



CANADA

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OFFICIAL REPORT
(HANSARD)

Tuesday, February 29, 2000

Speaker: The Honourable Gilbert Parent

CONTENTS

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

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HOUSE OF COMMONS

Tuesday, February 29, 2000

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

• (1000)

[*Translation*]

MAIN ESTIMATES 2000-01

The President of the Treasury Board presented a message read by the Deputy Speaker in which His Excellency the Governor General transmitted the Main Estimates for the fiscal year ending on March 31, 2001.

* * *

• (1005)

[*English*]

ORDER IN COUNCIL APPOINTMENTS

Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to table, in both official languages, a number of order in council appointments made recently by the government.

Pursuant to the provisions of Standing Order 110, these appointments are deemed referred to the appropriate standing committee, a list of which is attached.

* * *

GOVERNMENT RESPONSE TO PETITIONS

Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to table, in both official languages, the government's response to six petitions.

* * *

EMPLOYMENT INSURANCE ACT

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I rise on a point of order. I would seek the unanimous consent of the

House to withdraw my private member's Bill C-204, which was first introduced in the House in October 1998 and was reintroduced in October 1999.

This bill sought to extend maternity and parental leave benefits to a full year. In view of the budget provisions announced last evening, I now ask the House for its consent to withdraw Bill C-204.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

(Order discharged and bill withdrawn)

* * *

[*Translation*]

MAIN ESTIMATES 2000-01

REFERENCE TO STANDING COMMITTEES

Hon. Lucienne Robillard (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, pursuant to Standing Orders 81(4) and 81(6), I move:

That the main estimates for the fiscal year ending March 31, 2000, laid upon the table on February 29, 2000, be referred to the several standing committees of the House in accordance with the detailed allocation attached.

There is a lengthy list associated with the motion. If it is agreeable to the House, I would ask that the list be printed in Hansard as if it had been read.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

[*Editor's Note: List referred to above is as follows:*]

To the Standing Committee on Aboriginal Affairs and Northern Development
Indian Affairs and Northern Development, Votes 1, 5, 10, 15, L20, 25, 30, 35 and 40

To the Standing Committee on Agriculture and Agri-Food
Agriculture and Agri-Food, Votes 1, 5, 10, 15, 20, 25, 30 and 35

Routine Proceedings

To the Standing Committee on Canadian Heritage
Canadian Heritage, Votes 1, 5, L10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75,
80, 85, 90, 95, 100, 105, 110, 115, 125 and 130
Privy Council, Votes 30 and 35

(Motion agreed to)

* * *

To the Standing Committee on Citizenship and Immigration
Citizenship and Immigration, Votes 1, 5, 10 and 15

[English]

To the Standing Committee on Environment and Sustainable Development
Environment, Votes 1, 5, 10 and 15
Privy Council, Vote 40

PRIVACY COMMISSIONER

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, there have been consultations among all parties earlier this day and I would like to move the following motion without debate:

That, in accordance with subsection 53(3) of the act to extend the present laws of Canada that protect the privacy of individuals and that provide individuals with a right of access to personal information about themselves, Chapter P-21 of the Revised Statutes of Canada, 1985, this House approves the reappointment of Bruce Phillips as Privacy Commissioner for a term of four months, effective May 1, 2000.

This is a four month extension only.

The Deputy Speaker: Does the hon. the Leader of the Government in the House of Commons have the unanimous consent of the House to propose this motion?

Some hon. members: Agreed.

The Deputy Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

* * *

To the Standing Committee on Human Resources Development and the Status of Persons with Disabilities
Human Resources Development, Votes 1, 5, 10, 15 and 20

To the Standing Committee on Industry
Industry, Votes 1, 5, L10, L15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90,
95, 100, 105, 110, 115 and 120

To the Standing Committee on Justice and Human Rights
Justice, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45 and 50
Privy Council, Vote 50
Solicitor General, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45 and 50

To the Standing Committee on National Defence and Veterans Affairs
National Defence, Votes 1, 5 and 10
Veterans Affairs, Votes 1, 5 and 10

● (1010)

PETITIONS

To the Standing Committee on Natural Resources and Government Operations
Canadian Heritage, Vote 120
Governor General, Vote 1
Natural Resources, Votes 1, 5, L10, 15, 20, 25 and 30
Parliament, Vote 1
Privy Council, Votes 1, 5, 10, 45 and 55
Public Works and Government Services, Votes 1, 5, 10, 15, 20 and 25
Treasury Board, Votes 1, 2, 5, 10, 15 and 20

CHILD PORNOGRAPHY

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, my constituents, along with other Canadians, are horrified by pornography which degrades children and are astounded by legal determinations that possession of such pornography is not criminal.

Therefore, the petitioners call upon parliament to take all necessary measures to ensure that possession of child pornography remains a serious criminal offence and that federal police forces be directed to give priority to enforcing this law for the protection of children.

CHILD POVERTY

To the Standing Committee on Procedure and House Affairs
Parliament, Vote 5
Privy Council, Vote 20

To the Standing Committee on Public Accounts
Finance, Votes 20 and 25

To the Standing Committee on Transport
Privy Council, Vote 15
Transport, Votes 1, 5, 10, 15, 20, 25, 30 and 35

To the Standing Joint Committee on Library of Parliament
Parliament, Vote 10

To the Standing Joint Committee on Official Languages
Privy Council, Vote 25

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, in the second petition my constituents urge parliament to fulfil the promise made in 1989 by the House of Commons to end child poverty by the year 2000.

CRUELTY TO ANIMALS

Hon. Christine Stewart (Northumberland, Lib.): Mr. Speaker, I have the pleasure to present two petitions to the House today. The first petition is from constituents from various communities in Ontario who express their concern about cruelty to animals and request that the federal government bring in new legislation to deal with it.

I am sure they will be pleased with the legislation we have tabled in the House.

CHARITABLE DONATIONS

Hon. Christine Stewart (Northumberland, Lib.): Mr. Speaker, the second petition is from constituents who believe that registered charities and not for profit groups deserve the same tax credit advantage for donations of \$1,150 and under as federal political parties.

TAXATION

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, I have three petitions to present this morning. The first one is from constituents in western Canada who ask the government for 25% tax relief. I wish them good luck.

CONSTITUTION

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, the second petition is from constituents who ask that parliament ensure that the supremacy of God remains in the Canadian constitution.

CHILD PORNOGRAPHY

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, the third petition bears over 40,000 signatures of people who believe that the government should be doing more about child pornography, especially using the notwithstanding clause to protect young children in Canada.

IMMIGRATION

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, on November 3, 1999 I presented a petition which I had received bearing over 10,000 signatures from people residing in British Columbia who called on the Government of Canada to enact legislation which would change the immigration laws so that when refugees arrive on our shores, come through our airports or arrive in Canada through any means who are found not to be bona fide refugees, they be sent home immediately, without delay.

I am pleased to add another 203 signatures to the original 10,000, making a total of over 11,000 as of today.

Routine Proceedings

NATIONAL HIGHWAYS

Mr. Richard M. Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, the people in my riding of Prince George—Bulkley Valley are very concerned about the lack of attention the government has been paying to the national highway system, in particular Highway 16, the Yellowhead highway system.

The petitioners urge the government to designate a portion of the fuel taxes that it collects on an ongoing basis to improve and maintain highways.

The petitioners call on parliament to prioritize highway maintenance funding from the revenue which the government receives from fuel taxes.

There are several hundred signatures which I am pleased to present on behalf of concerned citizens of Prince George—Bulkley Valley.

RIGHTS OF THE UNBORN

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): Mr. Speaker, pursuant to Standing Order 36, I wish to present a petition signed by residents of the towns of Wallaceburg and Dresden who urge the government to protect human life at the pre-born stage by amending the criminal code to extend the same protection enjoyed by human beings to unborn human beings.

CONSTITUTION

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Ref.): Mr. Speaker, I am pleased to present three petitions today. The first one is from over 4,200 petitioners, many from my riding, who oppose any amendments to the Canadian Charter of Rights and Freedoms or any other federal legislation which would provide for the exclusion of the reference to the supremacy of God.

CHILD PORNOGRAPHY

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Ref.): Mr. Speaker, the second petition requests parliament to immediately invoke the notwithstanding clause to override the B.C. court decision concerning child pornography and to make the possession of pornography illegal in British Columbia.

DIVORCE ACT

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Ref.): Mr. Speaker, in the third petition the petitioners ask that the government amend the Divorce Act immediately, taking into consideration the recommendations made by the Special Joint Committee on Child Custody and Access on December 8, 1998,

Routine Proceedings

including the minority report submitted by the Reform Party of Canada.

• (1015)

CHILD POVERTY

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present a petition signed by a number of Canadians, including petitioners from my own riding of Mississauga South. It concerns the issue of child poverty.

The petitioners want to draw to the attention of the House that one in five Canadian children live in poverty, and that in November 1989 the House of Commons passed a resolution to seek to achieve the elimination of child poverty by the year 2000, and also that the number of poor in Canada has increased by 60% since 1989.

The petitioners therefore call on parliament to use the federal budget 2000 to introduce a multi-year plan to improve the well-being of Canada's children. I believe the finance minister did that.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the following questions will be answered today: Nos. 2 and 36.

[Text]

Question No. 2—Mr. Rick Borotsik:

What was the total cost of the Canadian Wheat Board's 61 public forum meetings held on Justice Willard Estey's grain handling and transportation review recommendations, including per diem for board members, travel, staff costs, hall rentals and advertising?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Pursuant to a decision by its directors, two-thirds of whom are directly elected by prairie producers, the Canadian Wheat Board held a total of 61 meetings across the prairies in order to consult with farmers on grain transportation issues. The total cost of holding and attending these meetings was \$53,000.00.

Question No. 36—Ms. Judy Wasylycia-Leis:

With regard to the special allocation for hepatitis C announced by the Minister of Health on September 18, 1998: (a) how much of the \$50 million for new hepatitis C disease prevention, community-based support programs, and research has been spent to date and what is the breakdown of those expenditures (including an indication of the amounts spent within Health Canada); and (b) how much of the \$300 million special transfer to provinces to supplement health services has been spent to date and what is the breakdown of those expenditures?

Hon. Allan Rock (Minister of Health, Lib.): (a) On September 18, 1998 Health Canada announced a strategy to address the concerns of Canadians regarding hepatitis C. As part of this strategy, a commitment of \$50 million over 5 years was made for the development and implementation of a new hepatitis C program.

Health Canada officials consulted with stakeholder groups, the provinces and the territories, medical and research organizations and individuals across the country living with or affected by hepatitis C (persons living with or caring for someone who has hepatitis C) and the organizations that represent them to identify needs and to seek guidance on designing the various components of the new hepatitis C program.

Following these consultations, a new unit in Health Canada, the hepatitis C division, has been created to ensure federal capacity to respond to the challenges and needs posed by hepatitis C. This division has a mandate: to act as focal point for a population health approach to hepatitis C: to build knowledge and provide evidence by fostering research initiatives; to increase awareness and capacity; to develop prevention strategies and support initiatives, and to ensure that Canadians who have been infected through blood do not incur out-of-pocket expenses for medical treatment.

The Program is now in operation. Program expenditures to date total \$650,543. The breakdown of these expenditures and projected expenditures for 1999/2000 are as follows:

Expenditures 1999-2000	Hepatitis C Prevention, Community-Based Support and Research Program					
	Program Component	External to Health Canada		Internal to Health Canada		Total Program
		To-Date	Projected	To-Date	Projected	
Research and Surveillance	0	1,323,886	57,715	60,399	1,442,000	
Prevention	0	381,665	52,610	65,725	500,000	
Community-Based Support	0	1,671,659	216,941	274,400	2,163,000	
Care and Awareness	0	572,194	159,598	185,208	917,000	
Policy, Evaluation, Emerging, Priorities, and Public Involvement	0	388,097	163,679	272,224	824,000	
Total	0	4,337,501	650,543	857,956	5,846,000	

First year funding was profiled at approximately \$6 million in recognition of the need to develop and staff the program and to develop funding frameworks and accountability measures. Internal expenditures to date are principally for salaries.

A public document describing the hepatitis C disease prevention, community-based support and research program will be released in the near future.

A program advisory group (PAG) of representatives from key stakeholder groups has been created.

On July 7, 1999 Health Canada and the Medical Research Council announced a joint \$18 million research initiative. A joint advisory committee on research made up of clinicians, researchers, the private sector, Canadian Blood Services/Héma Québec and representatives from key stakeholders' groups has been formed. Twenty-eight research proposals have been received and are under consideration.

A survey questionnaire to obtain baseline data has been developed and is being administered by the regional offices.

Funding guidelines for three national level stakeholders (i.e. the Hepatitis C Society of Canada, the Canadian Hemophilia Society and the Canadian Liver Foundation) were released in July and applications from these organizations for operational funds are currently being assessed. Some of the activities proposed by these stakeholders include the enhancement of 1-800 lines, volunteer needs assessment, newsletters to provide information on hepatitis C, and the development of information and organization development sessions at the national, regional and local levels.

The funding guidelines for prevention and community-based support for the regional and local levels are now available. Staff in the regional offices of the Health Promotion and Programs Branch of Health Canada are administering this funding. In partnership with stakeholders, staff will also establish regional priorities for funding.

Projects initiated and/or supported under the care and awareness component currently include:

Dissemination of treatment guidelines for hepatitis C which were recently developed by the Canadian Association for the Study of the Liver (CASL). These guidelines provide treating physicians with the best available evidence and will help to ensure consistency of treatment for all Canadians. It is available on the CASL website (<http://www.ihsc.on.ca/casl/>) and will be distributed to all physicians in the future. Their address is: Canadian Association for the Study of the Liver; c/o President, Dr. Sam Lee, Division of Gastroenterology; University of Calgary; Health Science Centre; Room 1721, 3330 Hospital Drive; Calgary, Alberta, T2N 4N1, telephone (403) 220-3245, fax (403) 270-0995;

The development of a physician document-patient handout by the Canadian Liver Foundation. The handout will be provided to all general practitioner and family doctors in Canada to support the treatment of infected persons and provide "first contact" information for those persons diagnosed with hepatitis C;

Routine Proceedings

A Canadian Association for the Study of the Liver (CASL) steering group meeting for a Hepatitis C Network for Research and Treatment was held on October 28, 1999, supported with funding from Health Canada;

A request for proposals for treatment guidelines for pregnant women is ready to be tendered; and

Funding guidelines for national projects under the care and awareness component have been finalized and are currently available.

(b) The federal government is working hard with the provincial and territorial governments to implement this \$300 million special transfer. While no funds have been transferred to date, we are anticipating that the money will start to flow shortly.

* * *

[English]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if Question No. 61 could be made an order for return, the return would be tabled immediately.

The Deputy Speaker: Is that agreed?

Some hon. Members: Agreed.

[Text]

Question No. 61—**Mr. Jim Pankiw:**

For each of the past five (5) fiscal years and with respect to federal funds used in the promotion of French and English across Canada, what has the government through the Department of Heritage determined to be: (a) the total amount spent on promoting French in communities outside Quebec; (b) the total amount spent on promoting English within Quebec; (c) the names of all organizations, in respect of the foregoing, and the amount of funding received by each; (d) the total number of Francophones, by mother tongue, who reside outside Quebec; and (e) the total number of Anglophones, by mother tongue, who reside within Quebec?

Return tabled.

[English]

Mr. Derek Lee: I ask, Mr. Speaker, that the remaining questions be allowed to stand.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

The Deputy Speaker: There is a motion under Standing Order 52 from the hon. member for Calgary Centre.

The Budget

Mr. Eric Lowther: Mr. Speaker, we will withdraw for the moment.

With this preamble, allow me to review the federal budget under three simple headings: spending, taxes and integrity.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from February 28 consideration of the motion that this House approves in general the budgetary policy of the government.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, I rise to begin debate on the first federal budget of the new century.

I would like to dedicate this reply to the budget address to a new Canadian, Joshua Jacob Kroon, born early yesterday evening to our oldest daughter Andrea and her husband Howard. The baby was born on budget day. When I meet young Joshua I am afraid it will be my duty to inform him that according to the budget tabled yesterday he already owes \$18,600, that being his portion of the national debt. That is bad news for young Joshua. However, the good news is that by the time he becomes of age, Canada will no doubt have a new government and the Liberal legacy of high spending, high taxes and high debt will be a distant memory.

In addressing budget 2000, I am conscious, and I am sure all members are conscious, that millions of Canadians have hopes and dreams for themselves and their children that can be affected by the spending policies, the taxation policies and the budgetary promises of the federal government. For example, if the federal government wastes taxpayer dollars through irresponsible spending it is Canadians who suffer because there are then insufficient dollars available to fund those services, such as health care, which Canadians value highly.

If the federal government taxes Canadians too heavily it is the take home pay and the bank accounts of individuals, families and employers that are savaged and it is Canadian jobs and economic opportunities that are killed and exported.

If the finance minister makes promises and commitments in his budgets which are then broken, if the truths asserted in the budget turn out to be half truths, which are more dangerous than falsehoods because they are more difficult to detect, then it is the faith of Canadians in the integrity of the government itself which is shaken and eroded.

It is clear again from this budget that the highest priority of the Liberal government is not tax relief but the increased spending of taxpayer dollars. The budget reveals that the government will be spending \$4.3 billion more this year than provided for in last year's estimates. In other words, the promises in last year's budget to limit spending to \$111.2 billion will once again be broken as the government spends \$115.5 billion.

This chronic tendency of Liberal governments to break promises to limit spending has been criticized by the auditor general in these words:

At issue is more than the mere fact that the government spent more than it planned to spend. How this was done also matters. A scramble around budget time to find ways to spend money before the year ends is not a process calculated to ensure efficiency, effectiveness and economy in the use of public funds. In fact, it differs little from the end of the year spending by the departments with surplus funds, except that it involves not millions but billions of taxpayers' dollars.

• (1020)

In other words, the end of the year spending binges that have often characterized the government's departments has now spread to the Treasury Board, the finance department and the government as a whole, and this of course is a backward step.

Turning to the future, the finance minister projects surpluses for the next five years of more than \$150 billion. If the government truly believed that these surpluses belong to the people, it would give the bulk of them back to the people. What is the finance minister's highest priority with respect to the use of those future surpluses? Is it tax relief? No. Is it debt reduction? No. Once again, the highest priority is to spend.

Of the \$152 billion in projected surpluses over the next five years, the government implies that it will spend \$66 billion, provide \$58 billion in tax relief, apply \$15 billion to the debt and leave \$13 billion unallocated. Even if one took these figures at face value, which we do not, spending is still the highest priority.

The taxpayers and the official opposition also know that the government spends unallocated revenue, so that the \$13 billion in unallocated revenue should be put into spending. The child care tax benefit is a social program not a tax relief program, so that should be put into spending.

Taxpayers and the official opposition also know that the cancellation of bracket creep, with which we concur, is a cancellation of future tax increases not a cut for today's taxpayer and it should not really be included in the tax relief figure. Even if we just take into account these first two adjustments, what the government will

The Budget

do with the projected \$152 billion in surpluses is apply \$15 billion to debt reduction, provide less than \$51 billion in tax relief and spend \$86.3 billion. Surprise, surprise. Once again the highest priority of the government is spending taxpayers' dollars.

I note with interest that the government says on page 12 of the budget that it will be supporting more genetic research. When the human genome project is completed, perhaps a complete genetic map of the Liberal species will become available. I am sure that our scientists will discover that the Liberals possess a recessive financial gene. That gene renders them congenitally incapable of saving taxpayers' dollars and compulsively inclined to spend them.

Whether a permanent cure for this disorder will be developed, only time will tell. At present, however, there is only one known remedy and that is to remove the temptation and the capacity for Liberals to spend taxpayer dollars by removing them from office.

The most shocking and disappointing aspect of the federal government's spending program is not the government's over-spending of last year's budget. It is not that increased spending of taxpayer dollars continues to be the government's highest priority. We expected all that. The most shocking and disappointing aspect of the treatment of federal spending in this budget is what can only be described as an incredible omission.

I refer to the finance minister's failure to even mention in his budget, let alone address, the spending scandal at human resources development, a scandal which shakes to the core any faith the public might still have in the government's capacity to spend taxpayer money responsibly.

All the government's spending promises and spending plans remain compromised as long as the spending scandal at HRD remains unaddressed and unresolved.

As everyone in parliament knows, the spending of HRD on programs like the Canada jobs fund has been suspect for years. The odour finally became so bad that this summer the department itself was compelled to do an internal audit of 459 files, representative of \$1 billion in spending on grants and contributions.

What did that internal audit reveal? It revealed that 15% of the files reviewed did not have an application on file from the sponsor; 72% had no cashflow forecast; 11% had no budget proposal; 11% had no description of expected results; 97% of the files showed no evidence that anyone had even checked to see if the recipient already owed money to HRD or the government; 80% of the files showed no evidence of financial monitoring; and 87% of the files showed no evidence of supervision.

• (1025)

We understand that this audit has inspired the CBC to propose a new game show called "Who Wants to be a Grant Recipient", with

the Minister of Human Resources Development as the host. It would be just like *Who Wants to be a Millionaire*, except the host does not ask any questions.

Of particular concern to parliament, the ultimate watchdog over the public purse, is that the gross mismanagement of taxpayer dollars at human resources is just the tip of the iceberg.

The federal government spends more than \$13 billion per year under the heading of grants and contributions; the spending category under which the HRD funds have been so grossly mismanaged.

If a random audit found that 8% of the files the auditors looked at were so bad that they required a forensic investigation and perhaps referral to the police, what is the situation in the thousands and thousands of unexamined files in that department and across the government?

The Auditor General of Canada has repeatedly warned the government concerning the presence and the size of this iceberg. This is not something new.

