party he was running for, they voted for him to get him out of town. They were just beaming because he was not the mayor anymore and he was a long way from Port Moody—Coquitlam.

Bill C-72 is not representative of a government that really cares about the tax levels of the Canadian people. Our party—

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An hon. member: What party is that?

Mr. Richard M. Harris: Her Majesty's Official Opposition, the party that returned here in 1997 with 60 seats. Despite the forecast and predictions of the Liberals that we would be wiped out, we are back in the official opposition position.

Our party could never support Bill C-72 because it represents everything that is detrimental to a buoyant economy. It has been well said by economists in the country that were it not for our export market, our country would be in serious problems because we do not have a domestic economy.

We should be very thankful that the U.S. is so buoyant right now. Its consumption of so much of our Canadian goods and services is giving our economy a bit of a boost. Why is it able to help us by buying our products? It is because its economy is booming. Why is it booming? It is because its tax levels are far lower in every area than they are in this country. We will unequivocally oppose Bill C-72.

Mr. Charles Hubbard (Miramichi, Lib.): Mr. Speaker, I have heard a lot of discussion, debate and lectures on taxation and on monetary and fiscal policy, but I have never heard such a rambling diatribe of information as I have just heard in the House.

We have to come reality. We are not here to speak for 10 minutes and consume the 10 minutes. We are here to present facts, realities and some conclusions to the Canadian people.

After listening to the member talking about the two families, I cannot help but wonder what the attitude and policy is of the Reform Party. It seems to show that two low income families should pay the same amount of taxes as one major income earner family.

• (1555)

Would the member comment on how his party could come to the conclusion that two families, being compared in terms of total income, one where two people each earn \$20,000 a year, should pay the same income tax as a single earner earning \$40,000 per year. Could the member please inform the House of his thinking, his logic in coming to that conclusion?

Mr. Richard M. Harris: Mr. Speaker, I guess the member for Port Moody—Coquitlam—Port Coquitlam was making too much noise for the hon. member to really understand what I was saying.

We are talking about total household incomes. The money comes into only one place, whether it is earned by one parent or two in that family. The family on one side of the street happen to have two parents working with a total household income of \$40,000. The family living on the other side of the street, the Smith Family, have

only one parent working but also have a total household income of \$40,000. No family is making more money than the other.

The Liberals do not understand that the disposable income left in the hands of the \$40,000 one income family after the taxman gets hold of the paycheque is about \$3,500 less to buy shoes for the kids, to put food on the table, to buy clothes and school supplies and to send their kids to what little recreation they are able to afford. That is the tax discrimination I was talking about. I do not know why the member did not understand that. There is no difference in household income.

The difference is the discrimination that comes when the tax man comes a-calling on their gross paycheque. Why should this family, when they have one parent at home but the same income as the other one, be dinged an extra \$3,500 or so, simply because they have made sacrifices to have one parent at home to help full time in the guidance of bringing up the children? Who can argue against that? Only the Liberals can.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I was very interested in my colleague's speech. He has a way of putting into simple words a very important concept and that is that Canadians are taxed to the hilt and they are sick and tired of it.

One thing that rather interested me was the way the government keeps doing its accounting and trying to communicate to Canadians that they are doing just fine and everything is tickety-boo, everything is clicking along whether it is or not, because the communications do not always agree with it.

I was quite surprised to hear the member from Port Moody—Coquitlam announce that the government has paid down \$30 billion on the debt because I had not heard about that. It was news to me, but maybe I just have not picked up the newspaper today to read this announcement.

I made a phone call asking about this and apparently it is true. Can my colleague who just spoke comment on where he thinks this money came from? Does he know anything about this? How wonderful that the government is paying off the debt.

Mr. Richard M. Harris: Mr. Speaker, I thank the member for Elk Island for the question. I think it raises another very serious question. If the Liberal government has paid the \$30 billion, that is fine, but where did it get it from? Where did it come up with \$30 billion.

I suspect the government has already taken the \$30 billion out of the public service pension fund. Let me say that again. Has the government already taken the \$30 billion out of the public service pension fund without bringing it forward to the House first in some form of a bill that would allow them to do it?

Maybe the parliamentary secretary to the government House leader can tell us—and this would be scary in itself—whether the

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government can simply scoop that \$30 billion without bringing it to the House for a vote, a vote which of course the Liberal majority would ram through anyway?

• (1600)

Can the government simply take that \$30 billion without bringing it before the House? I pose that as a question to the hon. parliamentary secretary.

Mr. Peter Adams: I rise on a point of order, Mr. Speaker. I heard the hon. member ask me a question, but it is my understanding of the standing orders that I am not allowed to reply. Is that correct?

The Acting Speaker (Mr. McClelland): The hon. parliamentary secretary will have an opportunity to be recognized on debate and certainly then he will be recognized for questions and comments.

Mr. Deepak Obhrai (Calgary East, Ref.): Mr. Speaker, I will give the hon. member across the way an opportunity to reply to my colleague.

I have a very short question for my colleague. This legislation is piecemeal tax relief. What is his view of the fact that the finance minister is now talking about giving tax relief through stock options to address the brain drain in the high tech industries?

Mr. Richard M. Harris: Mr. Speaker, I thank the hon. member for Calgary East for the question. It raises another question. Why does the finance minister not recognize particularly middle income Canadians and the terrible tax burden they are under? If he is going to give tax relief on the stock options to the high tech people, why is he singling them out for special favouritism? Why is he doing that? If he believes in tax relief, why does he not reflect it with a policy and program that is going to give broad based tax relief to working Canadians, particularly those in the middle class?

It is shameful that the finance minister would consider a proposal like that.

Mr. John Cummins (Delta—South Richmond, Ref.): Mr. Speaker, I would like to make a point to my hon. friend.

About a year ago I received a letter from a constituent of mine which has to do with the complications in the income tax form. I am going to quote from it. Dalton Fisher states:

I have just added up my expenses and my income and find that I cannot afford to hire a tax consultant to do my taxes so therefore I have provided a sheet of paper complete with all my income and expenses and I have filled out my tax form to the best of my ability. I therefore submit the same for your audit. Or for your acceptance.

I would like at this time to submit that if the tax form were made simpler then most people would gladly fill out their entire form and make life simpler for the tax department and for the average taxpayer.

I think he has a good point. I would like my friend to comment on that.

Mr. Richard M. Harris: Mr. Speaker, this has been a request we have had from Canadians all across the country. They have been tearing out their hair for years in frustration over the complexity of the income tax form. It might be good for H&R Block and the accountants but for the average Canadian of which there are far more, the tax form the government uses is absolutely ridiculous in its complexity.

Certainly Dalton Fisher's suggestion that we have a very simplified tax form would be a very welcome relief for Canadians. But once again this is talking about common sense, something we have not seen from this Liberal government since 1993.

Mr. Richard M. Harris: Mr. Speaker, I rise on a point of order. I would like to ask for unanimous consent, particularly because the hon. member for Port Moody—Coquitlam—Port Coquitlam did not have a chance to ask an intelligent question—

The Acting Speaker (Mr. McClelland): That is not a point of order, and it would not have been acceded to in any event.

• (1605)

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, today I would like to take a different approach on reviewing Bill C-72, which is an act to amend the Income Tax Act and implement measures announced in the February 1998 budget. I did hear some of my colleagues talk about the 1999 budget. I am going to focus my attention on the 1999 budget.

I want to say right off the bat that it is very easy for an opposition politician to criticize. We can criticize almost anything. It is also easy for a government member to put a spin on something that is very positive. That is part of the government-opposition interchange.

It is interesting when a member of the government does a critique of its own budget. That has happened. I am not going to embarrass him by identifying him specifically, but there is a current sitting member of the Liberal government who is a well respected accountant. He came from an accountancy background to this place. I have talked with him personally. I find him to be a logical reasonable individual.

The member said that he would try to do a critique, a review of the budget each time it came out. He has no axe to grind. He has no reason to put a spin on the proposal. He is a straightforward

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accountant. For the benefit of Canadians, I would like to go over the things that he says about the 1999 budget. Next year there will be an implementation bill just like this one for the 1999 budget.

On the issue of the surplus that has been reported in the current budget, there is an \$11.5 billion surplus just reported in this budget. This MP says, and says it very plainly, that the \$11.5 billion surplus comes from increasing tax revenues, not from spending cuts. Let me quote that specifically again. The surplus in this budget comes not from spending cuts, which is what the government has been saying over and over again, but from increasing tax revenues.

As an accountant he went through and picked out the figures. This is very useful. He also made a condemnatory statement when he said "These figures here I think have been massaged". A Liberal member of the government commenting on the Liberal budget said again "These figures here I think have been massaged".

He turned his attention to spending. The first budget from the Liberals came down in 1994. The last budget was in 1999. He went back and looked at the spending in 1994. This is discretionary spending, something the government could do something about. In 1994, \$56.7 billion was spent. In 1999, \$54 billion was spent. We heard over and over again about the huge amounts that spending had been reduced by. The difference is \$56.7 billion down to \$54 billion, a grand total of \$2.7 billion, not the figures we have been hearing.

Then he turned his attention to taxes. He did exactly the same thing. He went back to 1994 and to see what the government took in in taxes, and this is a public document and a public record, and the projection for 1999. He found that in 1994 the government took in \$116 billion in taxes. In 1999 it proposes to take in \$157 billion in taxes. That is an increase of more than \$40 billion.

We will go back to the original statement. The original statement was plain, that the surplus in the budget comes not from spending cuts but from an increase in revenue.

I have listened to my colleagues across the way say that it is because the economy is working so much better and they are getting more tax revenue. There is some truth in that statement. There is more revenue because the economy is better, largely because of provinces that are now booming. The provinces that are booming are provinces that have actually had a significant change in their taxes.

• (1610)

The member talked about the debt. He said "My government promised to put revenue excess to pay down the debt". He looked at the figures. Accountants really have a talent for this. He looked

at the figures and found that there is no reduction in the debt. To the member across the way who said that the government has reduced the debt by \$30 billion, this is what his compatriot said. There is \$580 billion of debt now and that is shown right through to 2000-01. As plainly as I can state it in the member's words there is no reduction in the debt. It is difficult to refute when the figures are so plain.

On the issue of the way the accounting is done is where the member's comments become so perfect. As an accountant he said "The finance minister has hidden some revenue"—interesting words for an accountant—"in things like the \$3 billion contingency fund"—which is an emergency fund—"or into lump sum payments for health care which will not be spent until next year". The member then followed that statement by saying "This flies in the face of good accounting".

Hark to the words of the auditor general who said exactly the same thing "this flies in the face of good accounting". The auditor general will not sign off on this method of accounting, nor will the sitting Liberal member who is an accountant. This money will not be spent this year. It should not be booked this year. It should not artificially reduce the deficit.

I digress from the member's comments and ask why would the finance minister not want Canadians to see the surplus? Could it possibly be because there is a lot of pressure on him to spend that surplus now, to go back down the deficit road? I think so. Could it possibly be that the finance minister wants to hold on to any surplus so that it could be used closer to an election? Possibly. Interesting questions.

The Liberal MP, an accountant, then turned his attention to public debt charges. This is interesting. We are told debt charges are going down. The cumulative debt and cumulative interest are going down. That makes sense. The interest rate is going down. In 1997 the public debt charges were 40.9% and in 2001 the public debt charges are 43.3%. They rose. His comment was "He is showing"—that is the finance minister—"cumulative interest going up, yet we know market debt is going down. Something does not add up". These are not my comments and not my criticism. These are the comments and criticism of the Liberal MP who is an accountant.

On the surplus he says plainly that the government expects an \$11.5 billion surplus. He said "I think if it"—the budget—"was based on generally accepted accounting principles, yes, there is a surplus and the public has a right to know how much it is". We come back to the issue of the hidden surplus. I query again why would the surplus be hidden? The Liberal accountant MP asked the question, not myself. I do not know who asked the question, but he was asked whether the current budget gave a clear and accurate picture of government finances. His answer was an emphatic no. The answer from that sitting Liberal MP was no when asked

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whether the budget gave a clear and accurate picture of government finances.

• (1615)

It is interesting to look at the way the government balanced its books, which is something I do not believe the public has a good grasp of. The budget was a health care budget. My prime interest in being in the House is health care. We saw all the advertising and heard all the talk about an \$11.5 billion increase to health care funding over the next five years. That in itself was wonderful news. We would expect bells to ring across the country when the public heard about it. How could anyone criticize it?

I am not now speaking for the accountant across the way. I am speaking for myself. Since 1993 I have watched cash transfers to the provinces drop \$21.4 billion in the previous five years. Let us think of the cumulative effect on the provinces of them dropping \$21.4 billion in five years. In the next five years they are to rise \$11.5 billion. Is there any wonder why there is no cheering? Is there any wonder why there is no excitement? Is there any wonder why there are still long waiting lines for health services?

I listened to a colleague across the way haranguing the Ontario provincial premier on Thursday on the issue of health care. He said that the provincial government in Ontario had done terrible things to health care. The figures are plain; \$1.3 billion were put into health care by the Ontario government while the federal Liberals took out \$3 billion.

How could an individual Liberal in good conscience say what he said? It is a great difficulty. I will say it again as plainly as I can. Over five years \$21.4 billion was taken out of health transfers and over the next five years \$11.5 billion will be put back in. When I speak to kids in grade eight they say to me "Doc, the math doesn't equate".

The budget is very easy for an opposition politician to critique. I have chosen to use a Liberal MP's critique of it to say that all is not as it is spun. Are there good things in the budget? Let me take a few moments to say yes, there are. Are there things that I will not critique? There are. I believe there are things that my Liberal accountant colleague across the way would say are positive in an attempt to say there is some balance. None of these words were my critique, except for the health care critiques. They are the ones that are probably the most condemnatory.

Let me summarize the comments of the Liberal MP accountant. I have not identified him so that he will not be embarrassed. In summary, the budget surplus comes from increasing tax revenues, not from spending cuts. The debt will be the same from now until 2001 according to the budget projections. The Liberal MP stated on the accounting that the finance minister had hidden some revenue.

This flies in the face of good accounting practice. On the public debt charges, something is going on that does not equate.

• (1620)

When asked if the budget gave a clear and accurate picture of government finances, and I wish I had asked him, the answer was a simple straightforward categoric no. The auditor general said it. The Liberal MP said it. The accountant MP said it, and I will rest my case with his words.

[*Translation*]

The Acting Speaker (Mr. McClelland): It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Lambton—Kent—Middlesex, Agriculture; the hon. member for Sackville—Musquodoboit Valley—Eastern Shore, Fisheries.

[*English*]

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Mr. Speaker, I am very interested in the hon. member's comments on the underfunding of medicare. He is, after all, very familiar with the system, having worked in it.