In chapter 27 of his 1998 report he said:

We have reported to parliament on numerous audits of grants and contribution programs over the past 21 years. Many of those audits identified similar concerns: inconsistent application or interpretation of government policy on grants and contributions; inefficient use of funds and inadequate measures to ensure accountability by program recipients; lack of control, monitoring and evaluation; and reporting in the estimates and the public accounts that was inadequate to facilitate examination and year-to-year comparisons by parliament.

These conditions all still exist at human resources, hence the spending boondoggle there.

The auditor general went on to say in his 1998 report that these same conditions also exist with respect to the management of grants and contributions by the Department of Indian Affairs and Northern Development, by the Department of Citizenship and Immigration, by the Department of Fisheries and Oceans and by the Department of Industry with particular reference to federal regional development agencies, such as the Atlantic Canada Opportunities Agency, the Federal Office of Regional Development for Quebec and the Western Economic Diversification Agency.

At a meeting recently in the Peace River country, I described the whole HRD scandal. A farmer came up to me afterward and asked if there was any way that we could persuade the Prime Minister to make the human resources development minister the minister of taxes. When I asked him why he would want such a change, he said that if she mismanages the collection of tax money like she mismanages the distribution of it, that might be as good as a tax break. He said that she might lose his file or forget to check whether he owed the government any money.

The Budget

It is not just the Minister of Human Resources Development who is implicated in the gross mismanagement of taxpayer dollars under the heading of grants and contributions. The government says in the budget that it wants to foster a culture of innovation. However, it is a culture of fiscal irresponsibility that permeates this government. The blame lies with all the ministers who have tolerated it or cultivated it for so long, including the Minister of Finance and, worst of all, the Prime Minister himself.

That the Prime Minister is part of the problem, if not at the heart of the problem, can be demonstrated in half a dozen ways. Let us look, for example, at the mismanagement of grants and contributions to the Prime Minister's own riding, particularly through the transitional jobs fund or later the Canada jobs fund.

What are we to conclude from the following: The Prime Minister's statement to the electors of Saint-Maurice in 1993, as reported in the *Montreal Gazette* of October 15, "When a dossier for Saint-Maurice lands on a cabinet minister's desk—need I say more—", he said to gales of laughter during a campaign meeting yesterday". The taxpayers are not laughing.

Over \$2 million in federal government grants and loans given to the Shawinigan hotel project owned by a self-confessed embezzler, \$600,000 of it granted and announced without any departmental paperwork two months before the 1997 federal election.

The \$164,000 transitional jobs fund grant given to Yvon Duhaime whose hotel was adjacent to the Grand-Mère golf course in which the Prime Minister held a 25% interest. This grant was announced four days before the election and almost two months before any ministerial approval.

• (1030)

There was the \$2.04 million transitional jobs fund grant given to companies owned by René Giguère which contributed \$4,000 to the Prime Minister's personal campaign in 1997 and almost \$15,000 to the Liberal Party of Canada in 1997 and 1998.

There was the \$2.5 million grant from HRD given to build a training centre for new economy jobs in the Prime Minister's riding. This is currently being investigated by the RCMP because of allegations that more than \$100,000 of that money found its way into the pockets of local directors.

There was the \$200,000 grant announced by the federal regional development agency for Quebec for building a lighted fountain in the Saint-Maurice River in the Prime Minister's riding. Access to information documents reveal that this project was being lobbied for by the Prime Minister's office even before a formal application had been made by the sponsor.

Just last week HRD was forced to order a forensic audit into how funds earmarked for a project in the Montreal riding of Rosemont ended up bankrolling a virtually identical project in Shawinigan, once again in the Prime Minister's riding.

If I were describing to the House events occurring in some underdeveloped country with a corrupt and dictatorial government with no traditions or mechanisms for enforcing political or fiscal accountability, hon. members might shake their heads and say that it was regrettable but perhaps understandable. But the events I have been describing have been happening in Canada and involve the Prime Minister of Canada. What a shame. What a disgrace. What a scandal.

We are talking about the misuse and mismanagement of taxpayers' dollars, taxpayers' dollars which the House holds the Minister of Finance accountable for budgeting and managing responsibly. We have the right, indeed we have the responsibility to ask where has the Minister of Finance been in all of this and why is there not a single reference in the budget to these matters?

The finance minister, the would be prime minister, is implicated in all of this. It is now clear from the public accounts particularly between 1995 and 1998 that at the very time the finance minister was slashing health care funding, he was actually increasing the flow of funds to HRD and these programs where taxpayers' dollars were being wasted by the millions.

While the finance minister was withholding funds for hospital beds across Canada, he was authorizing funds for hotel beds in the Prime Minister's riding. Not only were the government's spending controls dysfunctional, but its spending priorities were upside down and the finance minister did nothing to correct either.

Despite all of the evidence of gross mismanagement of federal spending on grants and contributions—and I have only touched on the tip of the iceberg as the auditor general reports make clear—I draw to the attention of the House that in the minister's hour long budget speech yesterday, in the 350 pages of the year 2000 budget plan tabled in the House yesterday, there is not a single reference or even an acknowledgement of this problem. Nor is there any comprehensive proposal for remedying it and restoring the public's faith in the integrity of the government's management of taxpayers' dollars.

This is an incredible omission. This is an inexcusable omission. This omission is an insult to the finance committee of the House. It is an insult to the public accounts committee. It is an insult to the auditor general. It is an insult to the intelligence of the whole House. Most certainly and most deplorably of all, it is an insult to the long suffering Canadian taxpayer.

The Budget

I venture to say that if any large public company in this country had a billion dollar spending boondoggle in one of its divisions and failed to report it or address it in its annual report to the shareholders, not only would its shares be hammered on the stock market but its vice-president of finance would be dismissed and would face disciplinary action from both the shareholders and the securities commission.

The House passed a law called the Canada Corporations Act that requires companies to adhere to a standard of financial reporting higher than that practised by this government. How can we demand a higher standard from the private sector than we actually demand in the handling of public money?

• (1035)

To add insult to injury, the finance minister has the nerve to come to the House asking for authority to increase federal spending by over \$80 billion over the next five years. To that we respond in the name of and on behalf of the taxpayers by asking, why should the House give the government one dollar more of taxpayers' money to spend when it is grossly mismanaging the billions of dollars that it has already been given? Why should the House authorize the government to spend more taxpayers' dollars when the government's budget does not even acknowledge the gross mismanagement or propose any concrete spending controls to prevent it from ever happening again?

Some taxpayers may actually read the budget. They may come to the heading on page 8, "Sound Financial Management". Then the taxpayers will come to the sentence on page 9, "Let there be no doubt, we will control spending". When the taxpayers see that, they will say, "Really. You will control spending like you controlled it at HRD, like you control it at Indian affairs, like you control it in the heritage department. No thanks".

The spending proposals of the minister and the government contained in the budget are unacceptable to Canadians and to the House. They are unacceptable not simply because they propose to increase spending and the burden on taxpayers yet again, but because the integrity of the government spending is compromised and the budget does not even recognize the fact let alone address it.

Mr. Lynn Myers: The taxpayers were paying while you were away campaigning.

Mr. Preston Manning: An hon. backbencher across the way mentioned the word taxes. Let us enlighten him on the subject of taxes. It is a great, difficult task to enlighten the hon. member.

I will turn to the other side of the loonie, to the taxation aspects of the budget, because for every dollar the finance minister and the Liberals propose to spend, there is a tax which must first be imposed upon and collected from Canadians.

First, the tax proposals contained in the budget must be considered in the context of the government's overall taxation record. That record is one of constantly increasing taxes and tax revenue. The official opposition finance critic, the member for Medicine Hat, has prepared some instructive charts on the government's taxation record which I commend to all members.

The one on personal income taxes shows Canada with the dubious distinction of leading the industrialized world in terms of high personal income taxes. The personal income taxes extracted from Canadians by their governments amount to 13.9% of GDP compared to the next highest nation which happens to be the United States at 10.7%. This is the biggest single reason why Canadians' standard of living measured in terms of real personal after tax income was \$833 lower per person in 1999 than in 1989, while the real personal after tax income in the U.S. increased by \$2,200 U.S. over the same period.

When it comes to payroll taxes, these charts show that job-killing payroll taxes for Canadians continue to climb, with skyrocketing increases in CPP premiums more than offsetting the token decreases in employment insurance premiums. When it comes to consumption taxes, by 2005 the federal government will be collecting almost \$30 billion per year from GST, almost double what it was collecting in 1993 when the present Prime Minister promised to abolish it. It is the combination of all these high taxes which is driving capital, employees, employers and jobs out of the country and which has earned the finance minister the dubious title of Captain Brain Drain.

I wish to establish the fact that contrary to the assertions of the Minister of Finance, after this budget Canadian taxpayers will be worse off not better off than they were when the government took office. They will continue to be worse off into the future unless the government is removed from office and replaced with one dedicated to genuine tax relief.

• (1040)

The simplest way to demonstrate this is to look at the minister's spending and taxation projections for the next five years. The minister proposes to reduce federal taxes by \$51 billion—and we think it is much less than that—over the next five years, \$11.2 billion over the next two. But over the same period he proposes to increase the spending of tax dollars by \$86.3 billion. Figure it out.

This budget continues the old Liberal shell game that has been going on for years and which has characterized every budget presented by the minister in which tax relief has been mentioned. With the right hand and with great flourish to attract our attention, he gives \$51 billion in tax relief over five years. But with the left hand and surreptitiously through previously authorized tax increases, he extracts \$86.3 billion from our other pocket. In the end

The Budget

the taxpayer is paying more, not less, than the Liberals were taking in 1993.

The charts prepared by the finance critic for the official opposition show that when the minister's hidden tax increases are added to his announced tax breaks over the last six years, Canadian families will still pay \$703 per family more in taxes next year than they did in 1993 when the Liberals took office. When the finance minister's hidden taxes are added to his announced tax breaks over the next five years, Canadian families will still be paying more per family than they did when the Liberals took office in 1993.

That is why we describe the tax measures in this budget as half-baked tax breaks. We call upon Canadians who want real tax relief to examine and support our solution 17 tax relief proposal which my colleague, the member for Medicine Hat, will describe in more detail later on.

It is not just the weakness and inadequacy of the finance minister's so-called tax relief proposals that would disturb Canadians. Once again it is the absence of integrity on the tax side of the budget that casts a shadow over every tax proposal and promise the minister makes. Unlike the concept of deficit reduction or balancing a budget, which is an academic concept to most people where the taxpayer has to take it on faith that the goal has been achieved, when it comes to tax relief, the taxpayer on his or her own is able to determine whether or not the promised tax relief has actually been delivered.

The taxpayer can look at his or her paystub at the end of the pay period. He or she can compare the deductions of this pay period with those of last year or last month and determine for themselves whether the take home pay has increased or decreased. The family can look at its chequebook and bank account. It can tell whether or not it is receiving real tax relief by whether its after tax income is increasing or shrinking. When real Canadian families do that, they find that real after tax income in Canada over the last decade decreased by almost \$3,000 per family.

It does not matter whether the words tax relief appeared in every second sentence in the federal government's throne speech. It does not matter whether the words occur in every sentence in the speeches by the Prime Minister or in the budget speeches by the finance minister or in media headlines and reports on the budget. If promised tax relief does not show up on the paystubs and in the bank accounts of ordinary Canadians, then it is not real tax relief no matter how much PR accompanies it.

If the government keeps promising tax relief year after year but it does not show up on the paystub or in the bank account of the taxpayer, after a while the taxpayer catches on to the shell game. Yes there can be a highly visible tax cut like the changes in rates, deductions and credits announced in the budget, including the elimination of bracket creep, which we commend. But there are also much less visible tax increases, like the pre-scheduled

increases in CPP premiums which take effect without further announcements or fanfare. The list goes on and on.

Invariably under a Liberal government the increases are greater than the decreases so that the total tax load gets heavier and heavier. This has been precisely the Canadian experience and why Canadians find themselves paying more in taxes despite all the announced decreases than when this government took office.

The promise of tax relief is often a half-truth. The other half of the truth is that there is also a tax increase.

• (1045)

When government budgets like this government's budget are riddled with those kinds of half-truths, and when promises of tax relief are made year after year but no real tax relief shows up in the taxpayer's paystub or bank account, we do not have an accounting problem. We do not have a budgeting problem. We do not even have a tax problem. Once again we have an integrity problem, just as real and just as dangerous as the integrity problem on the spending side.

Let me get more specific on this subject. I will read to the House some of the promises that the finance minister has made in the past to taxpayers concerning tax relief. Then I will share with the House what the taxpayers to whom those promises supposedly applied actually experienced. Then let us see what this comparison says about the credibility of the finance minister and the integrity of his tax relief promises in this budget.

Promise No. 1 comes from a statement made by the finance minister in the House on October 13, 1999:

On January 1, as indeed on January 1 of every year since we have taken office, there will be a reduction in payroll taxes.

It is true that on January 1, 2000, employment insurance premiums were adjusted downward, but what also happened as a result of previously authorized changes to the Canada pension plan was that the combined employer-employee premiums for CPP went up on January 1 from 7% to 7.8% of contributory earnings.

The payroll tax hike from CPP premium increases is greater than the payroll tax reduction through the reduction of EI premiums. Thus many workers experienced not a reduction in payroll taxes as promised by the finance minister on October 13 but precisely the opposite, a payroll tax increase. Does one wonder why workers and employers get cynical when they hear promises of payroll tax reductions?

Promise No. 2 comes from a statement of the finance minister to parliament on December 7, 1999:

At \$30,000 of income, Canadians no longer pay federal income taxes as a result of the actions taken in the last two budgets by this government.

The Budget

I ask hon. members opposite to listen to that statement. The finance minister stood in the House and made that bold promise and declaration. Let me read into the record a letter from Paul and Fran Darr of Calgary, Alberta, taxpayers. The Darrs write:

We are a retired couple with a total income of \$28,000.

If my math is right, that is less than \$30,000.

Of that the government sees fit to take almost \$4,000 in taxes, documents attached. Paul Martin has repeatedly declared anyone under \$30,000 does not pay any taxes. Excuse me! This is written proof. If this is truly the case, we would greatly appreciate a return cheque for this amount that we had to pay for 1998, ASAP.

Let us look at promise No. 3. Mr. Speaker, do you see the credibility gap that is developing here? The finance minister makes these statements and promises. If one goes out to the taxpayers to whom they apply and asks if they ever saw that tax relief promised by the taxman, they shake their heads.

Promise No. 3 is from a budget speech. We are getting right down to promises in the budget. It is from the budget speech of February 16, 1999, at page 4. The finance minister said:

It is a budget that for the first time in many years offers tax relief to every taxpayer and it does so without using borrowed money.

Tax relief for every taxpayer, promised the finance minister. Let us go out to the offices, the factories, the stores, the union halls, the seniors' homes, the kitchen tables and coffee shops where we meet real taxpayers and let us find out about the finance minister's promise of tax relief for every taxpayer. We ought to be able to grab any taxpayer off the street and ask if they got the tax relief the minister promised on page 4 of the budget, that he said they would get. Has it got there yet? We could ask them that. Let us find out how it is working out in the real world.

• (1050)

Shortly after last year's budget I was in Windsor, Ontario, where I met a worker at one of the auto plants. He was a union member. These are highly paid people. He had a paystub for overtime work in which the total deductions were greater than his net pay. He not only wanted to know where his tax relief was that was promised by the finance minister. He wanted to know whom he was working for. He thought he was working for Chrysler but according to his paystub he was working at least half time for Revenue Canada.

On another one of my trips last year I received a paystub from a millwright in Saskatchewan. His gross earnings for an overtime pay period were \$2,022, but after paying income taxes, payroll taxes and other charges all he got to take home was \$1,009. Gross pay, \$2,022; take home pay, \$1,009. It was less than half his paycheque. On his way home when he stopped to buy gas and a winter jacket, the taxman gouged him again.

This unsolicited paystub, along with many others I received, is an example of the very real tax horror stories of Canadians. They are stories which clearly show that the finance minister's so-called tax cuts, tax relief for every Canadian, clearly fail the paystub test. They are living proof that the finance minister is completely out of touch with Canadian taxpayers. His claims of so-called tax relief are in direct contradiction to the actual experiences of many hard working, tax burdened Canadians.

To help illustrate this point further last November we decided to hold the great paystub rip-off contest. Hundreds of Canadians responded to the contest by e-mailing, faxing and mailing in their paystubs and stories to my office. I want to take this opportunity to give the House a sample of some of the paystub stories we received and to announce the winner of this most unfortunate prize.

After I am through, surely even the most obtuse government backbencher will understand what I mean when I say that this government has an integrity problem on taxation, a problem of credibility that comes from promising tax relief to every Canadian and then failing to deliver it, and an integrity problem that is every bit as serious as the government's integrity problem on the spending side.

Here are some of the best entries to the paystub rip-off contest. Here is one called "pay raise rip-off". Last year, Annalora Horch, a teacher who works for a private school board in Medicine Hat, Alberta, got a \$1,000 raise. She was hoping to put the raise away for her retirement. After taxes, however, Ms. Horch's \$1,000 pay raise left her with exactly \$2.67 each month to put away for her golden years. She was promised tax relief from the finance minister.

You are shaking your head. I agree, Mr. Speaker, that we should shake our heads. Let me read the letter:

Please find enclosed copies of two months of my paystubs—September 1998 and 1999 and October 1998 and 1999. I work for a private school board in Medicine Hat. My board gave all the teaching staff a \$1,000 raise for this year. I have never been on welfare or received unemployment. I have worked since I was twelve years old and am presently helping to finance my son at university to keep his student loans at a minimum. Any increase in pay is appreciated so I can save for my retirement. It was with great anticipation that I waited for my increase. However, the figures on the stubs tell the true story.

Listen to how taxes kill dreams. They do not just kill bottom lines. She has the calculation here: \$1,000 divided by 12 months, she should be getting \$83.33 a month. However, the paystubs for September 1999 show an increase of \$81 in taxes. October 1999 shows an increase of \$81 in taxes as well. She writes:

I already pay hefty taxes to the government and now it is increased even more. My much needed raise is not going to me or benefiting the school. It is going directly to the government for taxes. This is a great injustice to an honest, hard-working citizen. It is

The Budget

discouraging. Please, is there some way this continuing burden of increasing taxes can be alleviated for the ordinary, middle class worker? We need help and I am appealing to you to help me and all other taxpayers in this area of overburdened taxation.

Here is a short letter, signed by "Completely and utterly ripped off". A Toronto police constable writes:

In 1999, I grossed \$61,000 and after taxes and other deductions took home \$34,000.

This is not some high income person. This is a person we consider to be in the middle income bracket. He continues:

Every other purchase I make has a further 15% in sales taxes. When are we ever going to get a break?

Completely and utterly ripped off.

Here is one called "back pay tax grab". Adam Grabowski, a full time teacher in Manitoba with 12 years experience, writes:

I thought you would like to see a copy of a back pay statement I received in July. We waited a little over 14 months to get this pay due to negotiations.

As you can see, income tax accounted for a total of \$508.33 or 48.6% of the pay. When you add in the employment insurance, which I can never claim due to my job, and the CPP, which I believe will not be there in 30 years, the federal government takes \$571.1 or 54.7% of my gross pay.

I am a single income earner with 3 boys all under seven. Tell me how I can do anything wonderful with my family on the remaining amount.

• (1055)

These are real taxpayers, the object of tax relief in the last two budgets of the finance minister. This is their story. Listen to this one. A single mom sent the following letter to the member for Dewdney—Alouette. This is a fairly lengthy one but it is worth reading because it illustrates that taxes are not just some accounting device. They intrude on the lives of people when they are too high in ways that destroy people's dreams and even destroy their lives. The letter reads:

In July of 1993 I found myself the single parent of five children who worked as a Special Education Assistant. I could not support my kids off that wage so I got a student loan, the first of many, and started university where I hoped to become a teacher. Five hard years later I made it. I didn't think about the debt because I thought I would be able to make enough to support my kids and pay the loan back. I loved teaching. I was good at it, and I got a continuing contract, a permanent position in my first year of teaching. Now, I thought, I'll be OK. The hard work would be worth it.

I was wrong! The hard work was worth it because I love what I do and I value the education I received and the process of getting it, but I can't survive monetarily. I am a single parent although I have only three children still at home. With the level of taxation in this country. . . I can't make it. Yes, I make a good wage, but after deductions I still can't buy my ten year old son winter boots, or my sixteen year old daughter a monthly bus pass. I am being asked by the student loan people to pay over \$350 per month. If I

did that I couldn't buy any food for my kids. I am not in a better place. I am only deeper in debt!

The taxation level in this country is killing me.

This is not a rich person. This is not the filthy rich the finance minister and the Prime Minister talk about as being the beneficiaries of tax relief. These are ordinary Canadians at the lower and middle end of the spectrum. The letter goes on:

The taxation level in this country is killing me. I have to have a part time job in order to survive, but I can't leave my kids alone from 7 a.m. when I go to school until 10 p.m. when I would get home from my second job!

I love living in this country because there is so much good in it, but how can I see the good when the burden of taxation is blinding me? Something needs to be done for people like me who live on one income, be they single parents or families with one parent working. I don't need a national day care scheme. I need tax relief! I would love to be able to go into a store and buy my son a pair of needed shoes without worrying that I will have enough money left over so we can eat at the end of the month. Some people say I should quit and just sit on welfare, but I can't.

It is my hope that in this new session of Parliament the government will see just how the average, low-middle income earner in this country is suffering. I don't want pomp and ceremony. I don't want Senators to get a fabulous tunnel so they don't muss their hair in the Ottawa winter. I need relief from the exorbitant amount I pay each and every month for taxes. I need a break.

Please feel free to send a copy of this letter to Finance Minister Paul Martin and the Prime Minister. They obviously don't live in the real world. I do and I don't like it.