The problems with medicare are not confined to any particular province or to any particular stripe of provincial government. I live in Saskatchewan, the cradle of medicare, which has a dreadful situation. I do not blame the provincial government. I do not agree with its politics, but I cannot point to the provincial government and say it has allowed the system to collapse out of malice or ineptitude. It has collapsed because of chronic underfunding from the federal government, which has lowered its annual contributions from 50% when it started out down to about 15% now. No provincial government can stand that.

There are hospitals in Saskatchewan where elderly helpless people have to rely upon relatives and friends to bathe them and to feed them because there simply is not enough staff to carry the load. I have had personal experience in this regard.

I have lived in several Third World countries and that is the way hospitals operate there. When did we get to that stage of development in Canada? This is awful. I blame the members over there totally for this situation. They took \$21 billion out of the health system in a period of only five years and now, whoopie, they are to put \$11.5 billion of it back over the next five years. For that we are supposed to be eternally grateful.

The hon. member is a medical doctor. I would like him to comment more fully on that. I am sure his range of knowledge is wider than mine. I can speak only anecdotally, having seen these

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things with my own eyes. I would like him to say whether he believes any province is doing worse than another or can be blamed for the disastrous condition of medical care in Canada today.

Mr. Grant Hill: Mr. Speaker, I lived in Saskatchewan for a period of time. I just recently completed a tour of that province on this issue. It is true that there are problems in Saskatchewan. A number of hospitals were overbuilt in the years of largesse, building up a fairly significant debt structure in Saskatchewan.

Specific to Saskatchewan, it spent more on health care during the time of the cuts. It is closest to the people who are ill and has the most accountability. Every province in Canada but two during the times of reduction found funds by prioritizing and cutting funds in other areas.

• (1625)

The part that troubles me most is that there were other choices for the federal Liberals to cut. There were large grants to successful businesses totalling billions of dollars. There was the opportunity to remove regional grants that were choosing areas in which to place money. There were significant areas of spending that were completely useless and easily totalled the \$21.4 billion over five years.

How was that cut from health care? It was hidden under the Canada health and social transfer. The public was ready for deficit reduction at almost any cost, until it found out that the cost was our grandmas and our grandpas on waiting lists.

That is why health is now the most important issue and why it is so politically popular to say somebody else will be the scapegoat. The fact of the matter is the public does not care. It does not want to point at anybody. It wants the health care system fixed and that is what we should be expending our efforts doing.

Mr. Roy Bailey (Souris—Moose Mountain, Ref.): Mr. Speaker, I am very pleased to rise in debate. As my colleague from Cypress Hills—Grasslands stated, we in Saskatchewan have taken a terrible beating in health transfer costs because of the government opposite.

If I were to talk about individual cases which have come across my desk, I would be speaking at midnight about the horror cases in my province. People would like to blame that totally on the provincial government. When a any government issues a figure of \$11 billion it sounds good, but it forgets to tell us to divide it by five.

On the way into work the other morning a radio host had three people on his show representing the three parties in Ontario in the upcoming election. I could not believe what one individual said, that we just could not stand any more tax cuts. If there is anything the country needs right now, it is individual tax cuts. A T-shirt can

be seen on almost any street in any Canadian city which says “Tax me, I am a Canadian”. I have three brothers who went state side and stayed there to develop their professions for obvious reasons. They could not stand the Canadian tax regime.

It used to be in April of any year most senior citizens on my block would come to me with their tax forms. They would ask me to fill them out. It was a very simple form and I gladly did it. Now it is no longer a simple form. It has become a very complicated form. Only a government can produce a complicated form for a very simple process of collecting income tax from an 85 year old lady.

Let us talk about simple forms. Saskatchewan farmers used to get a form from the government by mail. I cannot ever remember a form coming from the government on Internet. They have to apply for it or have to go to the RM office for it. It constitutes about 40 pages even though the form itself may only be seven or nine pages. The farmer looks at it and says “It is like my income tax. I cannot fill out this form”.

Members opposite tell me that it is a very simple form. Of the hundreds of people who phoned in, I only know of three who actually tried to fill it out themselves.

• (1630)

We continue to completely ignore the wishes of the people. One Norwegian chap phoned me and said that he thought the government should get a very simple form with only three lines on it. The first line would be “How much did you make?” The second line would be “What were the expenses?” The third line would be “Kindly remit the rest”. That is about the way it is.

I have to congratulate those who figured out the AIDA form. They did a masterful job. It would take real brains to figure out how to force a person farming to put all of this down on a form, only to find out how much money they made and there would not be any help coming. That is the kind of form it is. It is a Rubik’s cube.

Canadians have a right to know about our budget. When I was asked on television what I would say about the budget if I were the finance minister, I said that I would say this to all of the employees and workers in Canada: “Thank you very much. We just robbed you of \$26 billion bucks. Thank you very much, workers and business people, because that is what we took away from you in extra employment insurance premiums”.

Another thank you should be mentioned. We ought to thank those who contribute to the pension fund because the government is dipping into that fund and will take out \$30 billion.

The “tax me, I’m a Canadian” theory goes beyond just income tax. I must mention something that really bothers me. There is excessive income tax, but the government is also finding the ways and means in different departments to take more funds.

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Where I live partly borders on the state of Montana and partly on the state of North Dakota. There are nine border crossing points and many of my people live closer to a hospital south of the 49th parallel than they do to a hospital in the province. Members will know that when their wife is expecting they will take the shortest route in the case of an emergency.

That is what happened to a family that lived almost 70 miles closer to a hospital in Montana than they did to a hospital in their province. This couple has paid their income taxes and has watched the form grow and grow. They have watched their taxes, municipal taxes and school taxes, grow until they are at the point that they get the AIDA form and they do not even know if they can fill the thing out. On three occasions Brian and Louise did not have much choice. Away they went. After less than 30 miles they were in a modern hospital. Three of their four children were born stateside, just a few miles across the border.

They are Canadian people. Both mom and dad were born here in Canada. Both paid large income taxes. Both paid huge agriculture taxes. Both paid huge road taxes, and they do not have any roads. Their children received their birth certificates from the states. The oldest boy is now 14. Guess what? He has to get a SIN number to take his driver's training. Guess what? It is going to cost Brian and Louise \$75 a kid, or \$225, for them to get their SIN numbers. Talk about a government that does not miss a beat. Congratulations. If it can get its hands in the pockets of a Canadian citizen, it certainly knows how to do it. These people and many people who cross the border in an emergency situation in my constituency use the hospitals in the United States. It is not out of preference, it is because of an emergency. They do not ask the provincial government or the federal government to pay their costs, they just do it. But when these three individuals want to get their social insurance number it will cost them \$75 apiece.

• (1635)

Who do they contact? They contact their member of parliament. What will their member of parliament do? Just what I said I would do; not only will I speak in the House about this, but I will write the particular authorities to complain bitterly.

We need to humanize this whole idea of extracting money. We simply make fools out of ourselves by doing this. These three little kids, born to Canadian parents, have lived here, have been raised here and went to school here, but the government says "Give us a little more", and they are protesting.

Finally, I want to draw the attention of the House to another factor. I mentioned this case before. There was a single working mother who had two children. The government finally caught up with her husband and extracted a lot of money from him for support payments. He was made to pay three years of support payments, which amounted to about \$11,000. What did the government do? It said "Give us \$5,500 all at once". My argument is that members opposite are wrong. It should have been divided by three and it

should have been at that rate, but so far this valiant young mother has not heard from Revenue Canada.

I think that Canadians deserve a little more attention. Perhaps the government could humanize its approach to Canadians. We are human beings. Brian and Louise do not have \$225. They do not even know if they will be able to plant a crop because of this.

Not one cent of AIDA money, to my knowledge, has been dropped into the province of Saskatchewan. I know the minister says that the farmers in Prince Edward Island have it and the farmers here have it. They all had their forms before ours were printed. I would bet that our income tax forms arrived at the same time. I know that mine did.

My constituents are like other constituents. The young people move away. There are more than 200 students going to university in Minot. Why? Because they can get bursaries and grants and it is cheaper. Why do we do this? Why do we continue to tax ourselves to a standstill?

I most certainly will not be supporting Bill C-72. I cannot do it. My conscience would not let me do it even if I were sitting on the other side of the House, but I expect that all of those members will support it.

Mr. Charles Hubbard (Miramichi, Lib.): Mr. Speaker, I am somewhat amazed to hear the hon. member. He may recall last fall when he and I had a lengthy conversation on the farming problems in the province of Saskatchewan. Following that we implemented a program which provided some \$900 million to help the farmers across this country. Where does the member think that \$900 million came from? Was there some magic pot or was it from taxation?

Mr. Roy Bailey: Mr. Speaker, I am glad the hon. member asked that question. First of all, when that program was announced there was some reluctance on the part of Saskatchewan to even opt into it because basically, as this House knows, most of the farmers in Canada live in Saskatchewan. Therefore, the greater proportion of the 60:40 split would have to be borne by the provincial government. The province opted in, but, interestingly enough, just a week later the agriculture minister for Manitoba said "We are opting in because only 15% of our farmers will qualify". What did the minister of agriculture for Manitoba know that we did not know?

• (1640)

I now know that less than 15% of our farmers will qualify because of the Houdini form that has been sent out. The government is returning to Canada's number one industry, Saskatchewan's number one industry, \$900,000, which is a great deal less than was spent on the floods and the ice storms, and those people deserved it. Is the government trying to say that the people out there do not deserve it? They did not deserve the forms which were sent out. Most assuredly, that is the biggest disaster they have had so far.

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Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Mr. Speaker, when the hon. member for Souris—Moose Mountain was talking about disasters in the medical system in Canada I thought he would probably mention another case from his riding which I believe is the most atrocious I have heard so far.

An elderly man was suspected of having a brain tumour. He needed an MRI. With Canada's wonderful system he could get one within a year. He thought that was a little tough, so he went across into the United States, as just about everybody does in that part of the world. He got his MRI and was told "You, sir, have a brain tumour. It is growing rapidly and if you do not get it removed right away you are going to go blind". So he said "I still have a few years left. How much is it going to cost?" He was told it would cost \$40,000. He said "I just happen to have saved in my lifetime \$40,000, and my sight is worth it, so go for it". They operated and removed most of the tumour. The gentleman went home quite content.

Then he decided that for his checkups, which he had to have after major surgery of that nature, including another MRI, at least he would get that done in Canada and it would be covered by our wonderful medicare system. Lo and behold, he was told "No, my friend, you had that work done in the United States. To hell with you. Go back there to get your MRI checkups because we are not going to have any part of you here in Canada".

It is absolutely unconscionable that Canadians would be treated that way. First they get driven out of their country to seek medical care and then, when they come back, the bureaucrats are so mean-spirited that they will not even give them follow-up care.

I am curious. I would ask the hon. member what is going on with that particular case now. Does he have any new information?

Mr. Roy Bailey: Mr. Speaker, in that case the individual tried through various means and ways to get some support, or at least to get back what it would have cost in Canada, or a portion thereof, but he was not able to do that. He saved his own life. The officials refused to give him treatment. He was refused that surgery outright for at least three months. He would have been dead. He saved his life and now, as my hon. colleague has mentioned, he has been denied follow-up care simply because he used the services at a clinic which is world famous.

We have to face reality. There are hundreds of cases like this. The least the government could do would be to pay a portion of their expenses, at least the same portion as they would have paid here. That is not the only case. There are three more, Mr. Speaker, but I know that you do not want to hear about them right now.

• (1645)

[*Translation*]

The Acting Speaker (Mr. McClelland): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mr. McClelland): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. McClelland): All those in favour will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. McClelland): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. McClelland): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. McClelland): Call in the members.

[*English*]

And the bells having rung:

Mr. Ken Epp: Mr. Speaker, I rise on a point of order. Just for clarification, is the vote on the motion proposed by the parliamentary secretary?

The Acting Speaker (Mr. McClelland): The question was put by the parliamentary secretary.

The vote is accordingly deferred until the end of Government Orders today.

* * *

[*Translation*]

YOUTH CRIMINAL JUSTICE ACT

The House resumed from May 5th consideration of the motion that Bill C-68, an act in respect of criminal justice for young persons and to amend and repeal other acts, be read the second time and referred to a committee; and of the amendment.

Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ): Mr. Speaker, the bill, of which we are resuming debate at second

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reading today, was initially introduced on March 11 by the Minister of Justice. Today, we will continue debating the motion moved by the member for Laval-Centre.

First of all it must be remembered that all Quebeckers, without exception, spoke out against and opposed the approach proposed in Bill C-68. This bill is a useless, dangerous, vicious and right-wing, if not extreme right, piece of legislation.

In Quebec, the rate of youth crime is the lowest in Canada. Why? Because Quebec authorities look after teenagers and young people and provide them with a framework.

Bill C-68 would lower the age limit from 16 to 14. This would mean that 14 or 15 year olds could be tried as adults. I wonder if the Minister of Justice has teenage children of her own, if she has raised children.

I had the chance and the pleasure of raising three children who are now young adults, and I have vivid memories of my son, when he was 14, 15 or 16 years of age, playing with his Tonka cars in his twelve by twelve sandbox. He did not look like a criminal, but I often looked at him and observed him. All the kids from the neighbourhood liked to come and play in the sandbox.

My son was no saint at that time. He probably stole carrots from our neighbour's garden, apples from our other neighbour's apple tree, he probably went fishing and exceeded his quota, but he did not become a criminal.

• (1650)

Had he had the bad luck of hanging around with friends who could have had a negative influence on him, he could have become a bad boy. A one night or one week adventure could have landed him in jail. Even at 14 or 15 years of age, he could have been incarcerated in a facility for adults. The danger is that, when a young person is treated as an adult, that young person is still at the learning stage and jail is the worst school there is.

Moreover, under this bill, 14 or 15-year old children who receive an adult sentence could have their name and even their picture published in the newspapers.

The justice minister is a member of the Liberal government, the same party that, under Pierre Elliott Trudeau, slipped a bit towards the left, as hon. members certainly remember, when the House voted to abolish the death penalty. Does the minister today think the exact opposite of what her party stood for at the time? I do not think so.

The justice minister represents the riding of Edmonton West, in Alberta. I wonder if she is not about to give in to the right, to the extremists who say something like "He who kills shall be hanged".

Before I was elected to this House, I had the pleasure to teach for 27 years. During those 27 years, I met thousands of high school

students and often the teachers would see how some of them behaved and comment among themselves "If this young guy does not change soon, he will run into some serious trouble". I remember we were all in agreement about one student in particular, who seemed to be highly refractory. A few years later, he pulled himself together, and today he is a much sought-after renowned lawyer who earns a respectable living. The entire teaching staff was wrong about him.

Mr. Speaker, you yourself have been young, and you know that young people sometimes go out, in groups of three or four, in a car, and end up in a bar. With such a party atmosphere, one young person in the group could be a little more devious than others and lead good boys and girls to commit an unfortunate act. Thus, one evening's mistake could ruin a lifetime.

I was talking in fact to my colleague from Berthier—Montcalm of the example of David Milgaard, in Saskatchewan, who was imprisoned some 20 years because of an error of justice. It would seem the Government of Saskatchewan is getting ready to compensate him.

When an adolescent is incarcerated for over 20 years, these being the best years of his life, a few million dollars cannot rectify such an error. They are preparing to give him \$2 million plus \$20,000 a month for life. Naturally, such situations give us pause for reflection.

• (1655)

Ottawa did not consult the provinces, despite the commitments the government made at a meeting in Regina with the various justice ministers in Canada.

My colleague from Berthier—Montcalm also seems to recall this commitment by the Minister of Justice, who comes from Alberta. She seems to want to espouse the ideals of the Reform members increasingly. This is most unfortunate.

I would like in closing to quote the opinions of a number of Quebeckers on Bill C-68.

André Normandeau, a criminologist at the University of Montreal, said, and I quote:

People out west are still reacting the same way they did 20 or 30 years ago, when crime was constantly on the increase. They have retained a highly punitive mindset. Changing the law is too simple and, more importantly, ineffective. Coercion has no effect at all on violent crime, which accounts for 10% of the whole.

So said André Normandeau in the March 13 issue of *Le Soleil*.

I will now refer to what Cécile Toutant, another criminologist and member of the Quebec Bar Association's subcommittee on young offenders, had to say.

When interviewed on the television program *JE*, the criminologist expressed her concerns about the reform, because of its

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potential for automatic referrals to the adult court. The criminologist maintained that, despite the flexibility of the process, there will be the possibility of measures being applied. She wondered why what is unjustified and inappropriate should be made possible.

In Quebec there is unanimous support for rejecting bill C-68 which, I would remind hon. members, lowers the age of adulthood from 16 to 14 years. Placing children of 14 or 15 in penitentiaries, where they will be raped and come under the influence of adult criminals, means the lives of these adolescents will be ruined for ever.

[English]

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, it is a pleasure to get up to speak to Bill C-68. My colleague from the Bloc Québécois may get his wish. At the rate the bill is going through the House, and with rumours that we may prorogue some time this fall, it may never see its final resting place in this session.

Last spring the House passed Motion No. 261 which called for the establishment of a national head start program. This motion, the vision and work of my colleague from Esquimalt—Juan de Fuca, may well form part of the solution we seek in the administration of youth justice. I might even mention another colleague right next to me, the hon. member for Saanich—Gulf Islands, who seconded the motion of the hon. member for Esquimalt—Juan de Fuca.

The genesis of this enlightened approach to raising, nurturing and disciplining a child is based on the concept of prevention of anti-social behaviour, rather than the management of a situation or problem that has been years in the making.

The work and research of my colleague from Esquimalt—Juan de Fuca reveals the importance of the first eight years of life. If an individual is exposed to pernicious behaviour such as drug abuse, sexual abuse, violence, dysfunctional parenting or absence of parenting at all, it has a negative impact on the child's brain. The neurological development of the child's brain is impeded. This has a consequence as the child grows to adolescence and on to become adult.

There is no question large segments of the current prison population are products of negative family exposure years before. This does not diminish their deeds, but I wonder if given a better chance we could have eliminated some of the possibility that these people would turn to criminal behaviour. Bill C-68 is all about making sure that people do not turn to criminal behaviour and that young children do not turn into criminals.

Would it not be better to spend a few dollars on those now in their formative years of one to eight than to spend it on lawyers,

courts, psychologists, prisons, halfway houses and parole officers later? As they say, an ounce of prevention is worth a pound of cure.

• (1700)

Bill C-68 provides us with an opportunity to initiate the practice of prevention rather than crisis management. Have we not been practising crisis management of young offenders since the early 1980s? Are we not on a treadmill to nowhere? Are we trying to transmogrify something that cannot be done?

I would like to speak about a national headstart program as one means to start on a different path. While I realize this initiative may not be a panacea, it may be at least one of the components in reducing youth crime and developing a more emotionally and socially adjusted adolescent into our society.

In the course of my years in politics one of the problems and curiosities as I see it in the development of public policy is neglect of linkages between programs emanating from department to department within governments. By this I mean government is negligent in identifying existing programs and policies which may aid or benefit in instituting a new program or help move a new concept along.

In short there is a plethora of programs out there in some sort of void waiting to be accessed and used. We have to get better at using the tools we have if we are to make the enlightened choices that we should be making.

Back in 1966 the government's own National Crime Prevention Council identified a national headstart program as a way to prevent crime and one that is cost effective. I mention again my colleagues the member for Esquimalt—Juan de Fuca and the member for Saanich—Gulf Islands who put that motion before the House in this session. In 1996 the government was doing it itself, talking about a headstart program yet to this date we do not have anything. There is nothing in this bill that talks about going a different way or doing anything different from what we have been doing all along.

One headstart program that was identified as being instrumental in significantly reducing crime was the Perry preschool program in Michigan. This program was one of two others identified, one which is in Moncton and the other in Hawaii. They were proven to in total decrease child abuse by 99%. Any program that can reduce this problem by 99% is one that we should be taking a quicker look at than we are in the House. A few years ago we looked at it from the government side and now this side puts in a motion. We are still not looking at it.

This program kept kids in school longer and dropped youth crime by 50% in other areas. It decreased teen pregnancies by 40% and saved the taxpayer in the final analysis \$30,000 per child. What a success story. What a testament if not a template for Canada to use as a national youth strategy. Why are we not doing it?

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The government has some money in this program but it only covers about 30% of the cost instead of 50% like it agreed to. It could save us \$30,000 per child by bringing in this program. Why does the bureaucracy not push the government to get this program in place? The government bureaucracy says it is a good idea. Members on this side say it is a good idea. We should be looking at it.

We listened to our colleagues from Quebec who are opposed to this bill. They brought up some very good points. The government likes to attack and fight them because they are separatists but the facts are that the province of Quebec has a lower crime rate for children than we do in the rest of Canada. We should be looking at the program Quebec has. We should be paying attention to what is being done there.

I hope that when we get this bill into committee we will have lots of time to bring people from the province of Quebec to tell us what they disagree with in the present legislation and where they think we should be going. We should be looking to where the successes are, just as we should be looking to the headstart program because of the great success in that program.

One of the critical elements in the success of these three programs is the involvement of the parents. Parents are and have to be the axis around which the program revolves. No amount of money will replace the intrinsic importance of good parenting. Without a loving safe environment with rules of behaviour defined and boundaries established can a child be expected to grow to a stable socially responsible participant in society.

Bill C-68 has three elements concerning the role of parents. Should a child fall between the cracks and need help, under Bill C-68 parents will be called upon to become involved with representatives of the community to design and implement extrajudicial measures. There will have to be compulsory attendance of the parent at court when considered by the judge to be in the best interest of the young person. There will be increased punishment for the parent who signs a court undertaking to supervise the young person upon release and who wilfully waits or fails to fulfill that responsibility. That is extremely important. I will repeat that. There will be increased punishment for the parent who signs a court undertaking to supervise the young person upon release and who wilfully fails to fulfill that responsibility.

• (1705)

My colleague from Surrey North played a great part in this paragraph that I am reading. We should give him a lot of credit for the work that he has put into this youth legislation. We all know the effort that he puts in in the House working toward children. We all appreciate his commitment very much.

My colleague from Surrey North can take great pride, credit and solace in managing to motivate the government to include his

initiatives in Bill C-68. It is because of the member's determination and concern as manifested in his private member's Bill C-260 that we have the parental responsibility prescribed in the new youth criminal justice act. It is one good part of this bill if nothing else.

That is why it is even more unfair for the government members to perpetuate untruths about Reform policy surrounding how to deal with 10 and 11 year olds in youth justice. At no time has any Reform member suggested incarcerating 10 and 11 year old kids. In fact enlightened work like the kind instituted by the member for Surrey North indicates a compassion for children and an attempt to put the onus on the parents.

Frankly it is the government that would like to sweep the issue of 10 and 11 year olds under the carpet, ignoring this challenge by saying there is no problem. It is simply abandoning these children. Is that not in itself a form of incarceration?

Maybe it is the government that has to take a look at its lack of recognition of 10 and 11 year olds in its new bill. Maybe it is the federal government's responsibility to become equal financial participants in programs with the provinces to rehabilitate these kids who have strayed. Maybe it is the federal government's responsibility to deal now with the issue of 10 and 11 year olds before they become incorrigibles later on.

It will however take more than \$206 million over three years. The provinces have pleaded with the federal government on the need to deal with this age group. Why is it so difficult for the federal government? Is it because of the money? That is what is scary. This age group needs help and needs it badly. It is really a money issue. The government tries to cover it up under the flim-flam and the puffery but we need help in those areas. The provinces need help in those areas. We will debate these issues very deeply in committee and I look forward to that.

Mr. Deepak Obhrai (Calgary East, Ref.): Madam Speaker, it is my privilege today to speak to Bill C-68.

Youth crime demands the attention of all levels of government and it demands the attention of parents and families. In Calgary I recently attended a town hall meeting for an organization called the Friends of Clayton McGloan. My colleague from Surrey North also attended another of the town hall meetings in Calgary. This organization was named for a young man whose life was tragically taken from him by two young offenders.

Clayton was stabbed numerous times and left for dead by two young thugs. These individuals are now fighting to have their cases remain in youth court while the crown is stating its case for the adult court. To my knowledge these two thugs have been in the system before. These are young murderers and they deserve to be held responsible for their crimes. However in this case maybe the law will be on their side. Maybe they will be tried in youth court

and receive a much lower sentence than they would have received had they been tried in an adult court.

The family of Clayton McGloan is fighting through a petition asking for fair justice. The pain and the suffering they have gone through can only be felt when we attend town hall meetings and we listen to the family's pain.

Canadians have seen these kinds of cases all too often in the last 15 years. They have seen young murderers and rapists receive sentences that do not fit the severity of the crimes. Why? Because they are children. Because we say they do not know any better. I believe that many of the kids do know better.

• (1710)

The official opposition on behalf of Canadians has been calling for changes to the Young Offenders Act. Thankfully something is finally on the table for us to debate in this House. We know that the justice minister introduced a new youth criminal justice act as a replacement for the Young Offenders Act. It is my hope that the Young Offenders Act will be assigned to the garbage. It has been a failure and Canadians have had to suffer the consequences for far too long.

The justice minister upon taking her job promised that introducing the new young offenders legislation would be her top priority. That was two years ago. I had hoped that after such a long delay the justice minister would have put forward legislation to deal with the complicated issue of youth crime in an effective way, yet the youth criminal justice act fails again to deliver what Canadians expect.

The official opposition recognizes that there are two elements to youth crime. One is the rehabilitation aspect and the other is an accountability aspect. My colleague spoke very eloquently about what he felt the government should be addressing in the way of rehabilitation programs.

We have a youth justice committee in my riding. This committee has been doing a tremendous job in trying to address youth crime through community sentencing and rehabilitation programs. It has been quite successful. This is the kind of program we need to encourage.

We must also teach the consequences of actions. We must make youths aware of the severity of their actions when they cross the boundary and hurt people. That should be a fundamental aspect. Revenue Canada makes good examples of taxpayers who have not paid the money they owe. Revenue Canada comes crashing down by charging penalties and interest from the first day that they do not pay. Why? Because the government needs to set an example for others. Lo and behold, here we have people committing crimes and it is said there has to some leeway.

I heard a colleague from the Bloc address this. I did take exception to some of his comments when he addressed the issue of

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western Canada somehow being a right-wing very uncompassionate society. I beg to differ with that. I appreciate the fact that there is a lower crime rate in Quebec. As my colleague said, it is something we can learn from, but to say that we are uncompassionate is not appropriate. But the Bloc is the separatist party so that is fine.

When going through this new legislation the feelings of the members of the official opposition was that this is simply the old Young Offenders Act presented in a different colour and format. Some provisions in this bill appear to be tougher. However, there is always an opportunity down the road for provinces or courts to provide exceptions and maintain the status quo.

I believe the minister has had to appease all the different philosophies within her own government. Some want tougher legislation and others think the situation is just fine. Nobody wants to listen to what Canadians are saying.

In this House petition after petition has been presented asking for a fair justice system. The government's thinking is that perhaps this is some kind of paper in the basement that does not need to be addressed. Hence the bill that has come forward has all the loopholes one can imagine.

• (1715)

Throughout the process the minister claimed she needed time to consult with the provinces. We recognize the provinces have an important role to play. We have to understand just what the various regions of the country were wanting in the overall youth laws.

A great deal of this information has already been gathered by the Standing Committee on Justice and Human Rights. The committee spent many months conducting hearings from coast to coast. The committee listened to the provinces. It spent almost \$500,000 to provide a comprehensive report with a number of recommendations toward significant changes to the youth laws. That is how our parliamentary democracy works. The committee conducts hearings and receives presentations.

The provinces are not satisfied with the legislation. The minister of justice for Alberta, John Havelock, wrote to the federal minister complaining that there had not been adequate consultation.

He was concerned that the federal government had failed to address some of the major concerns of many provinces. Alberta, Manitoba, Ontario and P.E.I. all wanted a number of significant changes. Perhaps the most important was the reduction of the age of criminal accountability from 12 to 10. One speaker from my own town, Calgary's police chief Christine Silverberg, criticized the government changes as not going far enough with violent children under the age of 12.

We should not be surprised that this recommendation was not included. Not only did the government ignore its partners in the youth justice process. It ignored the justice committee and its

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report which included a similar recommendation, a committee that is made up of a majority of government members.

The government continues to attack the official opposition. I will conclude by saying that the official opposition, throughout this debate, will indicate its concerns and the shortfalls of the government.

[*Translation*]

Mr. Yves Rocheleau (Trois-Rivières, BQ): Madam Speaker, I am very pleased to take part in this debate on Bill C-68, an act in respect of criminal justice for young persons and to amend and repeal other acts.

It is a very important piece of legislation that deals directly with one of the most delicate aspects of our collective behaviour. When dealing with youth crime, it is important that society behave correctly so that the situation does not become worse for the individual who is directly involved and that measures be taken to ensure adequate rehabilitation.

In this regard, Quebec has a very legitimate historical position which seems to be the envy of many other countries and which has had notable and undeniable success.

I would like to share with you an excerpt from the report brought forth in 1995 by the task force established by the Government of Quebec to look into the Young Offenders Act. It is called the Jasmin report, no doubt after the chairman of the task force. This excerpt truly reflects the position of the Bloc Québécois, which is valiantly put forward by the member for Berthier—Montcalm. I take this opportunity to recognize the excellent work he has done on this issue, as he usually does on any issue he tackles.

I quote from the Jasmin report:

It is often easier to change a law than to change practices of intervention. It may be tempting to think that tougher legislation is the answer to the problems of delinquency.

Simplistic responses blind us to the full extent of complex problems and create the false impression that we are doing what is necessary to resolve them.