How do we pick a winner from all these? There are no real winners, only hard working Canadians who lose out to a finance minister who promises tax relief and then delivers tax increases.

It seems that no amount of income is too small to attract the attention of the finance minister. The letter we have selected as the winner strikingly illustrates this point. It comes from Mr. Paul Meyer, a structural engineer from Montrose, B.C., who worked half an hour of overtime, and listen to what the finance minister did to him:

I have enclosed a copy of my two most recent paystubs. I think they stand as a good example of how high taxation rates in Canada can be a disincentive to productive workers.

The government says it is interested in productivity. Here is a letter from a productive worker:

During the two-week period ending November 05, 1999, I was paid for 80 hours work, while the following period, I was paid for 80.5 hours of work, having put in a half hour overtime.

The half hour overtime increased my gross pay by \$19.33. Amazingly, this resulted in my federal income tax increasing by \$20.13. In effect, I paid the government 80 cents for the privilege of working a half hour overtime.

I recognize that this is an anomaly caused by "steps" in the tax tables, but the very fact that a "step" could result in an apparent marginal tax rate of 104% tells me that our tax rates are too high. As a resident of British Columbia with a good salary, my actual marginal tax rate is well over 50%.

The Budget

I also note that, because it is late in the year, no CPP or EIC deductions were made from my salary, as I had already "maxed out" on both amounts for the year. If it were not for that "anomaly" my apparent marginal rate would have been over 110%.

• (1100)

Paul Meyer is with us here today. We congratulate you, Paul, on this most unfortunate honour and thank you for sharing your tax rip-off story for the benefit of the House and taxpayers across the country.

It is people like Paul who are paying for the \$1 billion boondoggle at human resources and who are paying for all the past, present and future tax increases not mentioned in this budget. It is people like Paul who want real tax relief not token tax relief, not sleight of hand tax relief, not fake tax breaks, but real tax relief.

I remind hon. members that all these taxpayers whose letters I have read were promised tax relief in last year's budget, that all of them feel abused, not helped by the government and that this is just a tiny sample of 15 million Canadian taxpayers.

The government and the finance minister have a credibility and an integrity problem on taxation, just as they have the same problem on spending. It stems from the finance minister's being totally out of touch with ordinary Canadians, underestimating their pain, underestimating their intelligence, underestimating their patience and underestimating their desire for real tax relief.

It is the role of the official opposition to hold the government accountable for the management of taxpayers' dollars. We will use this budget debate to do precisely that. Official opposition members speaking on the budget are speaking first and foremost from the standpoint of the long suffering, long abused taxpayer. We are the voice of those taxpayers and we insist that they be heard.

I believe that by the time my colleagues and I have finished with this budget we will have demonstrated to the House and to any Canadians who are watching that the government is irresponsible when it comes to spending taxpayer money and irresponsible when it comes to the taxation of Canadians, and that lack of integrity characterizes its approach to both spending and taxation.

The official opposition has a second role which is becoming even more important in the light of the government's mismanagement of public affairs. And that role is to make sure that a constructive alternative is available to replace the government when the day comes that Canadians decide to do so.

It is in the discharge of this responsibility that we have been working together with others like-minded to bring into being the Canadian reform conservative alliance, or Canadian alliance for short.

This is not the time or the place to elaborate on this concept, but I mention it in the budget debate because one of the great founding principles of that alliance is genuine fiscal responsibility; the principle that is missing from the spending and taxation policies of the government and from this budget.

Under the heading of fiscal responsibility, the alliance policy package includes proposals for restoring integrity and accountability to federal government spending. It also includes a tax reform that will deliver approximately double the tax relief provided in this budget over the next five years. It is characterized by a 17% single rate of federal income tax with generous personal, spousal and child deductions that will remove more than two million lower and middle income Canadians from the federal tax rolls all together and deliver the largest reduction in the federal tax burden ever provided to the Canadian people by any federal political party.

One of the key MPs who has helped bring this alliance into being is the member for Calgary Southeast. He also happens to be the former president of the Canadian Taxpayers Federation and the official opposition critic for revenue. He has attended and addressed literally dozens and dozens of meetings across the country where people have met together to discuss uniting in new ways to control spending and get the debt and tax levels down. We should listen to his report on these activities.

• (1105)

The member of the official opposition who has led the development of the alliance's position on federal spending and taxation, including the solution 17 proposal, is the member for Medicine Hat, the official opposition critic for finance. On these subjects, he has consulted not only his colleagues in caucus but also think tanks across the country and supporters of the provincial administrations of Premier Klein in Alberta and Premier Harris in Ontario, provincial administrations that have actually succeeded in delivering real broad based tax relief to their people.

I would urge hon. members and the public to listen to these members and other opposition members who are not only devoting themselves to holding the government accountable for mismanagement of taxpayers money, but who are endeavouring to create a constructive alternative to the government. It is members who advocate genuine fiscal responsibility in practice as well as in words on both the spending and the taxation side who represent the wave of the future, and they deserve our full attention.

I want to conclude by reflecting for a brief moment on the truth of an old saying which applies to governments as well as to individuals, the saying that pride or arrogance precedes a fall.

It has been observed that there are two types of arrogance that bring down governments.

The Budget

The first is an arrogance that is rooted, sadly, in ability and accomplishment. It is ultimately offensive to the public and will ultimately turn voters against an administration. But it is at least an understandable if not forgivable arrogance.

To illustrate, the Liberal administration of Louis St-Laurent became infected with this type of arrogance in the early 1950s and it contributed directly to the fall of that administration in 1957.

The wartime cabinet of Mackenzie King contained probably some of the ablest individuals ever to serve in a federal cabinet in terms of sheer ability and accomplishment, the ability to get things done under difficult circumstances with limited resources. There is no comparison between King's wartime cabinet and the front benches of the present government.

Louis St-Laurent, though past his prime by the mid-1950s, was an able and accomplished leader. Ministers like C.D. Howe, who had demonstrated enormous capability when he was in the private sector and even greater capabilities when he was in charge of all of Canada's wartime production effort, had achieved almost legendary status.

Unfortunately there is an arrogance that sometimes comes with great ability, accomplishments and legendary status. Howe was able and accomplished and he knew it. As the czar of Canada's wartime production effort, he was used to getting his way. He was impatient with anybody and anything that got in his way and particularly got in the way of any of his pet projects.

The project which preoccupied him in the mid-1950s was a massive pipeline project, the great Trans-Canada pipeline that would carry natural gas in huge volumes from western Canada, particularly from my home province of Alberta, into the energy thirsty markets of Ontario and the American mid-west. My father was very much involved, as premier of Alberta, in this project and I know this story from the inside out, not just from reading books.

A \$1 million boondoggle in connection with that project was brought to the attention of the great man, C.D. Howe, in the House by the official opposition. Rather than acknowledge the million dollar boondoggle and deal with it, in his arrogance, an arrogance rooted admittedly in ability and accomplishment, an arrogance which by then infected the entire government, C.D. Howe dismissed the charge with his infamous line "What's a million?".

It was that display of arrogance that marked the beginning of the end of that Liberal administration. The public had just about had enough and "What's a million taxpayers dollars?" from C.D. Howe was the straw that broke the camel's back.

There is another type of arrogance, an arrogance that is also offensive and repugnant to the public. But because it has no roots in ability and accomplishment, the public find it even more incompre-

hensible and insufferable. This is the arrogance of people and governments who are neither particularly able nor accomplished but find themselves in positions of great power and influence anyway. Their power and influence is largely inherited. It is built on the abilities and accomplishments of others, of their predecessors. They enjoy safe seats, not so much for what they have done but because of what others before them have done. They fall into power, not because of their abilities or powers of persuasion but because they were at the right spot at the right time when somebody else stumbled.

• (1110)

Such administrations do not appreciate the limits of their own abilities and accomplishments. They have nothing to be arrogant about, as Churchill observed, but they are arrogant anyway. It is the arrogance of inherited position and the power that goes along with it. It is like the arrogance that afflicted the old monarchies and aristocracies of Europe who believed in the divine right of kings, who believed they had a divine right to govern regardless of ability, accomplishment or the impact of what they were doing on their own people.

It is the arrogance of a Louis XVI and Marie Antoinette, lounging around the water fountain at Versailles, completely out of touch with the needs of their people but lording it over them anyway. In that arrogance of inherited power, responding to the news that the people of Paris have no bread by saying "let them eat cake".

To draw a more contemporary analogy, it is the arrogance of King Jean I and the member from Grantford lounging around the fountain at Shawinigan, completely out of touch with Canadians but lording it over them nonetheless. And in that arrogance, responding to the news that the people want real jobs and real accountability for taxpayer dollars by saying "let them eat pork".

In its arrogance and the mistaken belief that it is governments that create jobs, this Liberal administration has conceived a pipeline project. Not a magnificent nation-building project like the CPR and the Trans-Canada pipeline, but a tawdry politically inspired project to pipe federal government slush funds into every Liberal riding, with subsidiary lines into every other riding where there is a possibility of buying votes.

This time, not a million dollar boondoggle but a billion dollar boondoggle, has been brought to the attention of the House by the official opposition with the help of the media and the auditors.

In the House, the minister, who is supposedly responsible, and the Prime Minister arrogantly deny that a problem exists, and when the denial fails to calm the storm, the same Prime Minister arrogantly seeks to dismiss the problem by reducing it from a

The Budget

billion dollar boondoggle to \$250. When that does not work, the same Prime Minister arrogantly seeks to justify the billion dollar boondoggle by maintaining that a Liberal inspired pipeline to distribute patronage tainted pork is acceptable as long as it winds its way through every federal constituency in the country.

To top it all off, as the supreme act of arrogance—and this is the feeling that came to me in the lockup when I went through those budget papers yesterday—the finance minister, who is supposed to be responsible to parliament and the people of Canada for the prudent use of taxpayer money, has the unmitigated gall to present a budget statement to the House which seeks authorization to collect and spend billions more of taxpayer dollars while totally ignoring the gross mismanagement of taxpayer dollars already entrusted to the government.

In other words, in a supreme act of arrogance, the finance minister presents a budget which, by its glaring omission of the issue of the day, says to the House and to the taxpayers not “What’s a million?” but “What’s a billion?”.

It is that arrogance, not the boondoggle itself, which is bad enough, but that arrogance of inherited position and power reflected in the misguided belief that the Liberal Party has some divine right to govern without any obligation to account for its failures or abuses of the public trust. It is that arrogance which when apprehended by the public will mark the beginning of the end for this administration.

It is that arrogance which demands that the House respond to this budget, not with fawning approval but by adopting the amendment which I now place before the House. I move:

That the motion be amended by replacing all the words after the word “That” with the following: “the House of Commons rejects the government’s budget statement because it totally ignores the gross mismanagement of grants and contributions by the Human Resources Development Department, and continues the tradition of hidden tax hikes and boondoggle-prone spending that denies Canadians real tax relief”.

● (1115)

The Deputy Speaker: Debate is on the amendment.

Mr. Monte Solberg: Mr. Speaker, I rise on a point of order. I believe it is the custom of this place for a member from the government to respond in debate. I believe that is the situation, but I stand to be corrected.

The Deputy Speaker: I think the normal thing is to proceed through each party. The Liberals started the debate with the minister’s statement last evening. The official opposition has had its chance to reply. Now we would normally hear from the other parties.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, yesterday was a great disappointment for me. The heart on my lapel is not a delayed celebration of Valentine’s Day; it is for the community groups, the people working on behalf of welfare recipients, people without proper housing and others who are getting a dirty deal. A dirty deal particularly because the Minister of Finance has neglected them year after year, for seven years now, in his budget.

For some time, particularly in the last two and one-half years, the Minister of Finance has had surplus money coming out of his ears, but there has been not one measure to meet the needs of the least advantaged members of our society. Every year, an alarm is raised about the increase in poverty, in Quebec and in Canada, a cry from the heart coming particularly from community groups and the *Front des assistés sociaux* in particular. There is absolutely nothing in the budget to help them. There is no great source of pride to be found in discussing the budget of the Minister of Finance this morning.

From the social point of view, this budget is a total disappointment, with the possible exception of the Canadian social transfer, which is intended to fund health, post-secondary education and welfare, and which will be \$2.5 billion over the next five years. That averages out at \$600 million a year.

In order to re-establish the Canadian social transfer, which has been cut systematically every year since 1995, what he would have needed to announce, starting this year, is a reinvestment of \$4.2 billion in the social transfer to the provinces. This would make it possible to meet the needs of those left lying on stretchers thanks to the Minister of Finance.

● (1120)

Instead of that, the Minister of Finance preferred using his surpluses for other purposes by ignoring the needs of Quebecers and Canadians, sick people and students, and by ignoring the broad consensus achieved at two consecutive premiers’ meetings. On these occasions, the premiers asked that the Canada social transfer be restored to its original level, that is before the Minister of Finance began making deep, drastic cuts and gaining popularity, thanks to the surpluses coming out of his ears.

In that regard, the budget is a big disappointment. It is also disappointing to hear the Minister of Finance and his officials telling us, as usual, that, compared to 1993, there is more money in the social transfer for health care, post-secondary education and social assistance, and that they are taking into consideration the tax points given to the provinces, and Quebec in particular, at the end of the sixties, to correct a situation that was persisting.

The Budget

That situation was the following. In response to the war effort, the federal government had borrowed the provinces' fiscal capacities, including income tax. The provinces, including Quebec, were given back through tax points the tax field borrowed from them in support of the war effort.

Tax points have been in use for a long time. They do not take anything away from Ottawa and they are not even recorded as a type of expenditure or revenue for the federal government. It is like asking the former owner of a house sold thirty years ago to fix the roof. In other words, it is no longer any of the Minister of Finance's business. It is not federal money but old tax points given away over thirty years ago. It is none of his business.

What should grab our attention is the government's cuts to cash transfers. By 2003 it will have cut around \$31 billion in transfers to the provinces for health, post-secondary education and social assistance.

These are not small amounts of money. This year alone, the Government of Quebec is out \$1.7 billion. This money could be used to hire 3,500 additional doctors and 4,500 nurses this year, as well as to invest \$350 million in the education sector and over \$350 million, close to \$400 million, in income security. This is an extra \$40 a month in the pockets of recipients, which they are not getting.

We have people coming into our riding offices who are short \$40 at the end of the month to make ends meet, to be able to feed themselves and their children. The Minister of Finance has decided to turn a deaf ear to the pleas from those on social assistance and the least well off members of society.

My second big disappointment concerned employment insurance. We thought, or we would have thought, that the Minister of Finance had his heart in the right place. But it is now clear that the Minister of Finance is heartless because six out of ten unemployed individuals do not qualify for EI and are left on the sidelines.

The Minister of Finance announced yesterday that even over five years and despite the fantastic surpluses in the employment insurance fund, which the government has not contributed to for a number of years, there will be no improvement in the employment insurance fund.

Yesterday, I heard the messengers of the Minister of Finance playing the "there will be parental leave, a great improvement" tape again. They said the parental leave provided by the government from the employment insurance fund will be twice as long as what the Government of Quebec planned to offer pregnant women.

Yesterday, the Minister of Finance had management, unions and communities in Quebec saying unanimously that the measure proposed was so much showing off, for appearance purposes, an improvement on an empty measure.

In fact, half of the pregnant women will not benefit from this plan, because they will not be employment insurance claimants. Some will be unable to take advantage of this, because the plan covers only 55% of these women's salary. Drawing only 55% of one's salary over a year makes no sense. Even though the length of the program proposed by the Government of Quebec was shorter, the benefits were greater, as was the coverage. In fact, the Government of Quebec intended to provide coverage for self-employed women as well.

• (1125)

Everyone knows that this government is in its pre-election mode, that it is trying to win people over, trying to present people with window dressing. On the surface, that is all very well, but when thinking people scratch beneath that surface—and I think that the intelligence of Quebecers must not be underestimated—they find there is nothing underneath.

The government's treatment of social housing is a real scandal. That sector has had an injection of \$58 million. Everyone in Quebec and in the rest of Canada has said that, right now, the minimum investment required Canada-wide to create a minimum of new social housing in order to partially meet the requirements of the most disadvantaged in our communities, who are paying more than 50% of their income for accommodation, would be \$1.7 billion, not \$58 million. That would not be enough to build even half an entranceway. This is truly scandalous. The Minister of Finance has not heeded the heartfelt cries of those in need.

I turn now to the tax cuts. The Minister of Finance is a great showman, and it is not the first time he puts on a show for us but closer scrutiny reveals it is all smoke and mirrors.

We do, however, have the honesty to applaud the full indexation of the tax tables and the tax structure in general. Why? Because we have been pestering the government, pressuring it, for seven years—

And the count having been taken:

Mr. René Laurin: Mr. Speaker, I rise on a point of order. Considering the importance of the issue, could you check to see if we have a quorum?

The Deputy Speaker: I see a quorum. The hon. member for Saint-Hyacinthe—Bagot may continue.

Mr. Yvan Loubier: Mr. Speaker, we applauded the full indexation of tax tables, and we continue to do so, because the Bloc Québécois has been fighting for seven years to convince this government to end this tax injustice whereby, for 14 years now, taxpayers have been paying an extra \$3 billion in taxes every year. Indeed, without any announcement from the Minister of Finance about tax rate increases, the minister was collecting at least \$3 billion per year.

The Budget

We condemned this injustice. In 1995 we even tabled a report proposing a reform of the personal income tax system. In that report, our first recommendation to the government was the full indexation of tax tables to end this systematic robbing of taxpayers.

Seven years and \$17 billion later—because the federal government's inaction has cost taxpayers \$17 billion—the government finally decided to index tax tables. Let us render unto Caesar what is Caesar's. Had it not been for the Bloc Québécois, no one here would have talked about full indexation.

This year the Minister of Finance would probably have announced a \$2 billion tax reduction without changing anything to the tax structure. In the end, he would have given \$2 billion to taxpayers while at the same time taking back between \$3 and \$5 billion through the back door.

It is thanks to the Bloc Québécois, the only party in this House to raise the issue, if this long term adjustment has been made and if, over the coming years, we will be seeing real tax reductions, not disguised ones.

Where are the tax cuts that everyone is calling for this year? There are none, or almost none. The most that the government has done is to freeze people's taxes at the same level as last year. That is it.

Next year there will be minimal tax cuts. I will give a few examples.

There will be no tax savings at all for a family of two adults and two children with an income of \$20,000.

● (1130)

For a single income family of two adults and two children earning \$35,000, the real tax saving this year will be zero.

For a single income family of two adults and two children earning \$65,000, the tax saving this year will be \$700—less than \$60 a month.

But the lucky friends of the Minister of Finance and of all his colleagues, the folks who earn \$250,000 and up, are the real winners this year. Their savings will be \$4,796.43.

So much for tax relief. As usual, the Minister of Finance makes sure that these tax cuts are for those whose income is \$250,000 or more this year. Next year it will not be all that different.

With full indexing, the tax cuts will happen, but mainly four or five years from now. In my opinion, those tax cuts need looking into more closely.

The Minister of Finance gave us an interesting show yesterday, but if we scratch the surface, we can see that the Minister of Finance is an expert at making things look good. However, when

the time comes to take really effective measures, he will certainly not be the one to do so.

Now for agriculture. This is a particularly important sector and one which has in recent years been hit with considerable cuts in the successive budgets of the Minister of Finance, particularly the cuts to subsidies and the measures aimed at the farmers of Quebec.

After six budgets in which there have been more than proportional cuts in the federal agriculture and agri-food budget, it seems to me that it would have been a good idea for there to have been a little help this year for Quebec farmers in the form of subsidies.

This is all the more important, crucial even, because of the impasse in the WTO, where there are no longer any discussions about subsidy levels in the United States and Europe, and our international competitors receive two or three times what the agricultural producers of Quebec do.

How can there be competition against people who are being subsidized up to three times as much as we are? He ought to have restored some of the agricultural subsidies so as to enable that sector to be a front-runner on the international level, despite this inequity on the international level. He did not.

Everyone deplores this now, particularly the president of the Union des producteurs agricoles, who said that agriculture had been completely ignored in the budget. When agriculture was mentioned in the past six years, it was always to announce bad news, such as the elimination of certain benefits that had been in place until then.

I also want to mention infrastructures. There is unanimity against the minister. Again, in today's newspapers, we can see that all those who fought for a real infrastructure program to construct roads, and for other types of infrastructures, particularly municipal infrastructures, will be very disappointed. Some of them already are this morning, but those who were expecting more from the federal government will be even more disappointed.

Some claim that the opposition can say anything, that its members are not taking into account the need to achieve fiscal balance, etc. This is not true. Whenever the Bloc Québécois has made proposals, it has always kept in mind the need for fiscal balance and sound management of public finances. The same cannot be said of the government opposite, given what is going on at the Department of Human Resources Development, including the scandal about the lost billion, the possibility of bribes here and there and the largesse toward friends.

We redid the forecasts by taking into account the evolution of the economy over the past three months and the most recent major criteria for economic forecasts.

The Budget

• (1135)

We recalculated the Minister of Finance's surplus forecasts for the next five years and discovered that there will be not \$95.5 billion in surplus, but more nearly \$140 billion.

With the Minister of Finance we are used to errors in forecasting verging on 100%. Three months ago, he presented his economic statement. He forecast a surplus for 1999-00, that is, the fiscal year ending March 31, of \$5 billion. Yesterday, in the budget, the surplus had reached \$7.5 billion. In two months and a half, he erred by 21%.

There is worse to come. Yesterday, at the time of the budget, I took out his own department's latest financial review. In the first nine months of the current fiscal year, the surplus was already over \$10.9 billion.

The Minister of Finance has a real problem. Either he does not know how to count or he does not know how to estimate or he does not know how to manage or he does not know what is happening in his own department, since the figures he gave yesterday, those of two and a half months ago and those of the same day in the financial review vary between 21% and 50%.

The problem is that the Minister of Finance manipulates figures. He is a great manipulator. I will not use any unparliamentary language, but we need only look at page 20, first column, table 1.2 of his budget plan 2000. It provides for spending in 2000-01 of \$4.4 billion he committed in 1999-00. Already we have \$4.4 billion that will be spent later on showing up in this year's figures.

Why does he do this? To mislead everyone. He talked about a \$5 billion surplus. He realizes that the actual figure will be in excess of \$12 billion. He adds \$4.4 billion to this year's figures that will be spent the following year. He reduces this fiscal's real surplus of \$12 billion by a corresponding amount. At the end of the year, he will crow that he was right on the mark.

It is really too bad that we are treated to this sort of sleight of hand.

He also could have brought in tax reform. That is what he did for individual taxpayers, but we encouraged him to do so for corporations. He did not follow our advice. Large corporations are carrying forward far too much in unpaid taxes. The amounts involved are not small. Year after year, profitable corporations carry forward over \$45 billion in taxes they owe Revenue Canada.

I will mention just one, Bell Canada Entreprises, which has been in the news in recent days, which will acquire CTV at a cost of \$2.3 billion. This is approximately what BCE owes the federal government in unpaid taxes carried forward. Another example is Bell Canada, which owes \$2.1 billion. Seagram owes over \$2 billion.

Seagram and BCE taken together represent enough in unpaid taxes to restore the Canada social transfer, to be able to invest in health and postsecondary education and help the poorest members of society. But the Minister of Finance does nothing.

We are keeping our eye on him for the rest of this government's term of office in order to see that he introduces this reform, that he stops arranging things to suit his little millionaire friends, that he gives a thought to the most disadvantaged and listens to people's pleas.

I move:

That the amendment be amended by adding after the words "real tax relief" the following:

"and real and immediate adjustments in the employment insurance system as well as in transfers to the provinces to fund health care, education and social assistance."

• (1140)

The Deputy Speaker: The amendment to the amendment is in order. The debate is on the amendment to the amendment.

Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I wish to begin by saying that it is a great pity that Canadians listening to this debate do not have an accurate picture of budget 2000.

[*English*]

We have heard some speakers who are mired in the past and speakers who are speaking half-truths. For example, on the question of taxation we heard about examples from previous years, but did the speaker talk about what this budget actually delivers for Canadians?

I will give some examples. A one earner family of four with an income of \$60,000 will see its taxes go down by 24%. Did we hear that? I do not recall hearing it. The elimination of the 5% deficit reduction tax on income of up to about \$85,000 will help middle income Canadians. Did we hear that? I did not hear that. A one earner family of four earning \$40,000 will see its net personal income taxes reduced by 48%. Forty-eight per cent. I did not hear that in this Chamber just a few moments ago. A two earner family of four with an income of \$60,000 will see its net income taxes reduced by 27%. Twenty-seven per cent. These are the facts.

When we talk about transfers, the budget fully restores health and social transfers to the provinces. In fact, it moves them to new levels of \$30 billion annually. With the equalization payments, it moves to \$40 billion annually being transferred to the provinces.

It is no secret that the province of Quebec certainly with respect to equalization payments receives the lion's share. The Quebec government receives close to \$5 billion in equalization payments. The CHST has fully restored the funding on the transfers for health, education and welfare.

The Budget

[Translation]

I wonder if the Bloc Québécois member would make a small comment on transfers. Does he have any exact figures, or is this a sort of make-believe story?

Mr. Yvan Loubier: Mr. Speaker, we are going to talk of reality, not the inflated statements on the Minister of Finance's tape, as replayed by his parliamentary secretary.

Does he want to know about tax savings? A family of two adults and one child, with a single income of \$65,000, will save \$700 this year, which is barely \$60 a month. That is a lot, is it not, \$15 a week?

Taking the same family of two adults and one child, but with two incomes totalling \$65,000, they will save \$250 this year. Wow. Some tax cut. This is wonderful.

If I had had the time earlier, I would have also talked about the inflexibility of the federal tax system as far as Quebec is concerned. I will give some examples, if I may. Quebec gives tax credits for shipbuilding, but they are then taxed by Ottawa.

There is also inflexibility as far as deducting student loan interest is concerned. Since student debt load in Quebec is less than in the rest of Canada, our province is not getting its share regarding that tax deduction. This is an example of the inflexibility of the federal tax system.

• (1145)

Then there is the deduction for daycare costs. Everyone wants to copy Quebec's \$5 a day daycare program, but the federal government has turned a deaf ear when it comes to making the necessary tax adjustments. Some families in Quebec will lose tax deductions, because they are claiming less in daycare expenses from the federal government. The tab is \$70 million. I could have talked about this inflexibility.

Yesterday, it was announced—and I would have done it earlier if I had had the time—that the super deduction for research and development the Quebec government—through the Minister of Finance, Bernard Landry—had announced in its budget last year, a measure similar to what has been done in Ontario for ten years with the hundreds of millions received by Ontario businesses through federal deductions for research and development, is quite simply a thing of the past.

Businesses did not even have six months to take advantage of that deduction, while Ontario companies had ten years to benefit from the hundreds of millions of dollars given by the federal government.

To those who claim that federalism is beneficial to Quebec, I say think again. It was demonstrated again yesterday that when Quebec

has a good idea, Ottawa turns a deaf ear, because the Quebec government would look too good. When there is a measure that is good for economic growth, the government scraps it, as it did with the excellent Quebec research and development deduction. That is what is meant by federal flexibility.

I am tired of hearing about transfer payments being at the same level as in 1993. That is not the case. They are lumping cash transfers and tax points together. Tax points were transferred in the late 1960s. We wish the government would quit trotting out this tired old refrain. No one takes it seriously any more.

The truth is that provincial governments are out \$4.2 billion every year, and the Government of Quebec is facing a \$1.7 billion shortfall in health care funding. It is the fault of the federal government that people wait so long in emergency rooms and on surgery lists. It is the fault of the federal government that hospitals are closing, because, by 2003, it will have cut transfer payments for health, post-secondary education and social assistance by \$31 billion. Members opposite should stop obediently playing the same old tapes, and the government should do its job.

Mr. Odina Desrochers (Lotbinière, BQ): Mr. Speaker, I obviously fully support the remarks by my colleague from Saint-Hyacinthe—Bagot on the economic and social consequences of the budget presented yesterday by the Minister of Finance.

I have in my hand an article published today in *Le Droit*. I think with my colleague's expertise we have a good idea how federalism is cost effective in Quebec. The article concludes by saying:

Even with the natural increase in the performance of the tax points, Ottawa's total contribution has increased from \$30 billion to \$32 billion in ten years, a miserable increase of .06% a year.

It then says:

In all, with all transfer payments combined, for each Quebecer, cost effective federalism is \$1,566 as compared to \$1,600 when Robert Bourassa left politics ten years ago. This does not warrant a speech by the current Minister of Intergovernmental Affairs—

I would ask my colleague if he agrees with these remarks and if he can tell us in greater detail how the current budget will impoverish Quebec further this year.

Mr. Yvan Loubier: Mr. Speaker, I thank my colleague from Lotbinière. What he has just said is quite right. I will simply take one cut to show that Quebec is doing more than its share in absorbing cuts and is therefore poorer than the other provinces in Canada as the result of the actions by the Minister of Finance. Let us consider the cuts decreed in the 1995 budget in the Canada social transfer, with which, it must be remembered, Quebec was to fund health care, post-secondary education and social assistance.

The Budget

The plan for the cuts, which began in 1995 and will conclude in 2003, will mean that Quebec alone will suffer of some \$16 billion of the \$31 billion in cuts decreed by the Minister of Finance. This is over 50% of the cuts.

• (1150)

Quebec is going to suffer 50% of the cuts to the social transfer, while it represents only 24.5% of the Canadian population. Is this fair? Is this equitable? Absolutely not.

Looking at R and D expenditures—this should be heeded by those subservient Liberals from Quebec across the way, because we have been saying this for 20 years over and over, and they still haven't got it—we have not received our fair share of federal government goods and services expenditures and structuring expenditures. We are \$2.5 billion in the hole every year.

Telling us that this system represents enrichment for Quebec is false. My colleague from Lotbinière has done well to raise this aspect of the question.

[English]

Ms. Louise Hardy (Yukon, NDP): Mr. Speaker, I know that Quebec has a very large northern region and I was wondering if the member would elaborate on how devastating this budget is when it comes to health care in northern areas that depends on Medivac.

[Translation]

Mr. Yvan Loubier: Mr. Speaker, by not restoring the transfer payments via the Canadian social transfer to their 1993 levels, the people whom the hon. member represents will be hard hit, because it is already experiencing problems with health care funding.

With the population growth that region is undergoing, the needs are becoming more and more urgent and pressing. The Minister of Finance has decided to keep the people of the Northwest Territories and the Yukon waiting once more, as he has for the past two and a half years.

It must not be forgotten that the surplus started two and a half years ago, and the Minister of Finance has managed so far to avoid any debate on its allocation, by concealing and disguising it, as he has again this year. We must not believe that the surplus will be \$5 billion, as he has announced. It will be \$12 billion instead, this year.

He could, therefore, have done far more to improve the health sector in the hon. member's riding and elsewhere, but has decided not to. At best, he is going to invest \$2.5 billion, but over the next five years, so that will be \$500 million yearly. This figure represents about 12% of annual requirements, according to the figures given by the provincial premiers and territorial leaders.

[English]

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, I rise to say a few words on this very important budget debate today. I remember the Minister of Finance in London last fall saying in his financial update that we were into the age of a surplus.

When we get into the age of a surplus we can start looking at the values of a society in terms of where we want to invest our money and in terms of the new fiscal dividend. It is a new era. It is a new age. It is a new chapter in terms of where the country wants to go.

Because of that I looked forward to this budget with a great deal of interest as the dawning of a new age, a new era, a new direction for Canada. Because we have turned the deficit corner what would the fiscal dividend be used for?

We listened to the Canadian people and we heard a great deal of optimism about reinvesting in people, health care, education, a children's agenda and the farm crisis, all kinds of things for ordinary people and bringing down some taxes that affect them such as the GST, bracket creep and others as well.

If we go back to 1995 we notice that the fight against the deficit was carried out by a radical slashing of social programs, the most radical slashing we have ever had in Canada. It was much more radical than any Conservative government under Brian Mulroney or John Diefenbaker or any other Tory in the history of the country had ever done. The Minister of Finance slashed and burned social programs in Canada to the point where social programs such as health care are in jeopardy today.

Then came last night. Last night the minister rose in the House to present his budget. I thought for a while I had a health problem. I thought I had a hearing problem. I kept hearing the Leader of the Opposition but I kept seeing the Minister of Finance. I checked with my colleague from Kamloops and he was adjusting his glasses. He was looking around. He saw the Minister of Finance but he thought he was hearing the Leader of the Opposition.

What we had last night was a very important paradigm shift by the government, moving in a sharply conservative direction from the past history of Canada, from the past history of the Liberal Party. We had a very conservative tax cutting budget.

• (1155)

I checked more closely and watched the Leader of the Opposition. He was embarrassed. He was blushing. He looked very red in the face because what the Minister of Finance was saying remained the things the Leader of the Opposition had been advocating for the last two or three years. Meanwhile the Minister of Finance was boasting and bragging about the new direction in which the country was going.

The Budget

A friend of mine has some very appropriate buttons. I should not mention another member's name in the House but I can read what the button says: "Paul Martin for UA leader. Paul Martin for leader of the United Alternative". The Leader of the Opposition may have competition for the leadership of a new conservative party.

What we have seen very importantly is a paradigm shift. We had the deficit fought on the back of social programs. We expected that once we got to a surplus position the social programs would be reimbursed, that health care would be reimbursed, that education would be reimbursed, and that people who had paid for the fight against the deficit would all of a sudden get the positive result of a fiscal dividend. However the opposite happened.

We now have the smallest government we have seen in the country since 1949-50 in terms of government spending and government programs. The 2000-01 fiscal year spending on government programs will amount to 11.6% of the GDP. That is down some 5.3% from 1992-93 when government spending was 17.5% of the GDP in Canada.

Investment in government programs has dropped by \$4 billion since 1993-94, the year Brian Mulroney left office and the current Prime Minister came into office. In the budget speech the government boasts about this radical downsizing of the public sector and federal government programs. That is a drop of \$4 billion at a time when inflation is gradually increasing costs, when government revenues are going up and when the affordability is there to expand government programs for health care, education, homelessness and farmers. There is a cutback of \$4 billion in terms of government programs which help ordinary people.

There is a shift in values. I ask where those good old time Liberals are, the Lester Pearsons. After its start in Saskatchewan he started a national health care program that brought in the Canada pension plan. Where is Pierre Trudeau? Where is Paul Martin Senior, the national father of many of our social programs who boasted about building social programs and expanding them when they became affordable? Where are those old time Liberals?

In the House today many Liberals are hanging their heads in shame as they think back to the legacy of the Liberal Party which tried to build some social programs and to invest in government policies. Those programs are now gone. Where have they gone? Some of them are in the Senate. Others have just gone out of politics, but where is the legacy of the old Liberal Party?

We have had a radical downsize like we have never had before in terms of government programs and social programs. Instead of spending about 75% in terms of health care, education, the farm crisis, children and senior citizens, in the budget for fiscal year 2000-01 about 25% of the surplus is going into these programs and 75% will go into tax cutting and cutting back on the national debt.

It is exactly the other way around to the way the priorities should be. We should be reinvesting in people.

I want to look at some of the interesting facts. In the next four years they are projecting tax cuts of \$58 billion. The spending on transfers to the provinces for post-secondary education, health care and other social services will be \$2.5 billion: a billion this year, a half billion next year, a half billion the third year and a half billion the fourth year. That is \$58 billion for tax cuts and \$2.5 billion for health and post-secondary education. For every dollar that goes to cut taxes, some two pennies go into increases in health care.

• (1200)

What does that mean?

Two days ago I was visiting a person in the Pasqua Hospital in Regina. I talked to some of the nurses about the crisis in and the shortage of health care. No matter where we go, whether it is the Pasqua Hospital or any hospital in the country, we get the same story about health care being in crisis.

The federal government in the days of Paul Martin Sr. and Lester Pearson funded health care on a 50-50 basis with the provinces. What is it today? Today, under the son of Paul Martin Sr., about 13 cents or 14 cents on the dollar comes from the federal government, depending on the province. It is no wonder that Liberals hang their heads in shame in the House today with this kind of track record.

What does it mean in my province of Saskatchewan? Over the next four years this \$2.5 billion will mean \$80 million to the province of Saskatchewan. That is enough to fund health care for one day, two days or three days in those four years. I suspect it will be the same in Manitoba, New Brunswick, Nova Scotia or any of the smaller provinces in the country. That is what the Liberal Party is giving us, funding for health care for an extra three days in the province of Saskatchewan.

In fact the effects of this budget will be even worse in Saskatchewan. Because of the changes in the tax system our province will be at a net loss in terms of what it receives in transfers from the federal government. There will be an extra \$80 million in transfers, but a loss when it comes to the change in the tax system because our tax system, except for Quebec, is piggy-backed on the federal tax system. It is no wonder there is a great deal of shame across the way.

Years ago the Liberal Party would boast about the role of government and the public sector in building a strong network of social programs to help Canadians who need help. The Liberals are now changing on a dime. They are intimidated by the Leader of the Opposition, intimidated by the Reform Party. They have slashed \$4 billion from government spending since they took office from former Conservative Prime Minister Brian Mulroney.

It is no wonder the Canadian Medical Association is saying that there is not enough money in the budget for health care. It is no

The Budget

wonder the people are worried about an American style of health care, two tier health care coming into the country. What the Minister of Finance did last night was open the floodgates to the possibility of the American style of two tier medicine. The federal government is not paying its fair share of the cost. At 13 cents or 14 cents on the dollar, when it used to be 50 cents, the government is inviting the provinces, in particular Alberta, which has the cash, to implement a two tier system of health care.

I remind the House that in the United States 48 million Americans are not insured for health care. They are mainly poor people, black people, people living in inner cities and people living in rural areas. That is the kind of vision the Minister of Finance has in mind for Canada. It is not the Canadian way. It does not reflect Canadian values. It is not what Canadians are telling MPs from one end of the country to the other. That is not the way we want to go in the New Democratic Party.

We need more money for health care. We need more money for education. We need more money to invest in ordinary people and in services for people. That did not happen last night. Last night there was a shift in the values of the Liberal Party, which is adopting the agenda of the Reform Party. That is why the Leader of the Opposition was blushing. He did not know what to say. All he could talk about last night in front of the cameras was HRDC and how the government had spent money in those programs over the last two or three years.

I turn for a moment to education and the children's agenda. A number of months ago the Prime Minister spoke of a children's agenda. Where is that children's agenda? It is not there. Where is the extra money for education? The extra money, except for a small portion of that \$2.5 billion over four years, is not there. It is not there at all.

If we want to build a stronger country and a more competitive country, if we are concerned about the so-called brain drain, then the place where we should start investing immediately is in the children's agenda, in child care, in early childhood development and in post-secondary education so that we can invest in human resources, training and education to create in the future a workforce that is second to none in the world and one which will build this country into a strong country in the next century.

● (1205)

That is the vision and that is the direction in which we should go. Instead, the income gap is widening. There are more and more people living in poverty. There are more and more kids living in poverty, more and more kids without opportunities some 10 years after we passed a resolution to eradicate child poverty by the end of the last century. Now we have the money. Now we have the surplus. What does the Liberal government do? It decreases spending in proportion to our GDP rather than increase it. It is the agenda of the

Leader of the Opposition and members of the Reform Party. They have intimidated the Liberal Party, which has responded in kind by bringing in their agenda, which is not the way that Canadians want to go.

I would like to speak about the farm crisis. We have the worst crisis in the farming sector in Saskatchewan and Manitoba since the 1930s. We have had protests. We have had people being forced off the land. We have had bankruptcies. We have farm stress. We have had people committing suicide. We have had people on hunger strikes. We have had tractor demonstrations. We have had questions put by members of this party in the House of Commons for the last year. We have had delegations led by Premier Romanow and Premier Doer.

With all the protest, the lobbying and the questioning that is going on, what did we get from the federal government? We got a measly \$240 million last week, when all the major farm organizations in the prairies were saying that they need a minimum of \$1.3 billion for Saskatchewan and Manitoba if they are to survive, seed crops next year and the year after and maintain the family farm. That is all they got. There was nothing added in the budget.

Last night there was nothing in the budget about a long term farm program, which prairie farmers are saying should be based on the cost of production. That would give them some guarantee that they would get back at least their costs and a decent income in the years that lie ahead. Where was that vision? That vision was not there, despite the fact that European farmers are being subsidized to the tune of 56 cents on the dollar by the treasury in Brussels and American farmers are subsidized by 38 cents on the dollar, while our Canadian farmers get 9 cents.

Agriculture has taken the biggest hit next to social programs from the Minister of Finance and the Liberal government with the elimination of farm support programs and the Crow rate over the last few years. Now that we have a fiscal surplus, what is there for farmers? Mere peanuts for farmers and nothing in terms of a long term vision.

This is a paradigm shift in Canadian politics. We are seeing the Liberal Party shift to the right and adopt the agenda of the Reform Party in terms of fiscal conservatism, in terms of the law of the jungle and people having to make it on their own in terms of the marketplace.

It does not matter where we look. Take, for example, the CBC. There was not a penny last night for the CBC. There was very little for arts in terms of a vision for our country, taking our country back and standing for Canada and our identity.

There was very little for international development in terms of playing a role in the third world.

There was nothing for parks.

The Budget

I want to mention taxation. There were some good things done in terms of indexing the taxation system and increasing the basic exemption. After our party has been pushing, year in and year out, for a fair and progressive move for the ordinary Canadian citizen, the Liberals finally listened to this party and to the Canadian people and indexed the taxation system.

At the same time they had to throw something to their wealthy friends. They are going to change the capital gains system so that instead of being taxed on 75% of capital gains, people will be taxed on only two-thirds of their capital gains. Someone who is a wealthy person and makes \$200,000, \$300,000 or \$400,000 a year in capital gains will get a major tax break compared to the ordinary citizen.

It is the same with RRSPs. We can now invest 20% of our RRSPs in foreign markets. That is a considerable expenditure by ordinary Canadians, amounting to billions of dollars a year. Now the government, despite what the Canadian people are saying, wants to increase that to 25% and then to 30%. The taxpayers of this country are subsidizing people to invest in the economies of the United States, Asia or Europe, and yet it is the taxpayers' money. These things are going in the wrong direction.

In the remaining time that I have I want to put a bit of a human face on the budget that we saw last night. We have been in touch with a few people this morning and we have heard different reactions to the budget. For example, we spoke with John, who is a currency trader in Toronto. He is one of those guys in red suspenders. He was very happy last night. In fact, this morning he had a bit of a hangover from popping all the champagne. He was happily toasting the Minister of Finance because he made \$200,000 in capital gains. With that kind of capital gains he will have an extra \$8,000 in his pocket because of the change. It was not a bad budget for John. It was no wonder he was popping the champagne and munching on caviar as he watched the Minister of Finance deliver a budget that was good for him because of the capital gains exemption.

• (1210)

We also heard from Donna. Donna is not like John. Donna is a high school teacher. She earns \$60,000 a year and comes from a one earner family of four. Next year she will get a tax cut of \$1,007. By 2004 she will have a tax cut of \$1,477. What does this tax cut do in terms of lost services for Donna? She has children in university. She sees tuition fees going up, and yet there are no increased transfers for education and health.