One such simplistic response is substituting get-tough measures for educational approaches. This, however, overlooks the fact that adolescents are still in the process of learning, and it means they are being saddled with full responsibility for delinquency, as if the society and environment they live in had nothing to do with it.

• (1720)

I think these lines are a good reflection of Quebec's very progressive position, one which has proved itself and, as I mentioned earlier, is the envy of many.

This is the position of the Quebec coalition, which is opposed to the federal government's plan to change the rules of the game, putting Quebec in its place to a certain extent, and refusing to follow Quebec's lead. On the contrary, the federal government is siding with the Reform Party, which takes a right wing approach, an approach pushed by Margaret Thatcher and Ronald Reagan when they were in office, an American approach the effects of which are becoming increasingly apparent in our daily lives.

The coalition is composed of well known individuals. They are very representative of our society, and speak knowledgeably about this issue. I will name the 16 groups who are in favour of the same position, the position supported by the Bloc Québécois, and who all criticize the position of the Government of Canada and support that of the Bloc Québécois.

First, there is the Commission des services juridiques du Québec, which represents the defence. This includes prosecutors and defence staff involved in legal proceedings. As if by chance, it therefore includes both those who prosecute and those who defend, which is the best proof of all of how representative this coalition is of those who work daily in this very difficult area.

This is the list of 16 groups: the Commission des services juridiques du Québec, which is on defence side; the Conseil permanent de la jeunesse; Jean Trépanier, of the School of Criminology of the University of Montreal, who is an eminent criminologist; the Aide communautaire juridique de Montréal, which also works for the defence; the Fondation québécoise pour les jeunes contrevenants, the Institut Pinel which is represented by Cécile Toutant, also prominent in that area; the Association des chefs de police et pompiers du Québec; the Conférence des régies régionales du ministère de la Santé et des Services sociaux du Québec; the Association des centres jeunesse du Québec; the Commission des droits de la personne et des droits de la jeunesse; the Bureau des substituts du procureur général, which works on the prosecutor side; the Association des CLSC et des CHSLD du Québec; Marc Leblanc, of the Psycho-education School of the University of Montreal, who also is a well-known authority in that area; the Regroupement des organismes de justice alternative du Québec; the Canadian Criminal Justice Association; and finally the League for the well-being of young children of Canada.

These are Canadian organisations which have made Quebec's position their own and whose Quebec section completely endorses the position of the coalition and the position of the Bloc Québécois.

I believe this shows there is serious unrest on two levels; first on the socio-economic level and second on the Canadian political level.

On the socio-economic level, when we talk about young offenders and youth crime, fortunately this type of criminality is

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decreasing. Indeed, it has decreased by 23% between 1991 to 1997. As a matter of fact, youth crime is linked to serious unrest in our communities leading young men or women, to commit such serious acts. We should not only treat the effects of crime but also deal with its causes.

As can be seen in the quote from the report, this makes young people alone bear the responsibility for delinquent behaviour, as though society and the community had nothing to do with it. I am deeply troubled by this kind of thinking.

When we talk about young offenders, we are talking about the failings of our economic system. We are talking about the failings of neo-liberalism, which is promoted by right wing parties like the Reform Party, to which the Liberal government is much too eager to cater.

• (1725)

The same applies to the problem of the homeless, to the unacceptably high unemployment rate in Canada and Quebec, to precarious employment, to family violence, to food banks, to over consumption of drugs, to mental illnesses, to the unacceptably high suicide rate for a civilized society like ours, to family tragedies with murder and suicide or murder of the wife and children, tragedies that are becoming far too frequent.

All those things are inter-related, and it is not coincidence. We must go to the roots of the problems. We must examine not only the effects, but also the causes of these excesses and failings in our societies. This is when we have to look at the socio-economic causes, something we do not do often enough in this parliament, where we like to deal with issues on a superficial level, on a case by case basis, without ever getting to the bottom of things.

We must talk about the causes and stop talking about the effects and quickly go on to some other topic.

I believe there is something very political in this bill within the larger context of the constitutional debate. What we have here is two historically different approaches: Canada's and Quebec's. In Quebec the approach focuses less on guilt and puts less of a burden on the individual, whereas in Canada it is more punitive.

The fact that the government is ignoring the success of Quebec's approach is indicative of the new Canada envisioned in the spirit and the letter of the social union, whereby Quebec is not recognized as a distinct society, does not have a say, and is a province like all the others. It is important for those who are listening to understand this.

In this area, Quebec is a province like all the others. Its track record and success story are being trivialized. This is the future of Quebec within a Canada where everything is trivialized. From now

on, Quebec will be a province like all the others, and its government will become a regional government. This gives us a lot of food for thought.

[English]

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Madam Speaker, I am very pleased to have an opportunity to discuss Bill C-68 once again. The motion before the House proposed by the Bloc Québécois looks at the possibility of in essence striking the entire bill and sending it back for further discussion.

Although we in the Conservative Party have great difficulty with some of the initiatives, and perhaps more so with the perception of what the bill will actually accomplish, I think it would be a giant step backward to completely throw the baby out with the bath water when it comes to youth justice. That will not accomplish what we in this place hope to accomplish, which is to fix a existing fundamental problem when it comes to youth crime.

One major problem with the Young Offenders Act since its introduction over 15 years ago has been the impression the act has given young people that they will not be held accountable for criminal behaviour. Right or wrong, that is the impression out there and that is what is drastically undermining public confidence in our youth justice system and our justice system in general.

An attempt has been made by the government to address some of the problems. I will be very straightforward in pointing out some of the steps that are improvements on what we have seen. Obviously the ability to bring parents into our justice system is something that has to occur. However what will occur in this instance is not the full package.

What will happen now is that the parents of young offenders who have been apprehended and are in the process of going through court and potentially being released back into the community will now be forced to come forward, sign, and essentially make a contract with the province and the attorney general's department that they will ensure the conditions deemed appropriate by a court will be followed. They will be brought to court themselves and charged if those conditions are not adhered to. That is what will be accomplished and that is a laudable attempt to fix some of the problem.

• (1730)

However, what we do not see happening is parents being brought forward to answer for where they were in the first instance when a child was involved in a criminal act. Why is it that a young person was out breaking into a neighbour's house or stealing their car at 2 o'clock in the morning? That accountability we have not yet achieved and sadly we will not through this piece of legislation.

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There has been much ado, much discussion, much debate and acrimony about the age of accountability. Again I think the key word in all of this is accountability. The Liberals have countered attempts by the opposition to debate this issue by saying "Look at this overreaction on the part of neo-Conservatives who want to somehow throw 10 and 11 year olds in jail for criminal acts". That is not the case at all. That is certainly not the position that has been taken by the Conservative Party.

What we want to see happen, obviously, is that if by some misdirection or some misdeed a 10 or 11 year old finds himself or herself involved particularly in a violent criminal act, there will be some mechanism by which to bring that young person to account, not necessarily through the full hammer of criminal sanctions in a courtroom, but at least there should be the ability to trigger a response.

As it currently stands, that does not exist in our Criminal Code. It exists in other countries. It once existed in our Criminal Code under the old Juvenile Delinquents Act.

As I said at the outset, the issue is accountability. The issue is the state, the province, the police and our social services having a mechanism by which to bring to account and to bring forward some recourse for a young person at that tender age.

Certainly the whole principle behind the Young Offenders Act and the principle behind the new youth criminal justice act is to recognize that there is obviously a difference in the level of accountability that will be levelled upon a person under the age of 18. We are saying that it should be taken one step further. Drop it down a bit further so that we can at least start the process of rehabilitation, bringing that person into a system, be it the criminal justice system or be it a diversion into the social welfare net. There has to be something to start the process.

We know that when violent crime is involved the response has to be quick. The criminal justice system, I suggest, is best suited and best equipped to make that intervention and then to follow through. After the fact, when an arrest has been made, when the justice system has been given the tools to act, then we can decide what the long term recourse will be.

To accomplish all of this the provinces will have to receive greater funding. This has been the crux of the issue with respect to the provinces and their responses, both positive and negative, when one starts to look at the overall strategy as to what is to be accomplished in our youth justice system.

The Progressive Conservative government has to take some fault in this as well because when the justice system was first set up to encompass the Young Offenders Act we never saw the 50% share of the funding that has to be shouldered by the federal government. That has never occurred. The Progressive Conservatives froze that

funding. The Liberals then went further to cut it to the point where, in some provinces, it is below 30%.

The irony in all of this and the reason for giving some background is to recognize the fact that much of what is sought by this youth justice system, that is, earlier intervention, preventive measures, a proactive approach taken to justice, which are all wonderful buzzwords and laudable goals, cannot be accomplished unless we have the opportunity to put into the hands of the provinces the proper funding to administer it. We know that the drastic cuts that have been handed out by this federal government have had an absolutely deteriorating effect on social services throughout the provinces.

The brunt of this legislation and the administration thereof will fall on the provinces once again. The 50% funding that should be coming from this government to accomplish all of the goals, as laudable as they are, simply will not happen without that resource allocation.

Once again we have seen the government speaking grandly, giving a grandiose plan as to what it would like to accomplish. There has been a great deal of absolutely wonderful press conferences and announcements that have been made time and time again at the press gallery instead of here in the House of Commons. That was all done in the run-up, in the raised expectations of the new youth criminal justice act. However, those goals, those accomplishments that the government has put forward, will not be achieved unless the provinces are given the money.

• (1735)

There has been a lot of discussion in the Chamber as well about the approach that has been taken by the Quebec provincial government and there are statistics to back it up. La belle province de Québec c'est la première province pour la justice when it comes to the treatment of youth. The difficulty with this legislation is that once more we see a very cynical position put forward by the government. Not only could it have borrowed from what Quebec has done, it has said "If you do not do it our way you can opt out and not receive the money". Not only is the money not sufficient, the provinces can decide not to do it the federal government's way and they will not get the money.

We see an approach that time and time again has left Canadians feeling very cynical, feeling almost despondent about the way we accomplish these goals. They are common goals. We in the House should certainly be able to put partisanship aside when it comes to accomplishments in our youth justice system. However, every time we get into these issues emotion and partisanship prevails and we get bogged down in debates, casting aspersions on who did what last. The Tories did this. The Liberals did that. It is the Reform Party. It is the Bloc. It is the NDP. That is not going to accomplish these goals.

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There are issues in health, taxation and justice that we should be trying to work toward in a very positive fashion instead of continually dredging up the past. We could go back to John A. Macdonald, if we want to do that. We see it and we live it every day in this place.

If the government is serious about accomplishing these things and if it is serious about aiding the provinces in the administration of this new youth justice act, it should not simply spout figures like the \$206 million that is going to be handed to the provinces in the next three years, it should live up to the commitment that was originally intended and that was that the federal government would pick up 50% of the tab when it came to the administration of justice and the administration of this new youth criminal justice act.

I, like other members of the House, look forward to participating at the committee level, proposing changes, working with my colleagues, both in opposition and on the government side, to achieve these laudable goals.

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Madam Speaker, I would like to pick up where my friend from the Progressive Conservative Party left off. He made some very valid points and I will focus on a few of them.

What we have to focus on is that every single young offender, every single youth who comes before our courts, the ones who commit the most serious offences, who are incarcerated, are going to be released into society. I agree with him absolutely that we need funding for this.

The Young Offenders Act will be re-packaged. There will be a new bow put on the package, with a few new dressings on the outside and it will now be called the youth criminal justice act, but we will basically have the same thing.

I held a one-day seminar at a high school in my riding and I invited the head youth provincial court judge, Judge Chaperon, to participate in the seminar. She brought up a very disturbing fact that happens within our youth justice system, which boils down to what my friend was focusing on, and that is the lack of resources. Her biggest frustration is not being able to give the youth in our justice system the help they need. The resources from the federal government are not there, although, again, it mentions the \$206 million.

She told me that over 50% of the people who are in the youth detention centre in Victoria have one form of psychological problem or another. However, they do not have the resources to give them the counselling and the programs they need to turn them around and to make sure they do not come back.

The government has the responsibility to make sure that it puts the resources out there so that the provinces will have the tools they

need to provide the rehabilitation that is so necessary. Warehousing these youth, locking them up and not doing anything with them while they are in the warehouse, not ensuring that they are getting anger management, drug counselling and psychological counselling from experts before they are released into society, is a waste of time. We have to focus on that. That is one area in which the government has really been slack.

• (1740)

Another area, and my hon. friend also brought this up, is the involvement of parents in the youth justice system. I do not think the government has really done anything there.

Under section 7.2 of the old Young Offenders Act if a youth was incarcerated and the judge was going to release them the judge had a tool whereby the parent could be forced to sign an undertaking that they would report any breaches of the conditions. It could be a curfew, going to school or attending a certain program. It could be anything. If that young offender breached one of those conditions, it was absolutely imperative that the adult or whoever signed the undertaking report it to the authorities. It is not forcing parents to make sure they have control over their children, but when they lose control they must report it to the authorities.

There is a positive step. The old penalty was up to six months and the new penalty is up to two years. I agree with my hon. colleague from Surrey North. As he put it, maybe that will be the incentive required to make parents fulfill their obligation, because in many respects they are not. In the personal situation of my good friend from Surrey North that did not happen.

I think we need to go one step further. We need to make sure that we press charges, especially in the most violent cases where there is absolutely no excuse for them not to report it or where we can absolutely show that it was a blatant abuse of the system and they did not report it when they knew about. I would submit that is not happening now. That is something we should be doing.

My hon. colleague from West Vancouver—Sunshine Coast spoke about the importance of prevention. I really want to emphasize that. That is where we need to be going in our youth justice system. We have to look at prevention at the front end. We do not want our youth put into warehouses and locked up. We want to make sure they are productive members of society. There are programs, such as the head start program put forward by the hon. member for Esquimalt—Juan de Fuca in Motion No. 261, which would go a long way to achieving some of these goals.

At the end of the day we are now getting this new youth justice bill and I do not think it is going to change a whole lot, as my colleagues have stated. I do not think the government is putting the resources into it that are required. I do not think it is compelling the parents enough to participate in the process.

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There should be a section in the bill which makes it mandatory for parents or guardians of all young offenders, at all levels, to be present in the courtroom. That is not happening now and it will not happen under the new youth justice bill. For any young offender who is before the courts, it should be absolutely mandatory that a parent be there to participate in the process. We know that young offenders are going to be released into society. If they are going to succeed, then they are going to need that parental support and we should be making it mandatory.

Again, I want to focus on the resources. I have practised criminal law within the youth justice system and my own experiences show that if we are going to make the changes necessary, then we have to make sure that we provide the resources necessary so that when our youth go askew, when they fall under the cracks, there is accountability and that our number one goal is not to warehouse them but to put them back into society in a productive manner. To do that the people in our justice system will need resources and tools. Under this bill they will not have them. The \$206 million does not even come close to cutting it.

An hon. member: That is over three years.