In 1990-91 the average arts tuition at the university where her son went was \$1,496. In 1999-2000 that tuition had gone up to \$3,370, a hike of 125.9%. The reason is that the federal government has not kept up its transfers to the provinces for post-secondary education.

The Liberals have help from their friends in Ontario, like Mike Harris, whom they seem to worship nowadays. By the way, Mike Harris increased spending on government programs at the same time that this government decreased spending. We have a government that is even more Conservative than Mike Harris. Donna is a net loser as a result of the budget of last night.

We heard from André, who is a student. What is in the budget for him? Nothing at all. Tuition fees will not go down, they will go up. There is nothing new in student loans for André.

We heard from a retired couple. Milfred and David live in Kamloops. They make \$30,000 a year. They will see their personal taxes reduced by \$546 a year, or \$1.50 a day. Through the tremendous generosity of the Minister of Finance, by 2004 they will be able to go to Tim Hortons to share a couple of cups of coffee, if they are small cups. They would sooner see that money invested in the health care system and education for their grandchildren than in \$1.50 to buy a cup of coffee at Tim Hortons.

Doug is from my hometown of Wynyard. He will make probably \$2,000 or \$3,000 next year. He may get an \$8,000 payment from the federal government. He will not be paying any income tax. There is nothing in the budget for him. There is nothing more for farmers. There is nothing for their cost of production. There is nothing for him.

This budget is very unfair in the way it treats ordinary people. We need a vision in which we invest in people, social programs and health care; not a budget and a government which governs for the wealthy.

Mr. Sarkis Assadourian (Brampton Centre, Lib.): Mr. Speaker, I followed the comments made by my colleague from the NDP very closely.

He forgot to mention that full indexation of personal income taxes will cost the government \$6.3 billion, which will go to the taxpayers. He never gave the government credit for that.

Headlines in the *Globe and Mail* read: "\$13.3 billion in additional spending will go mainly toward health care, research and education". The *Winnipeg Free Press* read: "It's payback time: Martin slashes \$58 billion in taxes and puts an end to bracket creep". Further, former NDP MP, Doug Fisher, said: "Finance Minister Paul Martin knows the nation's financial situation has been improved under his stewardship".

The other point I want to bring to his attention is that he mentioned that last week the federal government gave Saskatchewan and Manitoba \$240 million. Who is complaining? The premier of Saskatchewan was very happy. I do not know who speaks for Saskatchewan, the premier or the hon. member.

The Budget

Hon. Lorne Nystrom: Mr. Speaker, I did mention indexation. We have advocated full indexation for our taxation system for years. I am glad the government has finally listened to the NDP and the ordinary people and has done something on the tax side which will help ordinary people in Canada.

The concern I have is that at a time when the government should be investing in people, it is not doing that.

• (1215)

Take a look at the government's budget books. I will only refer to the budget in brief because the big budget might be a bit more complicated for the member across the way to go through.

On page 18 of the budget in brief, we find that in the fiscal year 2000-01 the government spending initiative is to be \$1.2 billion. Its tax cut initiatives are \$3.5 billion. It will set aside some \$4 billion in terms of contingencies and prudence which will probably be spent on the national debt. In the next year 2001-02, spending will be \$3.1 billion, tax cuts of some \$7 billion and it is setting aside \$5 billion for the national debt.

We can see what its priorities and values are. Its values are not investing in people, the health care system, education or the farm crisis. Its values are not the values of the Canadian people and not the values of the Liberal Party of old.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I appreciate the opportunity to set the record straight. The member in his speech made some comments about the Reform Party's position on health care. I point out to him and to anybody else who happened to hear those scurrilous statements that they were false and what follows is the truth on the matter.

The Reform Party is, has been and I presume will be, a party that listens to the people. We are a grassroots party. From the beginning Canadians have told us by our own membership polls and other indicators that we have had from many public meetings that health care is priority number one.

It is true it has always been our highest priority. All one needs to do is to look at the literature. Instead of simply spewing back what others have said about us incorrectly, look at the actual literature from our various campaigns. Look at what we have actually proposed. It has always been a high priority. We have a great commitment, contrary to what they are saying about us, to the health care system. It is our number one priority. We would like to prop up and buy some more equipment for hospitals instead of fountains in Shawinigan.

I wanted to put that on the record. I do not know whether the member wants to comment on it or whether he has another scurrilous comment to make. Unfortunately that is what happens in these debates but I wish he would simply stay with the truth and recognize that is what our party is about.

Hon. Lorne Nystrom: Mr. Speaker, I remember going to the Reform convention as an observer. I heard them talk about tax cuts that amounted to \$104 billion over five years when the federal Department of Finance was projecting a surplus of about \$100 billion over five years. Reform wanted to spend the entire surplus on tax cuts.

If one is doing that, we are not even going to keep up to the increase in inflation in terms of health care and education. We can see what kind of priority health care is for the Reform Party of Canada. The other thing about the Reform Party of Canada is that it supports Ralph Klein in a two tier American style health care vision for our country. The Reform Party of Canada stands for that.

Canadians want a single tier national health care system as supported and enunciated in the Canada Health Act. Our party and the Canadian people stand for that. We want to fund the national medicare program. We want to bring back federal funding. Canadians stand for that and the Reform Party stands on the opposite side of that. It wants two tier American style medicare. That is not what Canadians want.

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, is the hon. member from the NDP aware of what was brought down yesterday in the budget? When it comes to the CHST, only 2% will be going into the total Atlantic region. Ninety-eight per cent will go to central Canada and out west.

People back home put a think tank together. Our people will be hit extremely hard. I will read what was said by the minister of finance back home in the province of New Brunswick. He said that there is an imbalance in the Canadian federation with Ottawa hoarding all the money while the provinces are left holding the bag on the country's most expensive program, health care. I want to say that when a province only gets 2%, it is not even coming up to the 1993 level.

• (1220)

This is a very serious situation which must be addressed by both sides of the House. Was the hon. member aware of that? Are all my colleagues in the House aware of what took place here yesterday?

Hon. Lorne Nystrom: Mr. Speaker, the member of the Conservative Party makes an excellent point. I am aware of it. I fully agree with her. The premiers of Atlantic Canada, the Liberal premier and the three Tory premiers, have said the same thing as the two NDP premiers on the prairies, Romanow and Doer, that last night's budget will be a net loser in terms of transfers to the small provinces.

In my province alone, the transfer will be about \$80 million for health care over four years. That \$80 million for health care,

The Budget

according to the premier in his comments this morning, is enough to keep the hospital system going for three days in Saskatchewan.

It is even worse than that when we factor in the tax changes. The tax systems in all of our provinces, and I am talking to the member from New Brunswick, are tied to the federal tax system. Because there are changes to the federal tax system, there will be tax losses in the smaller provinces. The four smaller provinces in the Atlantic, Saskatchewan and Manitoba will be net losers as a result of the transfers that were announced by the Minister of Finance last night.

That is a really sad commentary when the smaller and poorer provinces are the net losers in terms of the transfers and social programs. It is about time we had a new vision that put people first, that invested in people first.

The government is far more conservative than any Conservative government we ever had under Brian Mulroney or John Diefenbaker. We now have \$4 billion less in terms of government programs than we had in 1992-93 despite the fact that the cost of living has gone up and despite the fact that government revenues have skyrocketed since 1992-93. I commend the member for her question.

Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP): Mr. Speaker, I got a letter from a constituent. It says, "I appreciate that the Minister of Finance said that he has a significant surplus in this year's budget. Did he not get this surplus by dipping into the EI fund, money that was set aside by employees and employers for people who lose their jobs?" What is my colleague's view on this question from my constituent?

Hon. Lorne Nystrom: Mr. Speaker, the hon. member's constituent in Kamloops is absolutely right on. The reason we have a surplus is that the EI fund has gone into surplus and that goes into the general revenues. What should be happening is that the benefits should be expanded. Only about 35% of the people who are now unemployed qualify for benefits, under 30% of women and 15% of young people. We should expand the benefits like we used to have them a number of years ago.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, last night when the finance minister introduced his seventh budget there was much anticipation about what the budget could do for the standard of living of Canadians, for the prosperity of all Canadians. Canadians will be very disappointed with the budget once the dust has settled.

There have been seven budgets, we could say seven deadly sins from the finance minister. Again the missed opportunities of this budget will hold Canadians back when they should be rushing forward to seize the opportunities of the 21st century.

The government is big on labels. The 1998 budget was the education budget and the year after that, 12,000 graduates in Canada declared bankruptcy. The 1999 budget was the health care budget and over the past year, hospital waiting lists have continued to grow in Canada. Canadians remain uncertain about the future of health care. They do not believe their health care system will be there when they need it. That was the result of a health care budget.

This year we have seen the tax cut budget. Before this budget, we had the highest personal income tax rates in the G-7 and the second highest corporate tax rates in the OECD. Well, guess what? After this budget we will have the highest personal tax rates in the G-7 and the second highest corporate taxes in the OECD. There is no change because as we take these baby steps forward, other countries are taking gigantic leaps forward.

• (1225)

The government is working with a \$150 billion surplus. It says it is going to devote \$58 billion over five years to tax reduction. It is including the elimination of bracket creep and the reindexing of tax brackets in that.

The fact is this is not a tax cut. This is a cancellation of future tax increases. To promote it as a tax cut is disingenuous at best.

We are pleased with the reindexing of tax brackets. We have been calling for it for three years. It was a deficit reduction measure and once the deficit was gone we wanted to see the tax brackets reindexed. We are pleased that finally the government has taken a page out of our book on this.

With this budget the government continues to look inward when it should be looking outward. The government is ignoring the global realities that are occurring around Canada while bragging about progress within Canada.

Progress within Canada frankly is in many ways irrelevant if we are simply comparing ourselves to our past performance. It has nothing to do with the reality of how we are going to build a stronger economy and increase the standard of living of all Canadians and the levels of opportunities for all Canadians.

In this hypercompetitive global environment, we do not write the rules, but we ignore the rules at our own peril. Other countries have embraced these global realities earlier. In response to these global changes, our trading partners have pursued policies of lower taxes, less regulation and lower debt. The levels of growth have been striking.

Ireland's real GDP per capita growth has been 92% from 1988 to 1999. Corporate tax reductions helped in Ireland because it drew capital, entrepreneurs and investors to Ireland to create a greater level of economic growth. GDP per capita has increased in the U.S.

The Budget

during the same period of time by 18%, and in the U.K. and in Germany by 14%. Yet in Canada our GDP per capita growth has only been 5% during the same period.

We are stagnating while other countries are progressing. While citizens in other countries are getting richer, in Canada we are getting poorer. In the 1990s we have seen an 8% drop in our personal disposable income or take home pay in Canada. During the same period, Americans have enjoyed a 10% increase.

With this budget the government has opted for baby steps with regard to tax relief and tax reform. The progress that Canadians expect to make as a result of this budget simply will not materialize because as we take these microsteps forward, other countries are rushing forward with much more visionary approaches and much more gigantic steps and leaps.

Canadians may gain some comfort from seeing the directional shift of the government on taxes. However with the mobility of capital and the mobility of people that exist today, we cannot afford to be one nanosecond behind our trading competitors.

It used to be that high taxes redistributed income. In the current technologically driven global environment, high taxes redistribute people. That is what we are seeing.

Perhaps one of the most damning barometers of how we are doing is the unprecedented level of brain drain in this country. Young people, in particular our best and brightest people, are leaving Canada to seek greater levels of opportunity elsewhere.

Over a 10 year period we have seen the number of Canadians seeking opportunities in the U.S. grow from 17,000 people per year to almost 100,000 people per year. Some of our best and brightest, the types of people we need to build a stronger more productive society, are choosing to go elsewhere to seek greater levels of opportunity.

Capital gains taxes are a major contributor to the brain drain because increasingly, Canadians particularly in the high tech sector are compensated with stock options. After this budget is fully implemented, effective capital gains rates will still be 13% higher than the effective capital gains tax rates of the U.S.

It would cost about \$70 million to \$80 million, not billion, per year for the government to equalize our capital gains tax regime with that of the U.S., but it is not doing it.

• (1230)

The reason why it is not doing it is that the government is dealing with perceptions. It is not dealing with realities. In reality, effectively oppressive capital gains tax regimes will continue to drive innovators out of Canada. When we lose those innovators, when we lose that investment, we lose the jobs, the growth and the entrepreneurial energy that Canada needs to move forward.

In our tax task force report tabled in January we were calling for a reduction of capital gains taxes in Canada to the U.S. effective levels by reducing our inclusion rate to 50%, not 66%. That step would have put us on a level playing field with the U.S. in the very important areas of capital gains and taxation. Unfortunately the government in its incrementalism has missed the boat again and as a result Canadian entrepreneurs will be held back.

The government also had an opportunity to adjust tax brackets to a more realistic level reflecting global realities. Unfortunately again it failed to do so. Moving the top marginal tax bracket from \$60,000 to \$70,000 is a pathetic, tiny step in the right direction.

The government could have used the opportunity it had to reform and reduce taxes to redefine Canada's middle class. Instead the government believes that Canadians making \$70,000 should be taxed as if they are rich. One does not hit the top marginal tax rate in the U.S. until he or she is making an income of \$400,000 Canadian. Yet in Canada we are taxing those making \$70,000 Canadian as if they are rich.

This means that a high tech worker in Vancouver making \$70,000 per year will be taxed at the top marginal tax rate of around 52%, federal and provincial combined. A high tech worker in Seattle, an hour and a half away, making the same level of income will be taxed at a 26% marginal rate. Do we wonder why these people are leaving?

The starting wage for most MBA graduates from Canadian schools is over \$70,000 in technology driven companies or the financial industry. We are sending those people out of Canada. We are telling them that we do not want their innovation, their brains, their sweat, work and efforts to build a better country. However, the U.S. wants young Canadians because they are well educated, bright, hardworking, the best in the world and will build a better country. Unfortunately that greater country will not be Canada because of the government's backward thinking policies. That greater country will be the U.S.

Don Goodison of the Canadian Certified General Accountants Association, said after the budget last night that it was not good enough. If he were contemplating moving south of the border this budget would not keep him here. The current Prime Minister has suggested that young Canadians should leave the country if they are unhappy with Canada's taxes. I am afraid that he may get his wish. Sadly, when we lose the best and brightest young people, we lose the capital and talent necessary to create a greater level of prosperity for all Canadians.

On the digital highway of the global economy Canada has fallen two years behind the U.S. in e-commerce. Silicon Valley is full of expatriate Canadian innovators who are there not because they want to be but because they needed to access the entrepreneurial environment and capital necessary to grow.

The Budget

Canada's comparatively high tax regime has driven over \$135 billion worth of investment from Canada over the last 10 years. Access to capital is critical in the high tech sector, particularly in the incubational stages. While there are Canadian high tech innovators here the government is making it very difficult for them to stay.

We are proud of our new technology success stories like Nortel or JDS Uniphase. We are proud of the new economy startups like Versus Technology, Bid.com, Leitch Technology, EcomPark, Imagic TV from Saint John that is riding the wave of the future of convergence of technology, and Hemosol, a cutting edge biotech industry player that is emerging in Canada. We are proud of all these ventures.

• (1235)

We believe that the CDNX can be Canada's NASDAQ or NASDAQ north, financing Canada's future and creating greater levels of economic growth. For that to happen, the government has to recognize the power of technology and the power of the opportunities facing Canadians. It should stop getting in the way and start helping the Canadian technology industry seize the future.

We need to do more than simply to retain Canada's best and brightest. We need to develop a high tech industrial strategy that attracts innovators from other countries to Canada. With the death of distance as a determinant in the cost of telecommunications, with the quality of life advantages in Canada, particularly Atlantic Canada, and with the highly developed post-secondary education infrastructure in Canada—and coming from Atlantic Canada I am very proud of our post-secondary education infrastructure—these are advantages we can utilize to succeed in the global environment, not just to compete.

I believe that Canada can be a world leader, not a world trailer. We can lead the world of innovation if we actually start producing policies designed for Canadians well into the 21st century, instead of merely focusing on policies that may give the Liberals a bump in next week's polls.

The government should be striving to develop a tax system as it applies to the technology sector that is not almost as good as the U.S. system but in fact in some ways is better than the U.S. system. As I mentioned, we are two years behind the U.S. in the very important area of e-commerce. We are now entering a period of growth in the biotech industry. In fact it is a biotech revolution. We still have an opportunity. I see our health critic here. He is very interested in the future of biotech as it applies to the Canadian health care system and health reform.

This can be an opportunity for Canada. If we change our policies now, we do not need to be a laggard. We do not need to be held back. We do not need to watch the U.S. and other countries move ahead. We can actually ride the wave of the biotech revolution, create jobs and opportunities, and reform our health care system at the same time.

On the debt issue, the finance minister was ignoring warnings from economists that Canada needs to set out a more aggressive debt reduction strategy to reduce the debt in real terms. The former Liberal finance minister, Donald MacDonald, has asked the government to reduce the debt that he helped to create in the 1970s.

This \$570 billion albatross costs Canadians \$40 billion per year in debt servicing charges. By not addressing the debt issue more seriously, the Minister of Finance is forcing future generations of Canadians to face the issue he continues to duck. Debt reduction may not be the most politically exciting way to invest a fiscal dividend in the short term, but reducing Canada's debt in the long term is the best way to ensure that we can continue to afford the social programs and low taxes that we value as Canadians.

At current levels of debt reduction it would take 150 to 200 years to eliminate the accumulated debt. The finance minister is crowing that within five years Canada's debt to GDP ratio will be down to 50%. The situation in France and the U.K., for instance, has allowed those countries to have debt to GDP ratios of 40% now, and we are saying we strive to have a debt to GDP ratio of 50% in five years.

In terms of health care, probably the greatest single disappointment in this budget is its failure to address the real needs of Canadian health care. At one time the federal government shared the cost of health care equally with the provinces. Fifty cents of every dollar spent on health care was spent by the federal government. In recent years, particularly under this government and its draconian slashing of the CHST transfers, that share has been reduced to 13 cents on the dollar. Only 13 cents of every dollar spent on health care in Canada come from the federal government. The \$2.5 billion over the next four years is frankly a drop in the bucket.

Health care expenses in Canada are growing in some estimates of upward of \$2 billion a year due to inflation, population growth and the aging population. The increases the government is promoting do not even keep track with the increase in the expense in health care.

• (1240)

This investment hurts provinces like mine in Nova Scotia. It hurts all provinces, but Nova Scotia Premier John Hamm said that without full restoration of the health transfers cut in the fight against the deficit Nova Scotia health care standards would slip. They have already slipped under this government. We have seen the health care system in Nova Scotia and across Canada deteriorate significantly.

Even Brian Tobin, Premier of Newfoundland, wannabe Liberal leader on the other side of the House some time and perhaps a future competitor for the holy grail of Liberal leadership, is saying

The Budget

that the government missed the boat by not reinvesting in health care.

Mike Harris, Premier of Ontario, said that we could not deliver the quality of health care we are delivering today with declining dollars from the federal government.

The Canadian Health Care Association said that the budget's announcement of an additional \$2.5 billion over four years did not recognize the severity of the current health care crisis in Canada.

This budget has virtually ignored the agricultural crisis in Canada. When it talks about the agricultural crisis the government believes that if it is not grown in the west it is not agriculture anyway. It is ignoring the plight of farmers in the west, but at least it is talking about the agricultural crisis in the west. It does not even talk about the agricultural crisis in eastern Canada and we have some real problems in Atlantic Canada in terms of an agricultural crisis.

On defence, since 1993 the government has cut 23% from defence spending. The budget's anemic attempt to reinject a bit of much needed cash into defence falls far short of what is actually needed. In an increasingly complicated global environment we are asking our soldiers to do more and more. Instead of giving them more to do that, we are actually paying them less and less. Quality of life issues are paramount.

On equipment, we are sending helicopters up in the air with baler twine and duct tape holding them together. The government, which is only reinvesting \$1.9 billion over the next several years in defence, was willing to spend half a billion to cancel a helicopter contract for political reasons. The government is more focused on short term politics than on the long term needs of Canadians. Canada spends less on defence as a percentage of our GDP than any of our NATO partners except Luxemburg. After this budget Canada will still be spending less on defence on a per capita basis than any other country except Luxemburg. It is an embarrassment.

On infrastructure, the government's reinvestment in infrastructure is an insult to the provinces. It means that highways like highway 101 in Nova Scotia will not be twinned. Death traps in some of our provinces will not be addressed. The \$100 million this year for the infrastructure program is nothing, given the cost of what needs to be done across Canada with the municipalities and with the provincial governments.

One of my disappointments with this budget was that the Minister of Finance in the estimates is giving the HRDC minister an increase in her blank cheque of \$1.3 billion in this budget. Instead of cutting her allowance we are giving her more money. The Minister of Finance must have been wearing his boondoggle blinders when he wrote this budget. For the past two months

Canadians have been focused on waste in the HRDC department and in other departments. The minister has ignored this fact.

We could have lower taxes. We could have better spending on health care. We could have better spending on defence, highways and agriculture if the government had the courage to ensure that Canadian taxpayer money would be invested carefully instead of wasted rampantly.

We need more vision if we are to lead the way into the 21 century. I believe Canada can do it, but only if the government seizes the day and starts to recognize the opportunities and challenges facing Canadians.

• (1245)

Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am quite surprised. The member for Kings—Hants is a member of the finance committee and I would have thought he might have read the budget. He covered so much terrain and there are many areas in which there is much misinformation. I would like to focus on a couple.

First of all, on the CHST and the transfers to the provinces, the member cited a 13% increase. As I indicated earlier and as the budget papers clearly portray, the cash portion of the transfers, which is only one part of the transfer as there are tax points as the member full well knows, is increasing with this budget by 25%. In fact, the CHST has been fully restored. If we throw in equalization, it is at a level of about \$40 billion in transfers to the provinces.

He talked about making business more competitive. The budget reduces the corporate tax rate from 28% to 21% for the highly taxed sectors. That is a pretty bold move. It takes the 21% rate and for small businesses applies that immediately for income between \$200,000 and \$300,000.

He talked about access to capital and incubation of small companies. If he turns to the budget papers, he will realize that the budget introduces taxation benefits for stock options, the capital gains treatment of stock options. That will help businesses, start-ups and particularly those in the high technology sector. If he read the budget papers, he would realize that the government has introduced capital gains tax remission for companies that roll over their capital gains and put it into small businesses and start-ups and part of the invigorating part of our economy.

If he actually read the budget, he would discover that the capital gains tax inclusion rate has been reduced from three-quarters to two-thirds.

If he read the budget, he would understand that it puts close to \$2.4 billion into defence.

I could go on and on but I think the member should read the budget before he comes to the House. Normally he is most informed on these issues. I was surprised today. Has the member read the budget?

The Budget

Mr. Scott Brison: Mr. Speaker, I appreciate the non-partisan intervention from my colleagues opposite.

The hon. member asked if I read the budget. I did read the budget. But had he been sitting in the House when I gave my speech he probably would have heard a little more clearly what I was saying. I did not say 13%. I said 13 cents. Just to reiterate, the government feels it is appropriate for the federal government to only pay 13 cents of every dollar spent on health care. Clearly that is not consistent with what the Canada Health Act has set forth when it was 50%. I expect the hon. member has been clarified on that one.

When we talk about global competitiveness issues I am not surprised the hon. member is confused. As a party that fought free trade and thought it was a bad thing, clearly his is not a party that can actually put together the types of policies that Canadians need to compete in a global environment.

Corporate tax reduction is very important. After this budget is fully implemented, Canada's corporate tax rates will go from being second highest in the OECD to being fourth highest in the OECD. That is assuming that over the next five years no other OECD countries reduce their taxes. In fact 28 of the 31 OECD countries plan to reduce corporate taxes. We will be just catching up in five years to where we should have been much earlier.

An hon. member: Five year plans did not work in the Soviet Union and they will not work here.

Mr. Scott Brison: The government is focused on five year plans. As my hon. colleague just mentioned, five year plans did not work in the former Soviet Union and they probably will not work here either.

The government is constantly playing catch-up and unfortunately Canadians are trailing when we should be leading.

On the capital gains tax regime, the hon. member opposite boasted that the government has reduced the inclusion rate from 75% to two-thirds. If he had been listening to my speech, he would have heard me reiterate the PC Party's position of reducing it to a 50% inclusion rate which would have provided an effective capital gains tax regime equal to that of the U.S. Instead the effective capital gains tax regime after the government's budget will still be 13% higher than that of the U.S.

• (1250)

The member believes that he should be boasting about a system that is 13% more oppressive in Canada than in the United States. Capital gains taxes impede productivity. They hurt initiative. They punish entrepreneurs and they damage the Canadian economy and

the potential for us to grow in the future. And he is satisfied with a 13% disadvantage in Canada. He may be satisfied but I am not satisfied. My party is not satisfied with that and Canadians will not be satisfied with that kind of response in the next election.

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, my colleague is trying to have it both ways. Let us talk about the economic health of the country. The Conservatives came to power back in 1988 and by 1993 the deficit was about \$42 billion. The debt moved from \$170 billion in 1988 to over \$400 billion in 1993. It is fairly clear as history shows and it is documented everywhere that if this government had followed the Tory traditions of the late eighties and early nineties, by the year 2003-04 there would have been a zero transfer payment in the areas of health care and education.

This government first had to put the nation's fiscal house in order. It would have to eliminate the deficit. It would have to control the economic situation. It would have to reverse the trend of tremendous cuts the previous government had made to social programs and the spending of the previous government.

We have put the nation's fiscal house in order. We have controlled the debt. We have controlled the deficit. Now we are beginning to invest, unlike what those guys have done. Every year from 1988 to 1993 the Conservatives said they would reduce the deficit and they never once met their objectives or targets. Why should Canadians believe them when they say that they are going to do a better job than we are doing?

Mr. Scott Brison: Mr. Speaker, I appreciate the hon. member's intervention. I believe the hon. member was elected in 1988 during a campaign in which he railed against free trade. As a member of parliament he has subsequently railed against the GST. He has railed against the deregulation of financial services, transportation and energy. He has fought all those structural changes that were implemented by the previous government. He fought against every single one of those cornerstones of the new economy.

There was an interesting article in *The Economist* magazine's 1998 preview. It said that credit for the deficit reduction in Canada belongs to the structural changes made in the Canadian economy by the previous government. It listed free trade. It listed the GST. It listed deregulation of financial services, transportation and energy. I would like to know why the hon. member when he was in opposition fought against all those changes and why now as a Liberal government member he is taking credit for the results.

The Liberal members are the patron saints of hypocrisy if they believe they can sit in the House today and attack the Conservative record. Those Conservative changes have enabled the present government to eliminate the deficit with the help of Canadians who have seen their taxes rise and their services slashed.

*The Budget**[Translation]*

Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ): Mr. Speaker, the late Quebec Premier Maurice Duplessis often said “Instruction is like alcohol, not everyone can handle it”.

For the party currently in power, the surpluses are a little like alcohol, they are having a hard time handling them.

• (1255)

I saw earlier the member for the City of Ottawa have a fit of a sort in the House. I would ask my colleague who represents a riding in Nova Scotia to explain what his electors said when the member and his minister announced they were prepared to give \$100,000 to the Senators, millionaires who earn \$1.2 million a year on average, whereas the ordinary folks have to struggle to bring in \$30,000 or \$40,000.

[English]

Mr. Scott Brison: Mr. Speaker, the proposed hockey bailout was a significant indicator of the degree to which the government has lost touch with Canadians. At a time when Canadians have seen their take home pay drop by 8% in the 1990s and have seen Americans enjoy a 10% increase, \$100 million for hockey was not the right step. There is a homeless crisis in Canada. Children are suffering. Child poverty is a very important issue that has not been addressed by the government in the budget.

It is appalling that the government wanted to spend \$100 million on professional hockey. When we look at it, the hockey players and teams in Canada are like the canaries in the old coal mines. They would put canaries in the coal mines and if the gases became toxic or noxious, the canaries died. They would then know they would have to change the environment.

The tax system and the oppressiveness of our tax burden is killing Canadian industry. It is hurting the high tech sector and the hockey players. Instead of dramatically changing the environment in Canada, rather than this tax tinkering, the government is putting gas masks on the hockey players. The rest of us need to breathe and succeed in this country too. All Canadians need broad based tax relief and tax reform, not just hockey players.

Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am especially pleased and honoured to participate in the debate on our government’s first budget of the new millennium.

It is a budget that builds on the foundations we have put in place in past budgets. It also takes historic new action to turn our nation’s better finances into better lives for Canadians. This budget makes use of hard won surpluses to raise the standard of living for all

Canadians, to enhance their quality of life and to prepare our economy to succeed in the new century.

[Translation]

Each of the key measures we have taken directly relate to the needs and concerns reported to us by Canadians from across the country in the prebudget consultations.

They include of course a fourth consecutive increase in funds for health care and education, a \$2.5 billion increase.

In addition, a five year tax reduction plan reintroducing indexing into the federal tax system reduces the intermediate tax rate and, overall, will cut taxes by at least \$58 billion by 2004.

This will mean an annual tax saving of 15% on the average, and more for families with children: targeted spending to make our economy more innovative, and increase help for children and the environment.

[English]

While many of these measures speak clearly, confidently and concretely for themselves, some do not need further advocacy or explanation from me.

My colleagues will focus more fully on the benefits to Canadians of our five year tax reduction plan, including the reductions of the high tax burden at the middle income level and increased support for families and children.

Earlier the Leader of the Opposition cited a number of examples. Unfortunately I do not have enough information on some of the individuals he cited in terms of their marital status or whether they have children.

I would like to speak to Paul and Fran Darr of Calgary, Alberta. They are a retired couple with a total income of \$28,000. I would like to tell them that with the measures we are putting in place in this budget their federal income taxes will be reduced by 45%. I am sure they will be pleased to hear that.

• (1300)

They need to check their facts with the Leader of the Opposition. I think they were living in the 1998-99 era and that some of the measures we put in place in 1998-99 were not even reflected in some of those figures. Canadians deserve the facts and those are the facts. Paul and Fran Darr will save 45% in federal income taxes by the year 2004.

Others in the House will elaborate on our targeted smart investments in health care, our knowledge and innovation and the environment. Others will elaborate on the fact that along with last year’s budget we have fully restored Canada health and social transfers to the provinces which will reach a new peak of close to \$31 billion in 2000-01.

The Budget

However, there are a number of measures I want to highlight today. Some are major and some are less glamorous, but they all demonstrate how we are living up to our commitment to keep Canada as the best place in which to work, to live and to raise a family.

Let me begin with the budget's announcement that we are restoring full indexation to the tax system. I know this is not as glorious as the direct tax cut rates that we are delivering but it is vitally important. That is a fact. It is not just partisan politics. Just ask business groups and tax experts across the country. It is no accident or corporate conspiracy that they have universally and consistently called on the government to restore the protection against tax inflation that was virtually abandoned by the previous Tory government in 1986.

Last week, for example, the Canadian Institute of Chartered Accountants put reindexation at the top of its list of budget recommendations. As a chartered accountant myself, I can say that is right on.

In recent weeks just as many commentators and critics were warning that our government would not reindex the personal income tax system. They thought that because indexation can be more difficult to explain to the public than other types of tax relief and because once it is in place and there is no annual political bang for the buck, restoring it would not be in our best interest. Now there is political cynicism.

Maybe it was not the expedient thing to do but it was the right thing to do. That is why I want to especially congratulate our Prime Minister and the Minister of Finance for their courage. They have put the interests of Canadians, especially low income Canadians, such as seniors on fixed pensions, ahead of partisan political advantage. It is something every member of the House should be proud of.

Why is restoring indexation the right thing to do? It puts an end to bracket creep and gives people real and permanent tax relief. It protects taxpayers against hidden tax increases caused by inflation. Without indexation, if we were to receive a 2% pay raise it would just cover inflation. Our real income would not have grown at all. For many low income Canadians that unreal raise forces them onto the tax rolls while middle income earners find themselves pushed into a higher bracket. In other words, their incomes have not really gone up but their tax bite has. That is just not fair and that is why, now that the deficit is behind us, we are putting that protection back into the tax system and more money back into the pockets of Canadians.

Indexation will also stop the erosion of the value of benefits, such as the GST credit, the Canada child tax benefit and the old age credit. Without indexation, these credits, designed to help those in real need, are slowly eaten away by inflation year after year. Now

these amounts will automatically increase to offset inflation keeping their real value and their ability to provide real help.

In the years ahead our decision to restore indexation will leave every Canadian better off. But the ultimate foundation for personal prosperity is a good job. To make sure those jobs are there for people we have to make sure that Canadian companies are internationally competitive. That is why our 2000 budget takes action to make the tax system more conducive to investment and innovation. For example, over the next five years the corporate tax rates that apply to the highest taxed sectors, such as high technology services, will be brought down to 21% from the current 28%. That means that all our different industrial sectors will share a level playing field.

• (1305)

The budget will also reduce the income inclusion rate for capital gains from three-quarters to two-thirds and will allow a \$500,000 tax free rollover for qualifying investments in new small business ventures.

I realize this sounds very technical and complex. Let me just emphasize the goal here. A key to starting up new, innovative and high risk businesses is the availability of risk capital. The tax free rollover will give such businesses, especially high tech start-ups, greater access to capital from what are called angel investors.

Many employers share ownership plans and stock options to encourage employees to become participating owners of their businesses, most notably in the fast growing high technology industries. Tax rules that apply to stock options and employee share ownership plans have been under review to ensure that they remain appropriate as the economy evolves.

In this budget we announced that up to \$100,000 in stock options granted annually by companies to employees will be taxed only when the shares are actually sold instead of when the options are exercised.

[*Translation*]

The objective here is a simple one that makes sense. Stock options are one way of encouraging employees to play a greater role in the development of the company in which they work. The high tech sector in particular will benefit from this measure, which will help it to attract the best innovators and entrepreneurs to Canada and keep them here, resulting in the creation of jobs for Canadians.

[*English*]

Another example of a budget measure that will make Canada more competitive is the new export distribution centre program. This will virtually eliminate the GST and the harmonized sales tax cashflow costs borne by export oriented businesses that add only limited value to products in Canada. These businesses will be able

The Budget

to import and buy inventory in this country without paying the GST or the HST. For these companies the new program will alleviate the cashflow burden because currently they have to pay the tax up front and then wait to claim it back when they file their sales tax returns.

Mr. Speaker, you can understand why, as an accountant and former corporate executive, I wanted to highlight some of the tax actions that would not normally grab the public eye or the ears of the opposition.

I now want to return to a broader issue and remind the House of the fiscal achievements that have made our budget 2000 action plan possible.

Just seven years ago, when we came to office, the yearly federal deficit was a huge \$40 billion. We needed one-third of our annual revenues just to pay interest on the debt that two decades of deficits had built. Now financial results for the first nine months clearly indicate that a balanced budget or better will be recorded again this year, 1999-2000. That will mark our third consecutive balanced budget or better for the first time in nearly 50 years.

This underscores the soundness of the government's fiscal strategy using two year rolling budget plans that are based on prudent planning assumptions, backed by a contingency reserve, but also pursuing strategic investments to support economic growth and job creation.

Our bottom line is clear: The government is not prepared to risk a return to deficits. The benefits from maintaining sound public finances, sustained economic growth, more jobs and higher incomes for Canadians will not be put at risk. In fact, this year's budget commits the government to balanced budgets or better for the coming two years in the budget track, 2001 and 2002. This will mark five consecutive years of balanced budgets or surpluses.

• (1310)

Since Confederation there have been only two other occasions when the Government of Canada recorded balanced budgets for at least five consecutive years: in the 1920s and again in the later 1940s through to the early 1950s, the period of demobilization following World War II.

How does this fiscal progress stack up internationally?

[*Translation*]

According to the accounting standards used by our G-7 partners, this year, in 1999-2000, Canada will post its fourth budgetary surplus. No other G-7 nation, not even the United States, has accomplished such a turnaround between 1992 and 1999.

[*English*]

Let me say again that by the accounting standards used in most other countries, the federal government will post a financial

surplus for the fourth consecutive year in 1999-2000. In fact, we are the only G-7 country to do so, including the United States.

Let me point out that this is not just a federal success story.

[*Translation*]

The financial situation of the provinces and territories will also have improved for the seventh year running in 1999-2000. As a result, the total deficit of the Canadian public sector will have dropped to its lowest level in over 20 years. This means that Canada is the G-7 country whose financial situation between 1992 and 1999 has improved the most.

[*English*]

It is this ability to turn around federal finances, thanks to the support of Canadians across the country, that now makes it possible for us to deliver dramatic new tax cuts and make key investments in health, education, children and the environment.

There is another benefit we are seizing; that is to make continuing progress on debt reduction. Under the debt repayment plan, we will again set aside a \$3 billion contingency reserve each year to ensure that we continue to achieve balanced budgets even if economic problems arise. When the reserve is not needed it will automatically go to paying down the debt.

Through this approach, total public debt has declined by \$6.4 billion over the last two years, producing a \$300 million yearly saving in interest costs. Financial market debt will have fallen by almost \$20 billion by this March 31.

More importantly, the federal debt to GDP ratio has declined each year since 1995-96. This ratio, which measures the size of debt in relation to the economy, is generally recognized as the most appropriate measure of the debt burden as it measures the ability of the government and the country's taxpayers to finance it.

In 1995-96 the debt to GDP ratio reached a post-war peak of 71.2%. By the end of this fiscal year it will have fallen to 61%. This ratio is expected to decline to 55% by 2001-02 and fall below 50% by 2004-05.

Achieving strong finances has not come easy. It has taken tough action, including careful control of program spending; that is all federal spending except debt interest charges. That is a commitment we will never abandon. The proof is in the budget figures.

[*Translation*]

Between 1997-98, when we first balanced the budget, and 2001-02, the increase in program spending should correspond to inflation combined with demographic growth. This is the standard used by most economic observers.

In fact, even allowing for the measures announced in today's budget, program spending next year will be \$4 billion less than

The Budget

what it was when we took office. Expressed as a percentage of the economy, another key measure, federal program spending will continue to drop, reaching 11.6% in 2001-02, that is its lowest level in 50 years.

• (1315)

[*English*]

Since we have balanced the budget fully two-thirds of our new spending has been on priorities of Canadians such as health, higher education, access to skills and knowledge, and innovation. Having said that, there are areas where the government has responsibilities and obligations within Canada and outside its borders, responsibilities the official opposition party clearly shirks from. They include farmers, the homeless, the RCMP, the military, our national infrastructure, clean air and clean water, just to name a few.

The future of Canada and its people is looking brighter all the time. The deficit is eliminated. The debt burden is falling. Our unemployment rate is at the lowest level in more than 20 years and the disposable income of Canadians is on the rise. These favourable economic developments are setting the stage for a better quality of life for all Canadians. Balanced budgets have paved the way for tax cuts and increases in the Canada child tax benefit. They have made possible increased transfers to the provinces and territories for post-secondary education and health.

The measures in the 2000 budget will move Canada further along the path to greater prosperity, security and opportunity in the future. I ask all members of the House to put aside partisan rhetoric and look at the real results of this budget, at what it will deliver to Canadians, and support it wholeheartedly.

[*Translation*]

Mr. René Laurin (Joliette, BQ): Mr. Speaker, I would like the hon. member for Etobicoke North to explain what he means by a courageous movement to pay off the country's debt.

As we are speaking, the debt is \$579 billion. For the last three years of the plan, it will remain at \$576 billion. At a rate of \$3 billion per year, supposing we apply the government's provisional reserve for the debt, it will take Canadians 192 years to eliminate the debt. The debt does not bother the federal government too much.

What really bothers the federal government is the assistance it could provide to the provinces to help them overcome the daily problems that confront them. All the provinces agreed that the priority was health care. All Canadians, including Quebecers of course, need additional resources to pay for health care. Everyone agrees that it is the top priority.

The federal government does not recognize that because, in order to carry out this priority, it would have to go through the

provinces and give them more money to provide the services for which they are responsible.

Instead of meeting the essential needs of Quebecers and Canadians, instead of meeting them via the provinces, the federal government has opted for impoverishing the provinces still further by keeping them in a position of dependency, so that they will be increasingly unable to act, even in areas that are set out as their jurisdiction.

What then are the heroic gestures the federal government has taken to meet the essential needs of the people? Why does the federal government not allocate any significant amount to solving the problem of Canadians' health? Is that what the budget's generosity is all about?

If there had been no budget last evening, Canadians and Quebecers would not have gone all year without noticing, because the significant effects will not kick in for two, three and four years.

Where does the heroism of the government lie? Where is the government's sensitivity to the needs of taxpayers clamouring for health services, educational services, and more money for poor children? Where is the federal money for this year?

• (1320)

Mr. Roy Cullen: Mr. Speaker, in my opinion, we are talking about two contradictory things, because the Bloc Québécois member is insisting that the government increase its transfers to the provinces.

[*English*]

At the same time they argue that we should be reducing the debt. I can tell the House that our government is balanced in its approach. With respect to the debt, I think something Canadians should understand is that we do have a significant amount of debt.

[*Translation*]

What the hon. member is forgetting is that when the economy improves so does the percentage of the debt in relation to the size of the economy.

[*English*]

Since we have been in government the debt in relation to the GDP has been reduced from 71% to 63%. It will go further down and it will reach 50% in the next three or four years.

I liken it to when people first purchase a house and take a mortgage, those of us who have been able to do so. In the first stages they look at the mortgage in relation to their income. As their income grows, in those cases where it does, they are able to carry a higher mortgage

The Budget

Yes, we are concerned with the debt, but we are managing the debt in the context of a growing economy and the capacity of the economy to sustain that debt. If we suddenly paid down a huge amount on the debt it could actually have a dampening effect on the economy. We want to continue the sustained growth in the last quarter of 4.3% real growth in the economy of Canada.

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, the Minister of Finance and further Liberal speakers have been trying to tell the House that this budget is a product of a broad consultation process, that they went around the country and listened to Canadians.

If that is true, they might have done a lot of consultation but they sure did not listen to Canadians because the overwhelming majority of Canadians said over and over and over again at every opportunity that they wanted the health care system fixed.

This should have been and could have been the health care budget that put the wheels back on our health care system, which everybody knows is ailing. We heard instead a paltry \$2.5 billion over four years for health care, education and social assistance. In my home province of Manitoba this represents \$20 million per year for health care, social assistance and post-secondary education.

How can Liberal members try to say that they have put money back into health care and they have done what is necessary to breathe new life into our ailing health care system with a paltry contribution like that? That is my comment.

Would the hon. member like to comment on the source of the surplus the Liberals are now spending in various ways? Would he not admit that much of the surplus is actually the EI surplus? We have a perverse form of Robin Hood where unemployed workers, who used to be able to enjoy the benefits of EI, are having their pockets picked so the Liberals can flip it back into tax cuts for corporations and capital gains tax cuts for the wealthy. Will the hon. member please try to defend that position?

Mr. Roy Cullen: Mr. Speaker, with respect to the budgeting process in Canada it is the most transparent and open process that exists. We implemented cross-country consultations where Canadians had the opportunity to come and present their views to the Standing Committee on Finance. The department and certainly this caucus reach out to talk to people. I do not know about members opposite.

Let me just give the House something that came out yesterday. This is a press release from the Canadian Taxpayers Federation which says that bracket creep is dead, taxes are coming down and the Minister of Finance listens to the people.