Mr. Gary Lunn: I have just been reminded that that will be over three years.

Again, I will bring this back to Judge Chaperon from Victoria, who is a youth court judge. That is her biggest frustration. The resources are not there so that when these kids go askew she can make sure they get the help they so desperately need.

In many cases they had disastrous family backgrounds which are absolutely beyond imagination. It is up to us as a society to make sure we can give them at least a fighting chance, get them into counselling programs or life skills programs or whatever they need. If they need psychological help we could provide it, but that is not there.

• (1745)

My colleague from the Progressive Conservatives also talked about Quebec and the opt out provision. I personally do not think that we should be giving a province an opt out provision. We need a national youth justice program. The reason it is fighting for it is that what is on the table is not adequate. It is not the answer.

At the end of the day there is no question we have seen the same Young Offenders Act. There will not be a lot of difference. There has been some tinkering, but there will not be much change in how we administer our youth justice system. We have lost the confidence of the Canadian people. We have lost the confidence of the public. We have to restore that.

There has to be accountability and a twofold approach. When we get them before the courts in the beginning we need a tough love

approach. Let us deal with them. Our number one goal is to make sure that they never come back into the justice system again. I am not talking about incarceration. I am talking about tough programs and curfews that are mandatory so that they will not want to come back. It will not be an easy ride. It will also deal with the rehabilitative side.

Obviously there will be a second approach for the few that go askew and will commit these incredible and horribly violent offences. There will be accountability and we will deal with them in a severe way so it will not carry on.

At the end of the day we have to restore the confidence of the Canadian people in our youth justice system. Unfortunately the bill basically repackages the Young Offenders Act with a new outside but the same interior.

The Speaker: I am going to make a comment that is not on the bill. I have watching these debates for most of the day and I see that more and more members are speaking without notes. I compliment the hon. member; I was here for his talk. I think that is great.

[*Translation*]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, you will be pleased to know that I too do not have a prepared speech to read and put the House to sleep with.

Allow me to begin with an important quote, which could guide our discussions today. It is from the report submitted by the Jasmin task force, established by the Government of Quebec to look into the application of the Young Offenders Act.

This excerpt is important in the context of the current debate.

The Jasmin report states:

It is often easier to change a law than to change practices of intervention. It may be tempting to think that tougher legislation is the answer to the problems of delinquency.

Simplistic responses blind us to the full extent of complex problems and create the false impression that we are doing what is necessary to resolve them.

One such simplistic response is substituting get-tough measures for educational approaches. This, however, overlooks the fact that adolescents are still in the process of learning, and it means they are being saddled with full responsibility for delinquency, as if the society and environment they live in had nothing to do with it.

In today's debate, this should be a beacon guiding the minister as regards the bill before us. But that is not what the Liberal Party is doing. The minister should have travelled across the country to explain that, as far as young offenders are concerned, the best policy is the one advocated by Quebec, but she did not do that.

Instead, the minister decided to reform herself. She decided to adopt the philosophy of western cowboys. Members will recall that

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the cowboy approach to young offenders was simple: shoot first and ask questions later.

Listening to my colleagues from the Reform Party and the Progressive Conservative Party, I could not help but wonder if the hanging would be reintroduced. Why not have public hangings while we are at it? The Reformers and the Conservatives are going a little too far.

I condemn the Liberal government for moving toward such radical solutions. It is not by changing the law to make it tougher and by imposing exemplary sentences that we will solve the problem with regard to young offenders.

• (1750)

I think Quebec's approach was better. Unfortunately, as usual, the minister and her cabinet colleagues simply ignored that approach. She will engage in a big centralizing exercise. We will have to wait and see how it will fit in with the various provincial justice systems. We already know there will be a problem in Quebec.

The minister claims, among a lot of other things, that the existing legislation is not clear. However, statistics do not lie. The crime rate in Quebec is the lowest in Canada. Why has the minister not taken Quebec as model instead of embracing the philosophy of the Reform Party and western Canada and bringing forward such a harsh piece of legislation to deal with young offenders? She even found a way to criticize everything that is related to Quebec's justice system and police forces.

The Government of Quebec does not agree with the minister's bill. The Barreau du Québec does not agree. Most criminologists have expressed great concern about the minister's approach. Youth centres, which deal with young offenders and see to it that they are rehabilitated instead of punished and put into a system they will never get out of, have expressed their opposition to the minister's proposal. And so has Quebec's president of the bar.

I did not take many examples from the law, but one that caught my eye is the one about publishing the names of the young offenders. We consider this totally counterproductive. Juvenile delinquency breeds new recruits for gangs like the Hell's Angels and the Jokers. When a juvenile delinquent is planning a career with the Hell's Angels, and his name appears in the papers, he need only report to the Hell's Angels and say "See what a naughty brat I am. I am ready to take over in a motorcycle gang".

It seems to me that publishing the name of these young people is counterproductive. This is one of the measures I found in the bill. There are a lot more.

What we have before us today is again two systems and two values. The Quebec system believes in rehabilitation. Under the Quebec system, all the energies of the justice system and the police forces must go toward rehabilitating young offenders who have not reached the age of majority. The solution is not to send them to a

harsh prison setting where there is absolutely no chance of rehabilitation.

Quebec considers it important to give young people who have committed an offence, whatever the offence, the opportunity to rehabilitate themselves. Unfortunately, I think that the minister opposes this. As usual, she holds the philosophy of centralization under which all of Canada's justice systems, Quebec's or that of other provinces, must align with the federal system. That is totally deplorable.

There are not just the visions of Quebec and Canada that differ. There are also two visions in the area I hold dear, Indian affairs. In most provinces, except in Quebec maybe, the rate of incarceration of young natives is very high.

Some people understood how to deal with the issue in Quebec. A travelling judge used to go to northern Quebec and attend what they call sentencing circles. When a young native had a crime problem, people gathered in a room and asked the community "What can we do, by using a healing circle, to reintegrate this teenager?" Some extraordinary things are being done in Quebec but unfortunately not elsewhere.

This judge was Jean-Charles Coutu. He travelled to the far north on a regular basis to solve problems. Contrary to many judges and indeed to the minister's philosophy, this judge sat down and, after having heard the evidence and before sentencing, he would listen to what the community had to suggest in order to rehabilitate the young offender.

On numerous occasions, the judge agreed with the healing circle and said "I will sentence this young person according to what you told me and we will see how successful rehabilitation will be".

• (1755)

The rate of success was very high. Besides avoiding overpopulating jails, they succeeded in rehabilitating those young people.

This is why it is regrettable that the minister is leading us down a different path and taking a hardline approach. Unfortunately, the Bloc Québécois will have to vote against this bill, for the main reasons I have just given.

The Speaker: Once more, I wish to congratulate you. Except for the short quotation, you spoke without any notes.

[English]

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Mr. Speaker, I am pleased to finally get a chance to speak to the

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government's attempt to revise and update the Young Offenders Act. Contrary to popular belief, this is something for which Canadians from coast to coast to coast have been calling for years, not just cowboys from western Canada.

I find it ironic that my party gets abused for this. We are portrayed as insensitive and tough minded when it comes to criminals, yet the first thing the Liberals do when they trot out their latest effort is to brag about how tough minded it is. I guess we could say that it is pretty insensitive too, but in this case it is insensitive to the wishes of a majority of Canadians and certainly my constituents who are looking for a little more meat on the bones.

The youth criminal justice act like other legislation that has percolated up through months or years of consultation and study contains a germ of good intentions. Section 6 formalizes the role of police to correct the actions of young offenders who have committed minor infractions.

Over the last few years our justice system has been bogged down with the rights of the criminal to the point that police find themselves on the defensive after carrying out their duties. What was acceptable on one occasion is found unacceptable by a later court. This process has made the officer's ability to deal with people frustrating and time consuming.

At a town hall meeting one year ago my constituents told me that for first time and minor offences rehabilitation is the top priority. Local authorities must have the option of running programs that suit local conditions and that bring young offenders face to face with their victims and the impact of their thoughtless actions. It is kind of based on the sentencing circle model we see being used in the aboriginal communities.

I was told that young people must have respect for the justice system. I believe that is something which cannot be started young enough. The problem with Bill C-68 is that it leaves this concept up to a variety of jurisdictions, a lot of them overlapping, and it includes no money to encourage a system of diversionary programs.

We are all in favour of civil rights and no one wants to see anyone victimized by overzealous authorities. Unfortunately what we too often see these days is the concept of human rights being twisted and reinterpreted to what is more acceptable to special interest groups and their particular needs rather than the acceptance of everyone as being equal under the law. This undermines the job of the police which is to keep the general peace and apply the law equally to anyone who breaks it.

Young criminals see that concept operating and lose respect for the law while they take advantage of the loopholes. I realize these are qualifications. There is such a thing as diminished capacity that suggests younger people cannot frame the moral implications of

what they are doing with the same sophistication as a mature adult, but this does not mean there should be no consequences, only different ones. I would hope the young people of the country still have enough respect for the police to listen and alter their behaviour when a man or a woman in blue comes calling.

In rural areas, allowing police to use discretion and deal openly with the young offender and his parents may save a lot of time and trouble. The problem then becomes whether we can be assured there will be enough officers to go around. With the financial abuse suffered by the RCMP at the hands of the government it is not a hopeful picture. Bill C-68 does not promise any relief for hard pressed police forces in this respect, or community programs for that matter.

It is ironic that the justice minister would choose to number this bill with the same designation as the previous gun control bill. We see over \$200 million being wasted there when it could certainly help prevent crime by being invested in our youth.

I congratulate my colleague from Crowfoot for his excellent work in bringing forward the perspective of frontline police officers. His name is not on the bill but his ideas are certainly stamped there. Maybe in his lifetime we will see real change in the country, in the words of the minister, "in a timely fashion".

I notice in section 8 the crown prosecutors may likewise be authorized to issue cautions rather than proceed with court action. This can be different from province to province according to the whims of each attorney general and can undermine the work of the police. I realize that criminal cases cannot go forward on the exclusive say-so of the police, but we do see instances where overworked crown attorneys trade off low profile cases for higher ones to the frustration of the frontline officers. I also note there is a great deal in the bill about diversion or, as the government terms it, extra judicial measures.

• (1800)

Contrary to government spin, I do not believe that any of the Reformers or the two million Canadians who voted for us are interested in filling our jails with young people. That is not the answer. We had the unfortunate spectacle of the justice minister claiming we want to jail 10 year olds and I am sure even she regrets playing these political games in order to score points.

The entire justice committee heard and put forward in the report the need for action expressed by Canadians. My constituents said that 16 and 17 year old repeat violent offenders should be treated as near adults rather than near children. I will repeat that. We are talking about repeat violent offenders being treated as near adults rather than near children.

Young children are being targeted for participation in criminal activities by older youth offenders and career criminal adults who believe they are untouchable and maybe will remain so under this

Government Orders

redecorated bill. Unless 10 year olds are taken under wing by the justice system, especially a stronger system than we see today, they will be headed for future problems that all of society ends up paying for.

The member for Surrey North has logged countless hours with diversion programs that work. Every clear-thinking Canadian would like to see young people corrected before their misbehaviour leads to serious jail time.

The Liberal version of extra judicial measures has enough holes in it to drive a stolen car through. The definition of offenders who will be eligible for diversionary programs can include those very car thieves, drug traffickers and break and enter criminals as long as they do not "cause or create a substantial risk of causing bodily harm". That is a loose term.

Like so many other statutes in law, this is open to interpretation. I can imagine courts taking up time defining what has happened before ever getting around to deciding what to do about it.

I wonder if teenagers out on a joy ride in a stolen car represent a substantial risk of causing bodily harm or an insubstantial one. I guess it depends on whether they run over anyone or not. Does whacking another fellow on the head with a lead pipe constitute more of a risk causing bodily harm than whacking him on the knee? I guess it all comes down to interpretation.

In section 9 we see that evidence of an offender having received extra judicial measures or special status on previous occasions is not admissible for proving prior offending behaviour. Like the closed file that we have now, the record of trouble with the law cannot be entered as evidence that the person is a repeat offender. The youth is safe again. This means that young offenders and drug traffickers could be diverted from serving jail time over and over again. They will not be called repeat offenders, never having been designated as repeat offenders, because each case will be or may be treated as a one time event. We can hope that this will not happen in practice but the opening is definitely there to be tested.

The definitions are all open to interpretation and challenge. As I said, our clogged court system will spend more time chasing its own tail and it will vary from province to province.

My constituents at the town hall meeting said that the central concept of the youth justice system must be that actions have consequences and that legal actions will bring swift and appropriate punishment. Instead, Bill C-68 brings more arguments between judges and lawyers. I guess that is a perverse Liberal job creation.

It is in the area of definitions and interpretations that gets us most in trouble. The justice minister has said that there are competing visions for competing cultures in law. She seemed to suggest there is a simplistic vision which wants to jail all transgres-

sors and a more compassionate vision which wants to be flexible and helpful.

As every parent knows, there is room for both of these approaches when bringing up our young people. Parents know that sometimes we have to be firm and say no. When the line is drawn, the consequences for crossing it must be immediate and relevant, scaled up or down to fit the nature of the situation. My constituents were clear on this very distinction.

It is ironic that a government that keeps claiming a role in raising the next generation refuses to make the tough choices that parents must do every day. We do not see clear lines drawn in the bill so much as circles. We read about what may be done or what should be happening in a variety of cases and in different jurisdictions. This could be interpreted as flexibility, but in light of the present state of underfunded, overworked and handcuffed police forces in the country, I think we can see it as an abdication of a government bent on being politically correct and offending as few groups as possible while turning the whole mess over to the courts. That is simplistic; just pass the buck but not the money.

The old adage, an ounce of prevention is worth a pound of cure, certainly defines the direction we must entertain regarding our youth justice.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I would like to speak to this bill and to remind the House that we are debating the amendment introduced by the hon. member for Laval Centre.

• (1805)

That amendment reads as follows:

That Bill C-68, an Act in respect of criminal justice for young persons and to amend and repeal other Acts, be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject-matter thereof referred to the Standing Committee on Justice and Human Rights.

Why has the Bloc Québécois introduced this amendment? Because, basically, this bill is unacceptable. It does not seek to improve the treatment given young offenders, ensuring that they may be rehabilitated or reintegrated into society. It has nothing to do with improving a system that might not be working properly at the present time and might need some improvement. What it does have to do with is vote seeking.

In western Canada, the mindset is more punitive. They would like to see far more severe measures. It would seem that the present government has decided to bow to the pressures from that part of the country and to bring in changes to a system that is already working very well. At least, it is working very well in Quebec. We

Government Orders

have a quite attractive record for our effectiveness at rehabilitating young people and reintegrating them back into society.

Quebeckers are not necessarily more peace minded than others but we in Quebec have developed good tools to give young people a second chance when their behaviour gets them in trouble with the law.

We have put a lot of energy into this, spent money, put structures in place and trained judges and lawyers. We have also trained many stakeholders so that first offenders are more generally dealt with at the community level, made to realize the seriousness of their actions, and put in a context where they are able to change their behaviour and not go back to their old ways.

There are provisions of the existing legislation that run contrary to this approach, and we find that totally unacceptable. First there is the publication of names.

The bill provides for the publication of the names of young persons having committed an indictable offence. This will be counterproductive. Young people who commit crimes as part of a gang are often looking for a way to gain recognition; to release information would only reinforce the negative aspects of their actions.

I believe this kind of attitude is more in keeping with the promotion of a punitive approach. This is not a good model. It has not yielded good results so far.

In Quebec we have developed our own approach. Statistics show that we are successful in rehabilitating young offenders. Most of them manage to find their place in society and live a normal life. This should be the purpose of such an act.

This purpose is not to make sure that we impose the harshest possible penalty on someone who committed a reprehensible act, but to make sure that the offender understands what he has done and that conditions are created whereby he will not reoffend but rather lead the life of a regular citizen.

In that sense, the existing legislation is effective. It fulfils its objectives. However, there is a prerequisite, which is the will to succeed. We must therefore invest the necessary energy and resources. If we take a totally different approach and say that it is not worth the effort, that it is pointless to invest in resources to rehabilitate young offenders, that we can always rely on the punitive approach, the model developed in Quebec cannot be successful.

We currently find ourselves in a very difficult situation in Canada. The government wants to change an act that works well. It is fundamentally effective. It allows us to achieve good results, but now they want to change it. We will find ourselves in a situation where, in spite of the minister's claims, the punitive approach, the negative approach will be prevalent all across Canada.

When judges will have to make a ruling in certain circumstances, the precedents will be such that, in the end, over the years, the new act will have an impact that could undermine the approach developed by Quebec.

• (1810)

Another important point is that incarceration is not a solution, and there is evidence of that everywhere in our society. Incarceration of a young person has often turned prison into a school of crime. A young person may have committed an offence once, and there are two choices for him or her. The first choice is to send that person to prison, where he or she can learn a lot of things for the rest of his or her life, for example how to engage in illegal activities or how to become part of the underworld. The second choice, which avoids incarceration, forces that young person to face the reality of our society, teaches him or her how to become self-confident and how to use the legal means that exist, and ultimately makes a responsible citizen out of him or her. I think it is an interesting example from that point of view.

I would invite the minister to take another look at the results achieved in Quebec. The essence of the amendment brought forward by the Bloc Québécois is to say that it is simply impossible today, with what we have, to make the changes the federal government wants us to make because we would be destroying a system that is working well.

There are enough things that need to be improved in our society without making changes in this area. Maybe people will say, 10, 15 or 20 years from now, that Quebec had the right approach. If we are very strict and if we put a lot of people in prison, we will have results that will look more like the American model, and I do not think that is what we want.

If some things need improving in the present legislation—no legislation is perfect—they can perhaps be improved, but not the way the bill has been drafted. As my colleague says, we must not throw the baby out with the bath water. What is needed are amendments that would let those provinces interested in adopting a model similar to Quebec's do so, with appropriate funding.

The bill should have included provisions allowing those governments who wish to do so to take a constructive approach and invest in approaches like youth courts, youth homes, all sorts of closed custody facilities, whatever is available. We encourage them to explore these avenues. Provinces who try this approach will see that it works. In Quebec, there are fewer long term jail sentences and crime has been down for several years now. This must be allowed to continue and the American model, with its increase in crime, avoided.

I have one final point. In the case of 14 and 15-year olds, the bill also contains a provision allowing a judge to base his decision directly on the Criminal Code, as though it were a case involving

Government Orders

an adult, rather than referring the case to an adult court. There is a world of difference because, as things now stand, when a judge wishes to have a young person sentenced on an adult basis, he simply refers him to the other court. At that point, a defence can be prepared accordingly, and judges and stakeholders, who are accustomed to working with a more community based model, the model developed by Quebec, take an approach different from the one taken when a youth is referred to another court.

The bill wanted to have these two models implemented in the same way by the same court, which would not, in my opinion, be a worthwhile solution.

In conclusion, then, we are faced here with a bill that needs reworking as far as its very principles are concerned. I invite the government and the entire Liberal deputation to influence the minister and the cabinet so that it will not seek to win votes at the expense of young offenders aged 13, 14 or 15, who have lots of other things to worry about besides a punitive approach that will follow them all their lives.

The Speaker: Allow me to congratulate the hon. member for speaking without written notes. That was very good.

• (1815)

[*English*]

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Mr. Speaker, there is an old expression, the elephant laboured and brought forth a mouse, except I think in this specific instance perhaps one could say more accurately the mouse laboured and brought forth a gnat.

What has the government actually accomplished after two long years of labour? There is a new name. The YOA is now the YCJA. That sounds like a song. From the government's point of view that is probably a good thing because the YOA was a lightning rod which attracted the anger of the Canadian people against the justice system of this country. Everything that was, is and probably will eternally be wrong, was indeed directed against that one specific act. So it had to be changed. There had to be a little sleight of hand, a little cosmetic surgery and it came up with a brand new bill which is supposed to have us all very excited.

There are some actual changes in the bill if one goes through the reams and reams of paper. There appear to be some changes. The age of responsibility with respect to sentencing for certain violent crimes has ostensibly been lowered to 14 years of age. Superficially this addresses a major public concern. There has been a lot of outcry about that over the last few years, but what has actually been done is merely to create a treasure trove for lawyers.

In order to get the 14, 15, 16 and 17 year olds into the adult justice system for sentencing, there has to be a court battle, a trial within a trial because any young person so charged can, through his or her lawyer, apply to the court to have his or her sentencing done in youth court. Naturally nobody will pass up the opportunity, so there will be eternal legal battles as to who will be sentenced as an adult and who will be sentenced as a youth.

This is an act written by lawyers for lawyers. Of course we all know that lawyers do look after their own. The justice minister recently found \$83,000 in her stocking to reward a lawyer who also just happens to be a Liberal hack for three months of work. What a great example to set for the kids.

I had a letter from a constituent who said he wished we could pass a law making it illegal for lawyers to sit in parliament. I do not know how far that would go but perhaps it is worthy of some consideration.

Bill C-68 fails to address the major public complaint against the Young Offenders Act. That is the lack of accountability for repeat or serious offenders who happen to be less than 12 years old. The minister babbles interminably and incoherently that inclusion of 10 and 11 year olds within the youth justice system process would be "barbaric". However she refuses to accept the reality that these children desperately need help, help that they are clearly not getting from the provincial child welfare and mental health systems on which they are dumped by the justice system because there are no alternatives.

Hundreds of kids are reoffending and laughing at the powerlessness of their social workers while feeling deeply hurt by the disinterest of their parents. By the time they reach their teens, they are hardened little criminals. We have to do something for these youngsters.

Most proponents of the idea that there should not be any legislation governing 11 and 12 year olds have the curious idea that young children cannot make reasoned decisions, that they are incapable of being judgmental. Those people certainly have not raised any kids. They have never been confronted with the guile of even the most benign and sensitive 11 year old.

• (1820)

On the good side, this bill will permit publication of names of young offenders more than 14 years old who qualify for adult sentences or who received a youth sentence for a particularly heinous crime. But again there is no certainty, again there is room for dispute, so let us call that initiative half good.

Alternative sentencing for first time non-violent offenders is, in my opinion, only common sense, as long as it is indeed limited to such offenders and not extended to young thugs who cause bodily

Government Orders

harm. Similarly it should not be extended to old thugs who cause bodily harm and it sometimes is.

Diversion programs are also a very good idea, very laudable, but as my colleague from Battlefords—Lloydminster pointed out, the provision as written is wide open for abuse. There has to be some certainty in the law. This is all so wishy-washy, so poorly tied together. Again it is written by lawyers for lawyers. They can probably figure it out. They can find all the loopholes. They know where to jump to get over the barriers.

However it does not improve the justice system in this country by one iota. All it does is put a new coat of paint on the old YOA, and I think this is not an exaggeration, which almost everybody wanted to get rid of.

The government had the chance. It could have given us good law, but we are right back almost where we started from.

[*Translation*]

Before concluding, I would like to voice my objections to the string of insulting comments the Bloc Québécois has been making about the west and westerners.

Imagine the fuss there would be if we dared to make such comments about la Belle Province. Attacks like these are revolting.

The Speaker: I congratulate the hon. member on his speech.

[*English*]

Mr. Mark Muise (West Nova, PC): Mr. Speaker, I am pleased to rise before the House today to debate the government's new youth justice strategy.

For months, even years, Canadians from across the country have been calling on government to get tougher with youth crime. The recent highly publicized events that took place in Colorado and Alberta and the murder of young Reena Virk in B.C. have pushed this issue one step further. They are vicious acts which really need to be addressed.

I believe all provinces were united in their belief that immediate steps had to be taken to protect society against individual youths who for whatever reason have chosen to follow the path of hate and destruction. Calls from throughout Canada could be heard in support of amending the Young Offenders Act to more aptly respond to the more serious acts of violence that all too often are threatening our friends and family.

[*Translation*]

There is no doubt that our justice system needs a major overhaul as it concerns young offenders. Canadians have become tired of hearing that young criminals do not pay enough for the error they commit against our society.

[*English*]

There is no question that the time has long since passed whereby those youth who commit violent crimes finally pay their debt to society. It is with this realization that the provincial justice ministers met with the federal justice minister to discuss appropriate ways of implementing changes to the Young Offenders Act, changes that would reflect society's revulsion toward the leniency the present system has been according to our young offenders.

It was only natural that Canadians awaited the change to the Young Offenders Act with great anticipation. Finally they thought that this government was committed to cracking down on young offenders. Finally they thought that the government was going to take youth crime seriously.

• (1825)

Canadians from coast to coast were bitterly disappointed to discover that the government was not serious in its commitment to try to put an end to youth crime. They found out instead that the government was only interested in providing cosmetic changes that fell far short of what the provinces wanted and what the Canadian electorate expected in terms of protection against youth crime.

One of our key recommendations put forth to the minister was the lowering of the age of application for the Young Offenders Act from the age of 12 to 10 years. It was a private member's bill before the House. Although this request received wide ranging support across the country, the minister chose to ignore this recommendation. This was in spite of the fact that offenders have progressively become younger. This begs the question why the federal minister would ignore the advice of not only her provincial counterparts but also of her experts who recommended that this particular change be accepted.

[*Translation*]

The federal minister wants us to believe that young offenders under 12 years of age will be better served in facilities for youth than in prison.

How can that be possible, when the federal government first refused to honour the agreements in the first bill on young offenders? And now, in this new bill, it is not even offering 50% of the money needed to provide these programs to our young offenders.

[*English*]

The government did not live up to the funding agreements contained in the previous Young Offenders Act. This act does nothing to restore the federal share of funding for youth justice. The lack of financial resources contained within the new youth criminal justice act can only result in more youth falling through the cracks.

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This piece of legislation specifically ignores provincial demands for mandatory minimum sentences for weapons offences. I think it is quite reasonable to expect that Canada's legal system operate in uniformity when it comes to passing judgments against our young offenders. The Liberal government could well have provided some direction to our provincial justice ministers. Instead it chose to once again ignore their requests.

The size and complexity of the clauses and subclauses contained within this bill will invariably lead to confusion and further backlog in our courts. Our judicial system is already struggling with huge caseloads and serious lack of resources. This act will serve only to further complicate crown prosecutors and judges about their respective roles in the youth justice system and will not adequately serve Canadian interests.

There have been many reasons associated with committing crime among Canada's youth. It has often been suggested by some that one of the reasons behind youth crime is that they find themselves living in extreme poverty. Although I do not believe that poverty in itself is a cause for youth crime, it certainly can be a mitigating factor.

Like the Young Offenders Act, the government has also failed to address poverty. Millions of Canadians continue to struggle to survive while living in poverty. Over 1.5 million Canadian children live in poverty. Our party has been working with poverty for the last while. The government showed Canadians its true commitment to Canada's poor when it voted against Bill S-11, a bill that would help improve their lives by adding social condition as a prohibited ground for discrimination.

The government had an opportunity to make a profound and lasting impact on Canada's justice system that would serve all Canadians for years to come. Instead the government chose to employ smoke and mirrors in hopes of giving the appearance of strengthening legislation when in fact its changes fall far short of what the provinces expected and what Canadians demanded.

• (1830)

Like most Canadians, I am disappointed with the contents of the bill. It will not have the desired effect of helping our judicial system combat youth crime in Canada. Therefore, I must oppose this proposed legislation.

* * *

[*Translation*]

BUDGET IMPLEMENTATION ACT, 1999

The House resumed from May 6 consideration of the motion that Bill C-71, an act to implement certain provisions of the budget tabled in parliament on February 16, 1999, be read the third time and passed.

The Speaker: It being 6.30 p.m., the House will now proceed to the taking of the deferred division on the motion at third reading of Bill C-71.

Call in the members.