When the member opposite talks about transfers to the provinces and investments in health care, I do not know if he has forgotten

already but he should recall that in the last budget the government made the largest single investment in health care that we have ever made of \$11.5 billion. If we add the \$2.5 billion in this year's budget, it fully restores and more the CHST levels from 1993 to an all time high of \$30 billion. These are the facts. That includes tax points and cash. I would like the member to read the section on the transfers. It might inform him better.

• (1325)

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, for the record, transfers are still way down at \$400 per person compared to 1995.

The member stated that Canadians would receive \$58 billion in tax relief. I would argue that those figures are wrong. Nevertheless, will he acknowledge that almost \$30 billion of that tax relief will be effectively erased by the hike in Canada pension plan premiums, being mindful that what Canadians care about is their bottom line, their disposable income? Will he acknowledge that is exactly what will happen and on their paystubs Canadians will not see anywhere near the relief the government has promised?

Mr. Roy Cullen: Mr. Speaker, when Reform members talk about paystubs they should at least have the courtesy of bringing into the House paystubs that reflect today's reality. They bring in and talk about paystubs that do not even implement the measures we brought in in 1999.

With the measures this year, and we do not need to go over them all again, the tax reductions are significant. On average Canadians will receive a tax cut of 15% and if that is combined with the past budgets it is an average of 22%. Some Canadians will receive a tax cut of 45%.

The member talks about the Canada pension plan. With respect, he still does not get it. I have explained it to him before and he still does not get it, but I will explain it briefly for the House. The Canada pension plan is a funded pension plan with employer and employee contributions. Those funds go into a separate pension plan. They do not come near consolidated revenue. Last year we implemented the measures that will keep the Canada pension plan on a sound footing into the future. The member needs to distinguish between CPP and other tax reductions.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it is my pleasure to rise today in reply to budget 2000. I start by taking issue with some of the things my hon. friend across the way has just said. It really goes to the point of what I wanted to say.

I simply have to point out that this budget is remarkable but not for good reasons. It is remarkable in two ways: one for what it says

The Budget

which simply is not true and in another sense for what it does not say but is critical to maintaining or increasing public confidence in government.

Just a minute ago we were having a discussion about the \$58 billion tax cut. We all saw the headlines. The government deserves top marks for the PR it has generated in anticipation of the budget. It has been very good for it.

What will happen, and this is really where I want to go with this, is that in a year's time when Canadians sit down to take a look at their paystubs and figure out what the impact of these big tax cuts are on them, they will be very disappointed. One of the reasons they will be so disappointed is because of answers like the one we just got from my colleague across the way.

It was an empty answer. I asked him very clearly what would be the impact on people's disposable income when they have to pay out the CPP taxes against the alleged tax relief the government would deliver. He then went into a long dissertation about CPP being off budget, being different, and all that sort of thing. The people do not care. They are not interested in all those technical arguments, I say to my friend. They are interested in what will be the impact on their bottom line.

When we take a look at the \$58 billion and start to break it down some interesting things happen. All of a sudden we find out that the \$58 billion tax cut people are so eagerly anticipating is a chimera. It is not really there. It is a mirage. When we pull it apart, this is what we find. First, the \$58 billion tax cut, all of a sudden, because of the increase in CPP premiums over the next five years, is reduced by about \$30 billion. What was \$58 billion is now down to about \$28 billion. That is where we are now. The \$58 billion in tax relief which the government promised really becomes \$28 billion over five years when we factor in the \$30 billion that we will have to pay in increased CPP taxes. We should remember that this is spread over five years.

• (1330)

Second, about \$7.5 billion of that amount is not really a tax cut at all, it is a social program called the child tax benefit. The child tax benefit works the same way as all social programs. The government taxes everyone in the country, and it does that very effectively, and then it gives the money back to some people who have children. If that constitutes a tax cut, then I guess old age security is a tax cut. I guess the guaranteed income supplement is a tax cut. The fact is, it is not a tax cut. It was put in by the government to pad its numbers and to make its tax relief look a lot bigger than it really is. The definition of a real tax cut is when money is left in people's pockets.

The third point I want to make has to do with the issue of bracket creep. I applaud the government for following the lead of this party and other parties in this place which have urged that the govern-

ment quit taxing people for inflation. That is something for which we have been arguing for a long time. Bracket creep is insidious. It has hurt people. It has hammered low income Canadians. There is no question of that. We know that is the case and we are glad it is gone.

It is important that the government be completely honest with people about the impact on the government's finances, and more to the point, the finances of individuals. Bracket creep is really a scheduled tax increase for the upcoming year. If the government cancels the scheduled tax increases through bracket creep over the next five years, is that really a tax cut? Do people have more money in their pockets? Of course not. It is a bit like the bully shaking down the grade 4 kid for his lunch money. When the teacher catches the kid and says he cannot do it any more, the bully turns around and says that he is responsible for putting even more money into the kid's pocket.

Canadians will not have more money because the government has ended bracket creep, they will just not face yearly tax increases because of it. If we take that out, that is \$13.5 billion. When we look at the real tax relief that is being delivered, it is about \$7.5 billion over a five-year period, or about \$1.5 billion a year. It works out to \$107 per taxpayer. That is not exactly a lot of money. It works out to about \$2 per week. We might be able to buy ourselves a cup of coffee at Starbucks, but that is about all.

We must remember that this comes on top of massive tax increases which the government has brought forward over the last six and a half years since it has been in power. At the end of the day Canadians will be paying more in taxes than when the Liberals took power.

We would never know that from reading the headline "\$58 billion in tax relief". What is the net impact? Canadians will still be paying a lot more in taxes than when the government came to power, about \$700 more per family. That is shameful. Congratulations to the government. It pulled the wool over a lot of people's eyes, including some of my friends in the media, I am sad to say.

The truth is that Canadians will still be paying taxes that are far too high. I think that many Canadians will see that in their paystubs as the year progresses and some of these changes are implemented.

• (1335)

We cannot put groceries on the table with headlines. We cannot put more money into people's jeans with headlines, and that is what Canadians really want. They want more money. They want more groceries. They might even want to buy a pair of jeans, but they will not be able to do that with this budget because it just does not leave them nearly enough money.

We argue that instead of giving Canadians a fake break we should give them a real break. I will say a little more about that

The Budget

later on when I explain solution 17, the Reform Party's proposal to dramatically lower taxes for all Canadians and to ensure that middle class Canadians, whom this government is targeting, end up with real disposable income in their pockets and not just a headline which does nothing for them.

I want to touch on something which I mentioned at the outset of my remarks. There is something glaring which the government absolutely forgot to mention in this budget. My leader mentioned it earlier today, but I would like to say a few more words about it.

I want to point out something that the finance minister said in his 1995 budget speech. He said that subsidies to business impede growth. I agree with that. I just do not understand why he, as the finance minister, continues to rubber stamp all kinds of subsidies to business.

Three weeks ago the finance minister gave an interview in Ottawa and he said that government cannot pick winners but losers can pick government. Truer words were never spoken. There have been many losers who have not only picked the pockets of this government, but, by extension, those of the taxpayers of Canada. Yet the finance minister sits in his place every year and rubber stamps more cheques. They go to the human resources minister, to the Indian affairs minister, to the industry minister and to the Canadian heritage minister. Too often they are used for things which are, frankly, political slush or things which are of such low priority that they are laughable. In some cases they go to some of the wealthiest companies in the world. It makes no sense.

I want to touch on briefly, for people who have been on another planet, what has been going on in the Department of Human Resources Development. Back in January the Reform Party brought to light an audit which revealed all kinds of terrible mismanagement. We found that there was absolutely no monitoring of files on over \$1 billion worth of grants and subsidies. We found that there were many cases where applications were not even submitted but grant money was given to people. We found all kinds of unbelievable things.

The interesting thing is, instead of acknowledging right away that this was a scandal and saying "We are going to bring an end to these grants and subsidies", because of, frankly, the political corruption that follows, they said "We are going to implement a six-point plan and we will do better".

What has happened over the last little while is that the more we have dug the worse it gets. It is spreading like a stain. Now we find that the Indian affairs minister has all kinds of intrigues going on in his riding and the police have been called in to conduct investigations in the Prime Minister's riding. There is all kinds of stuff going on. This happens at a time when the finance minister brings down a budget.

What does the finance minister do? He continues to rubber stamp the cheques. We find that there is even more money in this budget going to the human resources minister. That is unbelievable, after that record. There is no question that she should be fired.

The \$1 billion is only part of it. The government spends \$13.5 billion a year on grants and contributions. We were talking about health care a minute ago. The entire time that the government was cutting the heart out of health care it maintained spending for grants and contributions. It could not let down its political friends or stop funding its pet projects. No way. It would rather cut hospital beds across the country so that it could fund hotel beds in Shawinigan. It is disgraceful, but that is exactly what happened.

I want to say a word about the Liberals' assertions that this billion dollar boondoggle created 30,000 jobs. Of course when they are challenged on the numbers they cannot actually produce any evidence that it produced even one job because they did not really keep any records. It is only a billion. After all, how could they be expected to keep records.

● (1340)

If that is true, if they really did create 30,000 jobs, and we know they have this big surplus, then why in the world would they not clean up all of the unemployment in the country? There are 1.1 million Canadians unemployed today. Why not spend \$70 billion or \$100 billion? We would not have any unemployed in Canada any more. Imagine the revenues that would pour in. It would be unbelievable.

The reason they do not want to do that is because they do not believe their own arguments. They know this did not really create jobs. All it did was take money from one group of people, the taxpayers, and give it to another group of people who happened to be their friends, or in some cases wealthy corporations. Why would they do that except to curry favour and buy votes? The fact is, they do not even believe their own arguments. Otherwise they would be arguing that the amount of money should be increased dramatically.

I want to say a word about something that was left almost unmentioned in the budget. It is important and it should be addressed. A moment ago my friend, the parliamentary secretary, blew off a question from a Bloc member about the debt. Is the debt not an issue in Canada any more? We have \$577 billion of debt in this country and the government has absolutely no plan.

An hon. member: It has gone down.

Mr. Monte Solberg: Oh, my friend says that it has gone down. It has gone down \$6 billion. At that rate, in another 190 years it will be paid off. It is going really well. The fact is, Canadians see the debt as an impediment. They see it as something which holds the country back. When there is debt there are interest payments. In

The Budget

Canada today we pay about \$42 billion a year in interest payments. This government has absolutely no serious plan to address the issue of debt.

We argue that the government should take some of the boondoggle spending from human resources development, put it into health care and education, and put it toward reducing the debt. That is what we want to see. Why does it not do that? I think Canadians are onside with us when we say that.

I will talk for a moment about what the Reform Party would do. It is only fair that we lay out our plan. We argue that the very first thing we should do is reallocate the wasteful spending that has become a symbol of the Liberal Party over the years. We would take that money from its political friends and we would put it into things which Canadians care about. I mentioned health care and higher education a minute ago.

We also believe that we should take that \$13.5 billion, which over the next five years would be about \$65 billion, which is a lot of money, and put it into things people care about. We think that we need to start to fund lower taxes in a way that really does put money into people's pockets.

An hon. member: We should be funding ESSO.

Mr. Monte Solberg: My friends across the way sit and heckle. I think I have touched a nerve. They know, as part of a government that has presided over these large cuts to health care while continuing to fund boondoggle spending, that it is really the party that has cut more hospital beds and—

The Deputy Speaker: Order, please. I know the hon. member for Medicine Hat has raised points which have created some interest in the House and the debate is lively, but it is hard for the Speaker to hear the words of the hon. member for Medicine Hat, which the Speaker is interested in hearing, and I know that hon. members will want to conduct themselves accordingly.

Mr. Monte Solberg: Mr. Speaker, you are a wise man. I appreciate that wise intervention.

My friends across the way are very sensitive about their role in reducing health care to its present state, and well they should be, but I will not dwell on that.

We believe that we have room, because we have a surplus approaching \$150 billion over the next five years, to reduce taxes tremendously.

An hon. member: Thank you.

Mr. Monte Solberg: My friend from Simcoe—Grey says thank you, but it is really the taxpayers who should be thanked. They are the ones who have borne the burden of the deficit fight through higher taxes. There are incredibly high taxes today in Canada, the

highest personal income taxes in the industrialized world. We need to lower them.

● (1345)

Our plan would do three different things. It would increase the basic exemption to \$10,000, drawing from that big surplus. It would extend a \$3,000 deduction to all families with children. It would take the 26% and 29% rates and move every rate down to a single rate of 17%.

What would the impact of that be? It would mean that every Canadian would see their taxes go down dramatically. We would see that our country would be the most attractive country in the world when it comes to investment. We would see money come back into the country. We have seen \$135 billion flow out over the last 10 years under the Liberal government and under the Tories before it. That money would start to come back into Canada because this would be an attractive place to invest.

More than that, we would see some great social benefits. I want to say a word about that. We would see a tax plan that would lift two million low income Canadians right off the tax rolls. It is tough enough being poor without having the government tax people for the crime of having a low income, but that is what happens every year.

We would also end the discrimination against single income families, something the government failed to do in its budget. In the tax code there is a discrimination against single income families. It continues under this tax plan despite the efforts of some members across the way. Unfortunately it does not sound like the government wants to change it. Under our plan it would change. We would get rid of that discrimination.

More important, we would attract a tremendous amount of economic activity to Canada. I want to say a word about why that is important.

In a situation where the economy is underperforming like it is in Canada today where we still have almost 7% unemployment, who are the people who are hurt the most? It is people without skills. It is people without education. We need to help those people.

We would do that by having an economy that moved a lot faster. If it did, those people would be scooped up. They would get the jobs. They would get the experience, the contacts, the capital and the confidence which would allow them to improve their lot. They could maintain their dignity. They could provide for their own families instead of being kept dependent by the government. It is shameful that it would allow people to be left in that state, but the government does it.

Solution 17 will lift Canadians off the tax rolls. It will lower taxes. It will attract investment. My friends across the way should not let pride get in their way. They should make sure they adopt this

The Budget

plan. Let them adopt this plan. Let us get Canadians back to work. Let us create some opportunity for Canadians from coast to coast.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, in my experience for every complex problem there is a simple solution and it is wrong. The Reform flat tax proposal is such a matter.

I would like the hon. member to tell Canadians that if this were introduced and if people at the low end of the tax regime were dropped off and the highest income earners who are presently taxed at high rates came down to lower rates, then exactly who would pay for the lost revenues from the low and high groups? Would the hon. member not admit that it would be middle income Canadians?

Mr. Monte Solberg: Mr. Speaker, I would be happy to tell the hon. member who would pay. The Department of Human Resources Development and the minister would pay, because we would not fund that garbage any more. It would be gone and the benefits would go to Canadians of all stripes.

I am glad my friend across the way asked me the question. I would like to quote from a study done by Dale Orr of WEFA Inc. He is the fellow who chaired the finance minister's private sector economists and who prepared the documents for the fiscal and economic update in the fall. In talking about our proposals he said:

The tax reduction proposals . . . are well focused on the needs of Canadians today. They expand the economy, and most powerfully: personal disposable income, consumption and our standard of living. They create jobs. By lowering the marginal tax rates they are particularly effective in stimulating work effort, and stemming the brain drain and other productivity enhancing features. By powerfully reducing the level of personal income tax, particularly for Canadians of average and above average income, they are well directed at providing a more competitive tax environment in Canada relative to the U.S. They focus precisely and effectively on "bracket creep", raising the basic personal exemption, particularly affecting the lowest income taxpayers, by much more than the rate of inflation: By eliminating the current 26% and 29% marginal tax rates, any bracket creep relating to these rates is eliminated. The issue of fairness is addressed, not only by the elimination of bracket creep, but by honouring the original policy intentions of the 5% "deficit reduction" surtax and reducing EI premiums to be consistent with EI policy. . . . The tax reduction proposals of the Reform Party are affordable. If all of the tax reduction proposals are introduced as a combined package, over the 2000-01 to 2004-05 period, there would still be a fiscal surplus in each and every year.

• (1350)

That is what our plan would do.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I would like to ask to my colleague from the Reform Party a question. Every time I hear we should bring employment insurance premiums down, but what about those 800,000 workers who have lost their employment and do not qualify for employment insurance? What about the 1.4 million children who are hungry? What is the position of the Reform Party?

I have a motion in the House of Commons and it seems that the Reform Party does not want to support it. The only thing my

motion says is to revise employment insurance. The only thing I hear from my colleague is to bring the premiums down. I have not heard any workers on the streets asking for the premiums to be brought down. They have asked that the benefits be brought up.

I would like to hear his position on that.

Mr. Monte Solberg: Mr. Speaker, it is interesting how different people think so differently.

I would rather see people have a job than an enhanced social program. Families with children need permanent jobs, jobs that pay a good salary. That is what we have to focus our efforts on. Why does my friend automatically assume that the best use of money is through the hands of a government, to hand it out to different people?

Let us give that money back to the job creators in Canada. They will provide the best social program in the world and that is a good job.

Mr. Howard Hilstrom (Selkirk—Interlake, Ref.): Mr. Speaker, we are talking about where money might be coming from to help out with spending on high priorities in this country.

Last week Environment Canada and Agriculture and Agri-Food Canada made a big announcement that they are going to put up \$600,000 to put a sign by a farmer's gate to acknowledge that the farmer is helping out on environmental issues by the way he farms. Does the member believe that that \$600,000 should go toward that fence post in front of that farmer's yard or should it be going into health care which we really need and want?

Mr. Monte Solberg: Mr. Speaker, clearly my friend has pointed to another example of the idiocy that occurs on a daily basis in the ranks of government. We see good money thrown after bad.

My friends across the way are sensitive and they should be. At the same time as that is happening, hospital beds have closed, people have left the country because the taxes are too high, and people cannot afford tuitions because they have been raised and transfers to the provinces have been lowered for those sorts of things. It is time to change that. Let us change that by getting rid of the grants and contributions that go to boondoggles. Let us take that money and put it to good use instead.

Mr. Paul Bonwick (Simcoe—Grey, Lib.): Mr. Speaker, first the hon. member suggested not to let pride get in the way. Pride cannot help but get in the way for me because I am very proud to be Canadian and very proud to be a member of the government that has brought unemployment rates down consistently for the last six years. I am proud of the fact that we have been able to manage the finances of this nation and actually deal with a surplus.

The hon. member seems to want to go to a flat tax system and gut health care and social programs. The member talked about redirecting funding from HRDC and focusing it on tax reduction.

Would he be prepared to come to my riding and talk to the Georgian Bay Literacy Foundation that got \$29,000? It helps people who are illiterate to get jobs. Would he be prepared to go and meet Tracks Youth Unemployment? The people who are underemployed and unemployed in my riding who need the necessary skills so they can go into the job market and secure full permanent employment, would he tell them that the Reform Party does not care about them because it wants to gut the social programs in this country?

• (1355)

Mr. Monte Solberg: Mr. Speaker, I am afraid my friend has beat me to the punch. They have already gutted health care across the way. Congratulations.

I will say to my friend that when he initially stood up and said he would not let pride get in the way, I thought it was going to be because he had no pride. Apparently he does not after the yarn we just heard.

My friend across the way should be aware that the Reform Party takes a very different approach. We say that Canadians themselves are very generous. We know that they would come to the fore any time they are asked to help out people in need. They have proven that year after year after year.

Leave the money in their pockets and they will look after their friends and their neighbours because they do it every day. We are a generous people. We do not need my friend across the way lecturing people on how they need to be a little bit more generous.

My friend across the way has proven through his actions and through his government's actions that they are the main culprits when it comes to hurting Canadians. They have done it for the last six years.

* * *

POINTS OF ORDER

CAMERA USE IN CHAMBER

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I rise on a point of order.

Yesterday during the budget speech I used a digital camera to take pictures in the Chamber. I was advised by the Chair that although this is not written in our rules, it is not the practice of the House to permit that.

Therefore I would like to apologize to any members who were concerned about that and indeed to the entire House.

I would also like to confirm that all of the pictures have been erased and no pictures were printed.

S. O. 31

The Speaker: As it is now approximately 2 o'clock, we will proceed to statements by members.

STATEMENTS BY MEMBERS

[English]

THE BUDGET

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, I rise today to comment on the government's budget.

While I commend the government for following the Reform Party's advice and eliminating bracket creep, I believe this budget could have gone much further when it comes to tax cuts for average Canadians.

I wonder why the government continues to pile money into programs rather than health care and education where it is needed. Added transfer payments to the provinces of \$2.5 billion over the next four years does not come close to meeting the needs of our hospitals and schools.

The public is crying out for an end to the waiting lists for hospital beds but the government would rather pour money into HRDC and Canadian heritage programs which often go to Liberal friends and insiders.

For every dollar the government is giving back in tax cuts, it is still spending \$2 on programs. Has the government learned nothing from its billion dollar mishandling of taxpayers' money? Canadians deserve better.

The Speaker: I would ask members to please contain themselves, especially during the statements by members. We all want to hear what they have to say. I would expect that we would all listen to what members have to say. If members do not want to listen to what others have to say, I invite you please to wait in the lobby.

* * *

INTERNATIONAL WOMEN'S WEEK

Ms. Carolyn Bennett (St. Paul's, Lib.): Mr. Speaker, I am honoured to rise today in the House to mark International Women's Week, March 6 to 12.

The federal theme this year is "Canadian Women Taking Action To Make a Difference". This theme was chosen to highlight the initiatives and accomplishments of women's organizations across the country in the struggle against violence and poverty, the major themes of the upcoming World March of Women in the year 2000.

Women's organizations have played a key role in influencing government policy to advance gender equality in all aspects of Canadian life. The work to make a difference in the areas of violence against women and poverty has impacted on the lives of

S. O. 31

many women and young girls in creating an awareness of these crucial issues among decision makers and all Canadians.