• (1855)

[*English*]

And the bells having rung:

Mr. John Nunziata: Mr. Speaker, it is my intention to vote in favour of Bill C-71.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 420*)

YEAS

Members

- | | |
|----------------------------------|--|
| Adams | Alcock |
| Anderson | Assad |
| Assadourian | Augustine |
| Axworthy (Winnipeg South Centre) | Baker |
| Bakopanos | Barnes |
| Beaumier | Bélair |
| Bélangier | Bellemare |
| Bertrand | Bevilacqua |
| Blondin-Andrew | Bonin |
| Bonwick | Boudria |
| Bradshaw | Brown |
| Bryden | Bulte |
| Byrne | Caccia |
| Calder | Cannis |
| Caplan | Carroll |
| Catterall | Cauchon |
| Chamberlain | Charbonneau |
| Cloutier | Coderre |
| Collenette | Comuzzi |
| Copps | Cullen |
| DeVillers | Dhaliwal |
| Dion | Drouin |
| Duhamel | Easter |
| Finestone | Finlay |
| Folco | Fontana |
| Fry | Gallaway |
| Godfrey | Goodale |
| Graham | Gray (Windsor West) |
| Grose | Guarnieri |
| Harb | Harvard |
| Hubbard | Ianno |
| Iftody | Jackson |
| Jennings | Jordan |
| Karetak-Lindell | Karygiannis |
| Keys | Kilger (Stormont—Dundas—Charlottenburgh) |
| Kilgour (Edmonton Southeast) | Knutson |
| Kraft Sloan | Lastewka |
| Lavigne | Lee |
| Leung | Limoges (Windsor—St. Clair) |
| Lincoln | Longfield |
| MacAulay | Mahoney |
| Malhi | Maloney |
| Manley | Marleau |
| Massé | McCormick |
| McGuire | McKay (Scarborough East) |
| McLellan (Edmonton West) | McWhinney |
| Mifflin | Mills (Broadview—Greenwood) |
| Minna | Mitchell |
| Murray | Myers |
| Nault | Normand |
| Nunziata | O'Brien (London—Fanshawe) |
| O'Reilly | Pagtakhan |
| Paradis | Parrish |
| Patry | Peric |
| Peterson | Pettigrew |
| Phinney | Pickard (Chatham—Kent Essex) |

Government Orders

Pillitteri	Pratt
Proud	Provenzano
Reed	Richardson
Robillard	Rock
Saada	Scott (Fredericton)
Sekora	Serré
Shepherd	Speller
St. Denis	Steckle
Stewart (Brant)	Stewart (Northumberland)
St-Julien	Telegdi
Thibeault	Torsney
Ur	Valeri
Vanclief	Volpe
Wappel	Whelan
Wilfert	Wood—142

NAYS

Members

Abbott	Ablonczy
Anders	Bachand (Richmond—Arthabaska)
Bachand (Saint-Jean)	Bailey
Bellehumeur	Benoit
Borotsik	Brien
Brison	Cadman
Casson	Chrétien (Frontenac—Mégantic)
Crête	Cummins
Dalphond-Guiral	Davies
de Savoye	Debien
Desjarlais	Dumas
Duncan	Epp
Gagnon	Gauthier
Gilmour	Goldring
Grey (Edmonton North)	Guay
Hanger	Harris
Harvey	Hill (Macleod)
Hill (Prince George—Peace River)	Hilstrom
Jaffer	Johnston
Jones	Keddy (South Shore)
Konrad	Laliberte
Lalonde	Lebel
Lefebvre	Lill
Loubier	Lunn
MacKay (Pictou—Antigonish—Guysborough)	Mancini
Manning	Marchand
Martin (Esquimalt—Juan de Fuca)	Martin (Winnipeg Centre)
McDonough	Meredith
Morrison	Muise
Nystrom	Obhrai
Picard (Drummond)	Price
Proctor	Ramsay
Reynolds	Ritz
Rocheleau	Schmidt
Solberg	Solomon
Stinson	Stoffer
Strahl	Thompson (Wild Rose)
Turp	Venne
Williams—77	

PAIRED MEMBERS

Bennett	Bergeron
Cardin	Chan
Discepola	Dromisky
Duceppe	Eggleton
Laurin	Marceau
Marchi	Martin (LaSalle—Émard)
Ménard	Mercier
O'Brien (Labrador)	Perron
Redman	St-Hilaire
Szabo	Tremblay (Rimouski—Mitis)

The Speaker: I declare the motion carried.

(Bill read the third time and passed)

NATIONAL HOUSING ACT

The House resumed from May 7 consideration of the motion that 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, be read the third time and passed.

The Speaker: The next deferred recorded division is on the motion at the third reading stage of Bill C-66.

Mr. Bob Kilger: Mr. Speaker, I rise on a point of order. I believe you would find consent to apply the results of the vote just taken to the question now before the House.

• (1900)

The Speaker: Is there agreement to proceed in such a fashion?

Some hon. members: Agreed.

Mr. John Nunziata: Mr. Speaker, it is my intention to vote against Bill C-66.

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 421)

YEAS

Members

Adams	Alcock
Anderson	Assad
Assadourian	Augustine
Axworthy (Winnipeg South Centre)	Baker
Bakopanos	Barnes
Beaumier	Bélaïr
Bélangier	Bellemare
Bertrand	Bevilacqua
Blondin-Andrew	Bonin
Bonwick	Boudria
Bradshaw	Brown
Bryden	Bulte
Byrne	Caccia
Calder	Cannis
Caplan	Carroll
Catterall	Cauchon
Chamberlain	Charbonneau
Clouthier	Coderre
Collenette	Comuzzi
Copps	Cullen
DeVillers	Dhaliwal
Dion	Drouin
Duhamel	Easter
Finestone	Finlay
Folco	Fontana
Fry	Galloway
Godfrey	Goodale
Graham	Gray (Windsor West)
Grose	Guarnieri
Harb	Harvard
Hubbard	Ianno
Iftody	Jackson
Jennings	Jordan
Karetak-Lindell	Karygiannis
Keyes	Kilger (Stormont—Dundas—Charlottenburgh)
Kilgour (Edmonton Southeast)	Knutson
Kraft Sloan	Lastewka
Lavigne	Lee
Leung	Limoges (Windsor—St. Clair)
Lincoln	Longfield
MacAulay	Mahoney
Malhi	Maloney
Manley	Marleau
Massé	McCormick

McGuire
 McLellan (Edmonton West)
 Mifflin
 Minna
 Murray
 Nault
 O'Brien (London—Fanshawe)
 Pagtakhan
 Parrish
 Peric
 Pettigrew
 Pickard (Chatham—Kent Essex)
 Pratt
 Provenzano
 Richardson
 Rock
 Scott (Fredericton)
 Serré
 Speller
 Steckle
 Stewart (Northumberland)
 Telegdi
 Torsney
 Valeri
 Volpe
 Whelan
 Wood—141

McKay (Scarborough East)
 McWhinney
 Mills (Broadview—Greenwood)
 Mitchell
 Myers
 Normand
 O'Reilly
 Paradis
 Patry
 Peterson
 Phinney
 Pillitteri
 Proud
 Reed
 Robillard
 Saada
 Sekora
 Shepherd
 St. Denis
 Stewart (Brant)
 St-Julien
 Thibeault
 Ur
 Vanclief
 Wappel
 Willfert

NAYS

Members

Abbott
 Anders
 Bachand (Saint-Jean)
 Bellehumeur
 Borotsik
 Brison
 Casson
 Crête
 Dalphond-Guiral
 de Savoye
 Desjarlais
 Duncan
 Gagnon
 Gilmour
 Grey (Edmonton North)
 Hanger
 Harvey
 Hill (Prince George—Peace River)
 Jaffer
 Jones
 Konrad
 Lalonde
 Lefebvre
 Loubier
 MacKay (Pictou—Antigonish—Guysborough)
 Manning
 Martin (Esquimalt—Juan de Fuca)
 McDonough
 Morrison
 Nunziata
 Obhrai
 Price
 Ramsay
 Ritz
 Schmidt
 Solomon
 Stoffer
 Thompson (Wild Rose)
 Venne

Ablonczy
 Bachand (Richmond—Arthabaska)
 Bailey
 Benoit
 Brien
 Cadman
 Chrétien (Frontenac—Mégantic)
 Cummins
 Davies
 Debien
 Dumas
 Epp
 Gauthier
 Goldring
 Guay
 Harris
 Hill (Macleod)
 Hilstrom
 Johnston
 Keddy (South Shore)
 Laliberte
 Lebel
 Lill
 Lunn
 Mancini
 Marchand
 Martin (Winnipeg Centre)
 Meredith
 Muise
 Nystrom
 Picard (Drummond)
 Proctor
 Reynolds
 Rocheleau
 Solberg
 Stinson
 Strahl
 Turp
 Williams —78

PAIRED MEMBERS

Bennett
 Cardin
 Discepola
 Duceppe
 Laurin
 Marchi
 Ménard
 O'Brien (Labrador)
 Redman
 Szabo

Bergeron
 Chan
 Dromisky
 Eggleton
 Marceau
 Martin (LaSalle—Émard)
 Mercier
 Perron
 St-Hilaire
 Tremblay (Rimouski—Mitis)

Private Members' Business

The Speaker: I declare the motion carried.

(Bill read the third time and passed)

PRIVATE MEMBERS' BUSINESS

[English]

COMPETITION ACT

The House resumed from May 7 consideration of the motion that Bill C-393, an act to amend the Competition Act, 1998 (negative option marketing), be read the second time and referred to committee.

The Speaker: The next deferred recorded division is on the motion at the second reading stage of Bill C-393 under Private Members' Business.

We will take this vote as we usually do. The mover of the motion, the member for Sarnia—Lambton to my right, will have the first vote. Then we will have those in favour to my right, coming down to the front row and those in favour to my left, coming down from the fifth row to the front row.

• (1910)

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 422)

YEAS

Members

Abbott
 Adams
 Anderson
 Assadourian
 Axworthy (Winnipeg South Centre)
 Bailey
 Bakopanos
 Beaumier
 Bélanger
 Bertrand
 Blondin-Andrew
 Bonwick
 Boudria
 Brison
 Bryden
 Byrne
 Cadman
 Cannis
 Carroll
 Catterall
 Chamberlain
 Clouthier
 Collenette
 Copps
 Cummins

Ablonczy
 Alcock
 Assad
 Augustine
 Bachand (Richmond—Arthabaska)
 Baker
 Barnes
 Bélair
 Bellemare
 Bevilacqua
 Bonin
 Borotsik
 Bradshaw
 Brown
 Bulte
 Caccia
 Calder
 Caplan
 Casson
 Cauchon
 Charbonneau
 Coderre
 Comuzzi
 Cullen
 Davies

Government Orders

Desjarlais	DeVillers
Dhaliwal	Dion
Drouin	Duhamel
Duncan	Easter
Epp	Finestone
Finlay	Folco
Fontana	Fry
Galloway	Gilmour
Godfrey	Goldring
Goodale	Graham
Gray (Windsor West)	Grey (Edmonton North)
Grose	Guarnieri
Hanger	Harb
Harris	Harvard
Harvey	Hill (MacLeod)
Hill (Prince George—Peace River)	Hillstrom
Hubbard	Ianno
Iftody	Jackson
Jaffer	Jennings
Johnston	Jones
Jordan	Karetak-Lindell
Karygiannis	Keddy (South Shore)
Keys	Kilger (Stormont—Dundas—Charlottenburgh)
Kilgour (Edmonton Southeast)	Knutson
Konrad	Kraft Sloan
Laliberte	Lastewka
Lavigne	Lee
Leung	Lill
Limoges (Windsor—St. Clair)	Lincoln
Longfield	Lunn
MacAulay	MacKay (Pictou—Antigonish—Guysborough)
Mahoney	Malhi
Maloney	Mancini
Manley	Manning
Marleau	Martin (Esquimalt—Juan de Fuca)
Martin (Winnipeg Centre)	Massé
McCormick	McDonough
McGuire	McKay (Scarborough East)
McLellan (Edmonton West)	McWhinney
Meredith	Mifflin
Mills (Broadview—Greenwood)	Minna
Mitchell	Morrison
Muise	Murray
Myers	Nault
Normand	Nunziata
Nystrom	Obhrai
O'Brien (London—Fanshawe)	O'Reilly
Pagtakhan	Paradis
Parrish	Patry
Peric	Peterson
Pettigrew	Phinney
Pickard (Chatham—Kent Essex)	Pillitteri
Pratt	Price
Proctor	Proud
Provenzano	Ramsay
Reed	Reynolds
Richardson	Ritz
Robillard	Rock
Saada	Schmidt
Scott (Fredericton)	Sekora
Serré	Shepherd
Solberg	Solomon
Speller	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	Stinson
St-Julien	Stoffer
Strahl	Telegdi
Thibeault	Thompson (Wild Rose)
Torsney	Ur
Valeri	Vanclief
Volpe	Wappel
Whelan	Wilfert
Williams	Wood—196

NAYS

Members

Anders	Bachand (Saint-Jean)
Bellehumeur	Benoit

Brien	Chrétien (Frontenac—Mégantic)
Crête	Dalphond-Guiral
de Savoye	Debien
Dumas	Gagnon
Gauthier	Guay
Lalonde	Lebel
Lefebvre	Loubier
Marchand	Picard (Drummond)
Rocheleau	Turp
Venne—23	

PAIRED MEMBERS

Bennett	Bergeron
Cardin	Chan
Discepola	Dromisky
Duceppe	Eggleton
Laurin	Marceau
Marchi	Martin (LaSalle—Émard)
Ménard	Mercier
O'Brien (Labrador)	Perron
Redman	St-Hilaire
Szabo	Tremblay (Rimouski—Mitis)

The Speaker: I declare the motion carried. Accordingly the bill stands referred to the Standing Committee on Industry.

(Bill read the second time and referred to a committee)

GOVERNMENT ORDERS

[English]

INCOME TAX AMENDMENTS ACT, 1998

The House resumed consideration of the motion that Bill C-72, an act to amend the Income Tax Act, to implement measures that are consequential on changes to the Canada-U.S. Tax Convention (1980) and to amend the Income Tax Conventions Interpretation Act, the Old Age Security Act, the War Veterans Allowance Act and certain acts related to the Income Tax Act, be read the third time and passed; and of the motion that the question be now put.

The Speaker: The House will now proceed to the taking of the deferred recorded division on the previous question at the third reading stage of Bill C-72.

Mr. Bob Kilger: Mr. Speaker, I rise on a point of order. If the House would agree I would propose that you seek unanimous consent that the members who voted on the first bill we voted on this evening, Bill C-71, be recorded as having voted on the motion now before the House, with Liberal members voting yea.

The Speaker: Is there agreement to proceed in such a fashion?

Government Orders

Some hon. members: Agreed.

Mr. Chuck Strahl: Mr. Speaker, Reform Party members present vote no to this motion.

[*Translation*]

Mrs. Madeleine Dalphond-Guiral: Mr. Speaker, the Bloc Québécois members will oppose the motion.

[*English*]

Mr. John Solomon: Mr. Speaker, members of the NDP vote no to this motion.

[*Translation*]

Mr. André Harvey: Mr. Speaker, the Progressive Conservative members present will vote no on this motion.

[*English*]

Mr. John Nunziata: Mr. Speaker, this motion is unparliamentary and undemocratic. On behalf of my constituents I will vote against it.

[*Translation*]

Mr. Réjean Lefebvre: Mr. Speaker, I support the motion.

[*English*]

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 423*)

YEAS

Members

Adams
Anderson
Assadourian
Axworthy (Winnipeg South Centre)
Bakopoulos
Beaumur
Bélanger
Bertrand
Blondin-Andrew
Bonwick
Bradshaw
Bryden
Byrne
Calder
Caplan
Catterall
Chamberlain
Clouthier
Collenette
Coppes
DeVillers
Dion
Duhamel
Finestone
Folco
Fry
Godfrey
Graham
Grose
Harb
Hubbard
Iftody
Jennings
Karetak-Lindell
Keys
Kilgour (Edmonton Southeast)
Kraft Sloan
Lavigne
Lefebvre
Limoges (Windsor—St. Clair)

Alcock
Assad
Augustine
Baker
Barnes
Bélair
Bellemare
Bevilacqua
Bonin
Boudria
Brown
Bulte
Caccia
Cannis
Carroll
Cauchon
Charbonneau
Coderre
Comuzzi
Cullen
Dhaliwal
Drouin
Easter
Finlay
Fontana
Galloway
Goodale
Gray (Windsor West)
Guarnieri
Harvard
Ianno
Jackson
Jordan
Karygiannis
Kilger (Stormont—Dundas—Charlottenburgh)
Knutson
Lastewka
Lee
Leung
Lincoln

Longfield
Mahoney
Maloney
Marleau
McCormick
McKay (Scarborough East)
McWhinney
Mills (Broadview—Greenwood)
Mitchell
Myers
Normand
O'Reilly
Paradis
Patry
Peterson
Phinney
Pillitteri
Proud
Reed
Robillard
Saada
Sekora
Shepherd
St. Denis
Stewart (Brant)
St-Julien
Thibeault
Ur
Vanclief
Wappel
Wilfert

MacAulay
Malhi
Manley
Massé
McGuire
McLellan (Edmonton West)
Mifflin
Minna
Murray
Nault
O'Brien (London—Fanshawe)
Pagtakhan
Parrish
Peric
Pettigrew
Pickard (Chatham—Kent Essex)
Pratt
Provenzano
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Rock
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Serré
Speller
Steckle
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NAYS

Members

Abbott
Anders
Bachand (Saint-Jean)
Bellehumeur
Borotsik
Brison
Casson
Crête
Dalphond-Guiral
de Savoye
Desjarlais
Duncan
Gagnon
Gilmour
Grey (Edmonton North)
Hanger
Harvey
Hill (Prince George—Peace River)
Jaffer
Jones
Konrad
Lalonde
Lill
Lunn
Mancini
Marchand
Martin (Winnipeg Centre)
Meredith
Muisé
Nystrom
Picard (Drummond)
Proctor
Reynolds
Rocheleau
Solberg
Stinson
Strahl
Turp
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Ablonczy
Bachand (Richmond—Arthabaska)
Bailey
Benoit
Brien
Cadman
Chrétien (Frontenac—Mégantic)
Cummins
Davies
Debien
Dumas
Epp
Gauthier
Goldring
Guay
Harris
Hill (MacLeod)
Hilstrom
Johnston
Keddy (South Shore)
Laliberte
Lebel
Loubier
MacKay (Pictou—Antigonish—Guysborough)
Manning
Martin (Esquimalt—Juan de Fuca)
McDonough
Morrison
Nunziata
Obhrai
Price
Ramsay
Ritz
Schmidt
Solomon
Stoffer
Thompson (Wild Rose)
Venne

Government Orders

PAIRED MEMBERS

Bennett
Cardin
Discepolo
Duceppe
Laurin
Marchi
Ménard
O'Brien (Labrador)
Redman
Szabo

Bergeron
Chan
Dromisky
Eggleton
Marceau
Martin (LaSalle—Émard)
Mercier
Perron
St-Hilaire
Tremblay (Rimouski—Mitis)

The Speaker: I declare the motion carried. The next question is on third reading of Bill C-72.

[*Translation*]

Mr. Bob Kilger: Mr. Speaker, I think you will find consent in the House to record the members who have just voted as voting on the motion now before the House, with Liberals voting yes.

[*English*]

The Speaker: Is there agreement to proceed in such a fashion?

Some hon. members: Agreed.

Mr. Chuck Strahl: Mr. Speaker, the taxes are too high. We are voting no to this motion.

[*Translation*]

Mrs. Madeleine Dalphond-Guiral: Mr. Speaker, the Bloc Québécois members will vote in favour of the motion.

• (1915)

[*English*]

Mr. John Solomon: Mr. Speaker, the taxes are unfair. The NDP members vote no to this motion.

[*Translation*]

Mr. André Harvey: Mr. Speaker, the Conservative members who are present will vote against the motion.

[*English*]

Mr. John Nunziata: Mr. Speaker, the government still has to scrap the GST, so I vote no to this motion.

[*Translation*]

Mr. Réjean Lefebvre: Mr. Speaker, I support the motion.

[*English*]

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 424*)

YEAS

Members

Adams
Anderson
Assadourian
Axworthy (Winnipeg South Centre)
Baker

Alcock
Assad
Augustine
Bachand (Saint-Jean)
Bakopanos

Barnes
Bélaïr
Bellehumeur
Bertrand
Blondin-Andrew
Bonwick
Bradshaw
Brown
Bulte
Caccia
Cannis
Carroll
Cauchon
Charbonneau
Clouthier
Collenette
Copps
Cullen
de Savoye
DeVillers
Dion
Duhamel
Easter
Finlay
Fontana
Gagnon
Gauthier
Goodale
Gray (Windsor West)
Guarnieri
Harb
Hubbard
Iftody
Jennings
Karetak-Lindell
Keyes
Kilgour (Edmonton Southeast)
Kraft Sloan
Lastewka
Lebel
Lefebvre
Limoges (Windsor—St. Clair)
Longfield
MacAulay
Malhi
Manley
Marleau
McCormick
McKay (Scarborough East)
McWhinney
Mills (Broadview—Greenwood)
Mitchell
Myers
Normand
O'Reilly
Paradis
Patry
Peterson
Phinney
Pickard (Chatham—Kent Essex)
Pratt
Provenzano
Richardson
Rocheleau
Saada
Sekora
Shepherd
St. Denis
Stewart (Brant)
St-Julien
Thibeault
Turp
Valeri
Venne
Wappel
Wilfert

Beaumier
Bélangier
Bellemare
Bevilacqua
Bonin
Boudria
Brien
Bryden
Byrne
Calder
Caplan
Catterall
Chamberlain
Chrétien (Frontenac—Mégantic)
Coderre
Comuzzi
Crête
Dalphond-Guiral
Debien
Dhaliwal
Drouin
Dumas
Finestone
Folco
Fry
Galloway
Godfrey
Graham
Grose
Guay
Harvard
Ianno
Jackson
Jordan
Karygiannis
Kilger (Stormont—Dundas—Charlottenburgh)
Knutson
Lalonde
Lavigne
Lee
Leung
Lincoln
Loubier
Mahoney
Maloney
Marchand
Massé
McGuire
McLellan (Edmonton West)
Mifflin
Minna
Murray
Nault
O'Brien (London—Fanshawe)
Pagtakhan
Parrish
Peric
Pettigrew
Picard (Drummond)
Pillitteri
Proud
Reed
Robillard
Rock
Scott (Fredericton)
Serré
Speller
Steckle
Stewart (Northumberland)
Telegdi
Torsney
Ur
Vanclief
Volpe
Whelan
Wood —162

Adjournment Debate

NAYS

Members

Abbott	Ablonczy
Anders	Bachand (Richmond—Arthabaska)
Bailey	Benoit
Borotsik	Brisson
Cadman	Casson
Cummins	Davies
Desjarlais	Duncan
Epp	Gilmour
Goldring	Grey (Edmonton North)
Hanger	Harris
Harvey	Hill (Macleod)
Hill (Prince George—Peace River)	Hilstrom
Jaffer	Johnston
Jones	Keddy (South Shore)
Konrad	Laliberte
Lill	Lunn
MacKay (Pictou—Antigonish—Guysborough)	Mancini
Manning	Martin (Esquimalt—Juan de Fuca)
Martin (Winnipeg Centre)	McDonough
Meredith	Morrison
Muise	Nunziata
Nystrom	Obhrai
Price	Proctor
Ramsay	Reynolds
Ritz	Schmidt
Solberg	Solomon
Stinson	Stoffer
Strahl	Thompson (Wild Rose)
Williams—57	

PAIRED MEMBERS

Bennett	Bergeron
Cardin	Chan
Discepolo	Dromisky
Duceppe	Eggleton
Laurin	Marceau
Marchi	Martin (LaSalle—Émard)
Ménard	Mercier
O'Brien (Labrador)	Perron
Redman	St-Hilaire
Szabo	Tremblay (Rimouski—Mitis)

The Speaker: I declare the motion carried.

(Bill read the third time and passed)

ADJOURNMENT PROCEEDINGS

[*English*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

AGRICULTURE

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):
Mr. Speaker, I am pleased to take part tonight in the adjournment proceedings to discuss the upcoming negotiations on agriculture within the World Trade Organization.

As I stated in the House on April 19, it is important that the government be familiar with the views of all parts of the agriculture sector that may be positively or adversely affected by the trade talks.

In Canada, agricultural trade is more often than not a small family business competing against the world's largest corporations. In many ways it is like David versus Goliath, which makes it vitally important that we have a strong, consistent federal government looking out for the interests of agriculture.

We need rules that let the small guy trade with the big. We are all for world trade, but only if the rules are applied equally. Let us look at the recent example of Canadian beef not being allowed access to the European Union. I support our government's efforts to get tough by using the rules already in place to take action against the EU.

Trade rules applied equally and fairly are sentiments shared by many groups, including the Canadian Federation of Agriculture, but also the Ontario wheat producers, Ontario pork producers and Ontario dairy farmers to name but a few from my province.

Horticulture too is import sensitive but export dependent. This sector is but one example of the great stake they hold in the talks.

These negotiations, scheduled for November 30 to December 3 in Seattle, are crucial to Canadian egg, dairy and poultry farmers. They want the WTO to focus on eliminating subsidies, suggesting that the United States and the European Union still continue to subsidize their farmers while Canada has lived up to its previous commitments.

It is great to be free traders in Canada, but the world also must be fair traders.

• (1920)

Tariff rate quotas must also be set realistically and not artificially inflated according to the amount the importing countries can actually accept or afford.

We have known for two years in advance that agriculture will be on the bargaining table at the next WTO talks. For those years meetings have been held by Agriculture Canada officials with a cross section of producers groups. Meanwhile, our supply management system has proven year in and year out its effectiveness.

The new issues that should emerge in Seattle this fall will deal with biotech products and single desk buying and selling. Canada currently cannot send genetically altered canola to Europe any longer because of their fear of genetics, based on Britain's mad cow disease.

Members will know that there are no black and whites in trade, just varying shades of grey. Thus it is important that Canada stick

Adjournment Debate

to a position based on the views of all our agriculture sectors and not trade one off against the other. It is a tough row to hoe because of the very complicated issues that will be discussed.

I remain hopeful that the World Trade Organization negotiations this fall will work toward implementing effective rules that will be fairly enforced enabling our agricultural producers to compete head on with a level playing field.

Mr. Joe McGuire (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I would like to thank the member for Lambton—Kent—Middlesex for her question. She is a strong member of the Standing Committee on Agriculture and Agri-Food. She has shown a great and abiding interest in Canada's upcoming negotiations with our WTO partners.

These are crucial talks and the government has a firm commitment to consult closely with the agriculture and food sector and with provincial governments before it establishes an initial negotiating position for the upcoming World Trade Organization negotiations on agriculture.

Recently in Ottawa, people from all parts of the agriculture and food sector and from all regions of the country came together to provide their advice about the elements of an initial Canadian position.

The conference heard that Canada should seek to eliminate export subsidies in the upcoming negotiations. Participants also indicated that Canada should push to improve market access, particularly with respect to minimum access commitments. Industry participants called for clearer rules and stronger disciplines on trade distorting domestic subsidies.

Finally, the industry indicated that Canada should continue to insist that health and safety standards should be based on science not emotion.

These are some of the main highlights of the discussion. The government has listened carefully to all the views expressed at the conference and they will be considered as we work to develop a negotiating position.

The Minister of Agriculture and Agri-Food and his provincial counterparts will discuss the outcome of the consultations at their meeting in Prince Albert this coming July. The government will then take a decision on an initial agricultural negotiating position that will truly reflect the needs and interests of Canadian agriculture in the food sector.

FISHERIES

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, my four minute speech will not be a love in like the one we just heard. The House is now going to hear some real opposition.

The auditor general recently came out with his report. Chapter 4 discusses the incredible deficiencies within the Department of Fisheries and Oceans. Recently I asked a question of the minister and got an answer back from the parliamentary secretary regarding shrimp discarding or high-grading.

About a year ago in committee, the member for Labrador asked if there was massive high-grading of shrimp and discarding of small pieces of broken shrimp going on within our 200 mile limit off the coast of Labrador. A letter from industry addressed to the Minister of Fisheries and Oceans and copied for all members of the Standing Committee on Fisheries and Oceans stated that high-grading was extremely rare and does not happen as massively or as proportionately as the member for Labrador had indicated.

In a recent meeting we had with the Minister of Fisheries and Oceans I asked if high-grading or discarding of shrimp happened within our 200 mile limit off the coast of Labrador? The answer was a very solid yes. The next question was how much of this was happening? The Minister of Fisheries and Oceans indicated that he did not know the answer.

It only leads us to believe that the member from Labrador, who is in the government's own party, was correct when he said there were very large amounts of high-grading and discarding of shrimp going on within the 200 mile limit. That begs the question: How can this happen?

The government has announced in its recent estimates for the Department of Fisheries and Oceans a further cut of 17%, totalling \$54 million, to science and research over the next three years. This is at a time when the world is clamouring for more scientific information.

• (1925)

We just heard the parliamentary secretary to the minister of agriculture say that what we need is good science. The auditor general has indicated, and I hope he is listening, that 5,000 scientists have been cut from the federal service. These are up and coming scientists, scientists with basic knowledge and long term knowledge of the various industries.

The government talks about needing better science. We cannot have better science if it keeps laying them all off. There are two things we can do to scientists to ruin their careers: take away their funding and discredit their reports. That is what happens here all the time.

We recently had a concern about seals. There were two prominent scientists from Newfoundland, who indicated we have to have a seal cull and the other indicated we cannot have a seal cull.

If the Department of Fisheries and Oceans is not the final source of good, solid, sound information, then where do the fishermen and their communities get this information from?

Adjournment Debate

I am asking the parliamentary secretary to answer the following questions. How can the government justify a \$54 million cut to science? What is the government doing about the high-grading of shrimp, that is the discarding of shrimp off our coastal waters? Will the government put science back into the information so that fishermen, plant workers, communities and the provinces can have sound, long term management plans for the fisheries off our east coast?

Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Mr. Speaker, we would not expect a love-in from the hon. member opposite but we certainly would like him to get his facts straight. He is considerably wrong on some of his facts this evening.

I will deal first with the high-grading of northern shrimp. There is no question the department is concerned about this practice which is illegal and wastes shrimp. As a result the minister announced increased observer coverage and comparisons of observed and unobserved catches in the inshore fishery. That is a practice that has been going on. There is greater evidence that kind of observer system works. It was talked about at committee the other day, I believe, by the minister.

This will provide better data on what is happening on the water and will allow the detection of violations. The auditor general, and I hope he is listening as well, commented positively on these measures as steps being taken by the department to better monitor the fishery and to better use observer data. That is a step forward.

The overriding concern of the minister is to conserve living marine resources and to ensure they are used in a sustainable manner. In all fisheries, decisions on quota levels are based on the best scientific information available. It is not just numbers of scientists. It is how that information is collected, how it is tabulated and how decisions are made. If this information is uncertain, we err on the side of caution, meaning that quotas might be set lower and additional conservation measures might be introduced.

Keep in mind that these are temporary allocations that are recommended and can be withdrawn when the science dictates otherwise.

The Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 7.28 p.m.)

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