As we celebrate International Women's Day, let us remember that while we have made progress, women account for 88% of the victims of sexual assault. Single mothers with children under 18 have a poverty rate of 57%.

We salute the efforts of all women across Canada to end violence against women and poverty in society. Each of us has had a role to play in reaching these goals and we will all benefit from these efforts.

* * *

• (1400)

NIAGARA REGIONAL POLICE SERVICE

Mr. Walt Lastewka (St. Catharines, Lib.): Mr. Speaker, I would like to congratulate the Niagara Regional Police Service for its recent receipt of accreditation from the Commission on Accreditation for Law Enforcement Agencies.

The commission is an independent, non-profit organization founded by law enforcement membership associations. The commission maintains a body of professional law enforcement standards and administers a voluntary process for participation.

The Niagara Regional Police Service entered this voluntary program to demonstrate its professionalism and pride in delivering quality law enforcement service to Niagara.

The awarding of this accredited status makes the Niagara force and its officers part of an elite group of law enforcement agencies in the United States, Canada and Barbados that have received this prestigious international recognition.

Congratulations to Chief Grant Waddell and to all the members of the Niagara Regional Police Service.

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[*Translation*]

GASOLINE PRICES

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, the government should make sure that the service stations of all the major and independent oil companies and all businesses in Canada display the base price per litre of gasoline or diesel at the pump, free of the federal and provincial taxes, in the same way as consumers see the base price of food and household products they purchase.

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THE BUDGET

Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, in the budget speech, the government an-

nounced a major innovation that will have a significant impact on the lives of Canadians.

We are reintroducing full indexation of personal income tax in order to protect all taxpayers from automatic tax increases through inflation.

The plan provides immediate tax savings, that is as of 2001. These measures will benefit Canadian families directly. For example, a one-income family of four earning some \$32,000 will pay no net federal tax.

Also, a one-income family of four earning \$40,000 will have its federal income tax cut by 17%.

This is how our government is working to improve the quality of the lives of Canadian families.

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[*English*]

AGRICULTURE

Mr. Rick Casson (Lethbridge, Ref.): Mr. Speaker, for the last number of years farmers have been caught in the deathly grip of an income crisis forced on to them by years of federal agriculture mismanagement and compounded by high foreign subsidies and bad weather.

This crisis has shaken the agriculture industry to its very roots. Increasingly, distressed farmers are turning to desperate measures, including hunger strikes, to try and make this government aware of their problems.

When simply ignoring the problem did not work, the Liberals grudgingly announced AIDA, an emergency program that has only delivered a paltry 23% of the promised \$1.7 billion. When they realized that AIDA was a failure they tried to apply another \$200 million band-aid with no guarantee that any of these funds will ever be delivered. If that was not insult enough, farmers were completely shut out of yesterday's budget.

Farmers need more than band-aids. They need real reform that addresses the root problem of the farm income crisis, and they will not get that reform from this government.

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[*Translation*]

THE BUDGET

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, in the budget speech, the Canadian government announced its intention to invest \$2.5 billion, over a four year period, through the Canada health and social transfer.

I wish to point out that this is the fourth consecutive increase under that program. Our government is receptive to the requests and needs of Canadians.

The government also announced that the Canada child tax benefit will get an additional \$2.5 billion by the year 2004.

Finally, under budget 2000, the amount of maternity and parental benefits paid under the employment insurance program will double, since these benefits will be paid for 12 months, instead of six. The criteria will also be more flexible and more people will have access to these benefits.

These are concrete initiatives that will allow us to help Canadian families and improve their quality of life.

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MICHEL DUMOND

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, I would like to read a letter from one of my constituents.

This letter is a cry from the heart by a man who is paying for a crime he never committed. After years of making representations, Michel Dumond is still waiting for that injustice to be corrected.

His letter reads as follows:

Dear Madam Minister:

As you know, since 1990, I have been claiming that I was innocent and you have in your possession a large file that proves my innocence. The purpose of this letter is to inform you of all the problems caused by the offence of which I am wrongly accused, including loss of employment, impossibility to obtain a passport and travel abroad, etc.

You have the authority to undo the harm done to me by the justice system by invoking section 690 of the Criminal Code. I am anxiously waiting for your decision.

Thank you for your kind attention.

• (1405)

I hope the minister will follow up on Mr. Dumond's request at the earliest opportunity, so that he can resume a normal life, the one he led before these terrible events.

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[English]

ST. PATRICK'S DAY

Mr. John Nunziata (York South—Weston, Ind.): Mr. Speaker, as we approach St. Patrick's Day it provides an opportunity to recognize the immense contribution of the Irish community in Canada.

Ted McConnell, an Irish immigrant, is being honoured this year for his significant contribution to Irish-Canadian relations and his lifelong commitment to peace in Northern Ireland.

Ted was selected as this year's grand marshal for the St. Patrick's Day parade and will be honoured at the Grand Marshal's Ball on March 11 in Toronto.

S. O. 31

Ted was born in Belfast in 1931 and immigrated to Canada in 1957. Throughout his successful career, Ted has devoted himself to enhancing Canada's relationship with his homeland.

In recognition of his efforts, Ted was selected the first honorary consul general of Ireland to Canada in 1997. He is currently Canada's representative on the International Fund for Ireland. He is also on the board of the Ireland Fund of Canada, the Canada-Ireland Chamber of Commerce and the School of Celtic Studies at St. Michael's College.

Ted was honoured in 1991 with the prestigious Order of the British Empire.

On behalf of parliament, I would like to pay tribute to this outstanding individual and to say thank you for bringing Canada and Ireland closer together.

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THE BUDGET

Mr. Ian Murray (Lanark—Carleton, Lib.): Mr. Speaker, yesterday's budget gave the high tech community something to celebrate. It fulfilled almost every priority on the industry's wish list and showed support for innovation and technology across the country and in particular those in silicon valley north in my riding of Lanark—Carleton.

The Minister of Finance provided \$1 billion worth of tax breaks directed largely at the high tech industry, lowering the tax rate paid by higher taxed industries, mostly in the high tech services sector, from 28% to 21%.

The budget included a deferral on taxing stock options, reductions in capital gains and corporate taxes and the creation of tax free rollovers. This will allow individuals to defer capital gains taxes on as much as \$500,000 when they withdraw capital from one small business and reinvest in another.

I am confident these measures will encourage innovation and investment and help put all sectors of our economy on an internationally competitive footing.

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APEC INQUIRY

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, the Prime Minister has almost achieved his objective of burying his involvement in the suppression of Canadian freedom of expression at APEC. The Prime Minister has said that he does not have to go and testify at the commission because he can reply to questions in the House.

There are two important differences between the House and the APEC Inquiry. First, the inquiry witnesses are under oath. Second, witnesses may be cross-examined with direct challenges to their testimony.

S. O. 31

Obviously the commissioner feels that testifying under oath, providing detailed answers and being cross-examined are what the Prime Minister needs to do in order to avoid a cloud of public suspicion over the APEC inquiry.

Understandably, complainants are withdrawing from the process in Vancouver today. The use of the Public Complaints Commission has been a smokescreen for the Prime Minister and his office all the way along. The Prime Minister will not testify with the excuse that he will set a precedent for future prime ministers. Well the Prime Minister has already set the precedent, one of arrogance.

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PUBLIC TRANSIT

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, several weeks ago I had the pleasure of meeting with Randy Graham and public transit representatives who reaffirmed the importance of public transit in Canada. It was good to hear in yesterday's budget that this government is renewing one of its most successful initiatives, infrastructure programs.

This is great news for municipal infrastructure. In places like Ottawa, this means that public transit may be able to improve and expand the existing transit system. Better public transit means a reduction in harmful emissions, which is positive news for the environment.

Also good for the environment is the commitment made to green infrastructure. The green municipal enabling fund will help communities assess where their environmental needs are greatest.

This budget is great news for public transit, the environment and all Canadians.

* * *

THE BUDGET

Ms. Wendy Lill (Dartmouth, NDP): Mr. Speaker, yesterday's budget abandoned the promise of investing in our children.

The minuscule social spending announced does almost nothing to reduce child poverty, to give our kids an adequate education or to protect our children's health. It says that it is okay that one in five children live in poverty. It does not help families find affordable child care. It does not help students with crushing debt loads. It shrugs off the despair driving aboriginal children to suicide.

Last evening, while the finance minister was out selling tax cuts, CBC Radio's Ideas talked about our social obsession with youth and the fact that we pay no real attention to the harsh reality of our children.

The budget is a clear example of this. There is nothing about overcrowded classrooms, too few teachers or out of date books. The budget is silent on kids without food, without housing and self-respect. Tax cuts come before poor kids, highways before public caring.

• (1410)

The budget says that this is an acceptable condition for our children and that this government knows the price of everything but the value of nothing.

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[Translation]

THE BUDGET

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, in many respects, the government's last budget was a big disappointment.

Despite the desperate needs of hospitals, the crowding in emergency rooms, and the unanimity of the provinces, community groups and the public, the federal budget has announced a one-time increase of only \$2.5 billion over four years, a one-shot payment that will resolve nothing and that represents only 14% of the real funding called for by the provinces.

The federal government has also dashed the hopes of 58% of unemployed workers, who do not qualify for benefits, and of women and young people who are heavily penalized by a system that is too restrictive and that does not reflect reality.

With this budget, Quebecers and Canadians can see that surpluses will remain high and will sit in federal government coffers for the coming years.

The federal government's millennium budget is a missed opportunity to show compassion and caring. This is a fine way to mark the year 2000.

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[English]

THE BUDGET

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, yesterday the finance minister delivered his seventh budget to the people of Canada, which I believe will translate into a better quality of life for all.

He delivered investments in health care, in knowledge and innovation, in families with children and in the environment. He also announced a five year tax reduction plan and a continued commitment to sound financial management.

Since 1993 the finance minister has asked parliament to consult with Canadians in preparation for each budget and he has acted on their views and priorities year after year after year.

Last night the finance minister stated that budget 2000 puts us in a strong competitive position internationally such that, in his own words, “no one will be able to touch us”.

I wish to congratulate the finance minister for his leadership role in getting our financial house in order and for delivering to Canadians the tax cuts of strategic investments which will make Canada the place to be in the 21st century.

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THE LATE CLARENCE EUGENE HANK SNOW

Mr. Gerald Keddy (South Shore, PC): Mr. Speaker, on December 20, 1999, after a long illness, Clarence Eugene Hank Snow died at the age of 85. Hank was one of the few remaining country music legends whose life’s work helped define what country music means to millions of its fans.

Born in Brooklyn, Queens County, Nova Scotia, Hank, as a teenager, occasionally slept in Liverpool’s historic CN Railway building, now the home of the most unique country music attraction northeast of Nashville.

In August 1997, I was fortunate to attend the grand opening of the Hank Snow Country Music Centre in Liverpool, which was established to celebrate the life and accomplishments of Hank. Each year a Hank Snow tribute is organized by the Friends of Hank Snow Society which features performers and a popular Sounds Like Hank contest.

The Hank Snow Country Music Centre and annual Hank Snow tribute will continue to celebrate one of country music’s greatest legends even though Hank Snow is now “Movin’ on”.

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[Translation]

FOREIGN POLICY

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, for Canada, the concepts of peace and security have a special meaning. They also translate into very specific action plans.

The government’s focus is on protecting citizens and the rights of children in armed conflicts; stemming the flow of conventional and light weapons; implementing the Ottawa convention, the official title of which is the convention on the prohibition of the use, stockpiling, production and transfer of anti-personnel mines and their destruction; and fighting organized crime, drug trafficking and terrorism.

Canada is not alone in trying to better protect the public. A number of countries are working together toward the same goals, in order to improve the quality of life of citizens everywhere.

Oral Questions

[English]

NATIONAL PARKS

Mr. Rick Laliberte (Churchill River, NDP): Mr. Speaker, each year Canadians and international travellers visit our national parks bringing economic benefits and employment to rural communities across this great country.

The wilderness experience is shared by many generations and is the highlight in many a child’s vacation.

When the Governor General stated in her throne speech that the government would continue to extend Canada’s national parks system, Canadians were delighted by her commitment to our natural treasures.

Canadians knew that the Prime Minister’s promise to complete the parks system by the year 2000 would not come true, but we hoped that the government would demonstrate at least some vision and direction toward this honourable goal.

• (1415)

There was no mention of Canada’s park system in yesterday’s budget, not one commitment to reverse the loss of ecological integrity, not one promise to restore interpretive and essential services, not one single word to extend our legacy of national parks.

ORAL QUESTION PERIOD

[English]

THE BUDGET

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, to no one’s surprise increased spending was the number one priority in yesterday’s budget with \$86 billion in new spending over five years. Government members were so excited they gave the queen of the boondoggle a standing ovation and more money.

Some hon. members: Oh, oh.

The Speaker: Order, please. I ask hon. members to please address each other by their titles.

Mr. Preston Manning: Mr. Speaker, the Prime Minister should have been outraged by the billion dollar boondoggle at human resources. Instead, he rewards the minister by giving her an additional \$220 million of discretionary spending.

Why would the Prime Minister give a massive increase in discretionary spending to a minister who mismanages taxpayers’ dollars?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, when I hear the hon. member objecting to the increased spending,

Oral Questions

the \$80 billion to which he refers, I have a lot of difficulty. This is spending for health care, for education and for research and development.

However I have really discovered the answer. He is not objecting to us spending money on health care, education, and research and development. He is objecting to Stockwell Day spending money on health care, education, and R and D. The leader of the Reform Party—

The Speaker: The hon. Leader of the Opposition.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, for more than 21 years the auditor general has been warning and warning the government about misspending under grants and contributions. The Prime Minister is aware of these warnings but he chooses to ignore them.

This year an internal HRDC audit reveals more waste in the management just where? In exactly the same place. The Prime Minister's response to these warnings is to give the minister another \$221 million.

Is the Prime Minister's contempt for the taxpayers so high that he did this out of spite, or did he do it so there would be more money around for the next federal election?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the government over the last six and a half years has managed to take a deficit from \$42 billion to being in a position to present a fantastic budget.

Of course we are spending more money for the poor, the underprivileged, research and development, education and health. At the same time we gave the Canadian people the greatest tax cut they have not had in the last 50—

The Speaker: The hon. Leader of the Opposition.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, for once the Prime Minister got it exactly right, the tax cut the Canadian people have not had.

Under any normal circumstances a billion dollar spending boondoggle would send shock waves through an institution. All departments would be called to account. The brakes would be put on future spending. Management would be changed but not in this government. Sixteen out of nineteen departments got spending increases and not one manager has been changed.

Why should Canadian taxpayers give the government one more dollar when that department mismanages—

The Speaker: The Right Hon. Prime Minister.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, if the hon. member had done his homework he would know that this money is going for a program that was announced in the House in December, giving more money for the people who are homeless in Canada. It was requested by the provincial governments and the mayors, and we have done it. He would know that this money has been given in order to give more money to the students in Canada.

We could go on and on. We always have causes that need help in Canada. I know the Reform Party, which might be another party with a very funny name in a few weeks, does not want to give money to the people at the bottom—

• (1420)

The Speaker: The hon. member for Medicine Hat.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, HRDC helping the homeless. I wonder if that means perhaps it will be allowed to use the fountain in Shawinigan to clean up a bit. Is that the idea?

Yesterday the government wrote a new cheque for \$226 million to the HRDC minister. I guess a billion dollars mismanaged to spend on fountains and subsidies for Wal-Marts is not enough.

Why would the Prime Minister give even one cent to the human resources minister when she has proven to be so completely incompetent with the billion dollars she already gets?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, understand what that money is for. It is for the student loan program. Understand what that money is for. It is for grants to single parents who want to go back to school. That is what that money is for.

The fact of the matter is that the member for Medicine Hat and the leader of the Reform Party are the only two people in Canada to the right of Stockwell Day. One more step and they are going to fall off the side of the earth.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, words of wisdom from the president of the flat earth society and Canada's top tax refugee.

The minister of human resources has stumbled and bumbled her way through her department. She has knocked things over. She has set them on fire, burning up a billion dollars along the way. Why would the Prime Minister give one cent to this person who has become the Mr. Bean of Canadian politics?

The Speaker: Order, please. I would ask members on both sides to address each other by their proper titles.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it is pretty clear that the Reform Party's questions are based on a fundamental misunderstanding of the budget.

Oral Questions

Let me quote from the Reform Party website this morning: “The federal tax budget will continue to increase over the next five years due to bracket creep”. I just want to explain something. Yesterday when I said that indexation was back it meant that bracket creep was gone.

* * *

[Translation]

HUMAN RESOURCES DEVELOPMENT

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the Minister of Human Resources Development thought perhaps she would not be facing any more questions with yesterday’s budget, but we have a few more questions for her.

In the matter of the transfer of the project from Rosemont to the riding of Saint-Maurice—

Some hon. members: Oh, oh.

[English]

The Speaker: Order, please. One of our fundamental rights surely is to be heard in the House. I think it is just a common courtesy.

• (1425)

[Translation]

Mr. Gilles Duceppe: Mr. Speaker, I have a question for the Minister of Human Resources Development regarding the Rosemont project that was transferred to the riding of Saint-Maurice.

She spoke of lack of space, but that did not stand up. Mr. Goldberger, the company president, confirmed this. He has been the subject of legal proceedings on this matter since April 1999.

How can the minister ignore these facts and argue the lack of space contention, when she has been in the job since August 1999 and keeps saying that she is responsible for everything that goes on in her department?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, this is really quite incredible. Probably the most important document in the parliamentary calendar was tabled in the House yesterday and this party is still asking about questions that were raised weeks ago.

I have said on this particular file that we have asked an outside auditor to come in and make sense of the facts, but we know that Canadians, including those living in Quebec, are interested in what is in this budget. They will be very surprised why this hon. member is not asking about our investment in parental benefits, about our investments in Canadians and their children.

[Translation]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, we are asking questions because the budget tabled

yesterday is in the hands of ministers like her, whom we do not trust exactly. This is why we ask her questions. We want to know what she has done with the people’s money, because money has disappeared.

Hon. Denis Coderre: Louder, louder.

Mr. Gilles Duceppe: Mr. Speaker, could the member for Bourassa stop his Elvis Gratton routine while we ask a question?

Some hon. members: Oh, oh.

The Speaker: Order, please. I would ask the leader of the Bloc Québécois to put his question.

Mr. Gilles Duceppe: I would ask the minister, rather than hide from questions and not respond, either because an investigation is under way or because she does not know the answers or because it was under her predecessor—now she wants to hide behind the budget—whether she can tell us why she did not know the facts, what went on, about the money transferred from Rosemont to Saint-Maurice?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, we are not running away from the questions. Indeed I have asked an outside auditing firm to come in and look at this particular file.

Quite the contrary, what we have done is open the process of grants and contributions to the House so members of parliament can be aware of the investments that are going into their communities, so that they can help and understand how we can continue to make differences in the lives of Canadians.

We are quite prepared to be open in this regard. I have told the hon. member that we will convey to him the information as is appropriate.

[Translation]

Mr. Bernard Bigras (Rosemont, BQ): Mr. Speaker, yesterday the Prime Minister reminded us that the Rosemont project that was transferred over to his riding was signed off by the MP for Rosemont and not by him.

How can the Prime Minister justify the fact that a project approved by the MP for Rosemont ended up in his riding and is being carried out on the premises of Maurice Perreault, whom he knows very well, since his name appears in his March 1997 householder?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, let us go at this again. We have clarified that we have asked an outside accounting firm to come in and audit this particular project. At that point we will be able to answer the questions of the hon. member.

Oral Questions

[Translation]

Mr. Bernard Bigras (Rosemont, BQ): Mr. Speaker, yesterday the Prime Minister, that unwitting linguist, told us that those three little dots in French were known as an ellipsis. The House was suitably enlightened.

What we want to know is: what exactly was that ellipsis? Was that the time it took for the project to move from Rosemont to the minister's desk and then on to the riding of Saint-Maurice? Is that what he was referring to yesterday?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I am pleased to repeat that at no time was my office, or anyone in my office, informed of the possibility of a transfer. The individual in question was never seen in my office or speaking to the press or doing anything else to create jobs in the riding of Saint-Maurice.

The application was in the riding of Rosemont, and there was no transfer to the riding of Saint-Maurice, to the knowledge of anyone in my office or in the region.

* * *

• (1430)

[English]

HEALTH CARE

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, my question is for the finance minister.

Canadians' number one priority is to fix health care. They had hoped that the budget would reflect that. They are struggling with crowded emergency rooms. They are struggling with growing waiting lists. They are struggling with increasing drug costs.

Will the finance minister at least acknowledge the depth of the health care crisis?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, yesterday the Minister of Finance after we invested a lot of money in health care last year added \$2.5 billion to the transfer to the provinces.

This is the only program of all the programs of the government where not only have we re-established the level of transfer from 1993-94, but next year it will go from \$37.4 billion in 1993-94 to \$40.6 billion. It is an increase of \$3 billion in transfer of cash and points and of—

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, talk about an exercise in deception. Health transfers in this budget—

Some hon. members: Oh, oh.

The Speaker: I would ask the hon. leader of the New Democratic Party to withdraw those words.

Ms. Alexa McDonough: Well, Mr. Speaker, I would like to—

Some hon. members: Oh, oh.

Ms. Alexa McDonough: Health transfers in this budget are enough to run health care in Nova Scotia or Saskatchewan for about three days.

Clearly the government has abandoned any leadership in fixing health care. For every one dollar in tax cuts, there are two cents in cash transfers to health care.

When Canadians so clearly regard health care as their number one priority, why has this—

The Speaker: The Right Hon. Prime Minister.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I have explained. I will explain again that the transfers to the provinces from 1993-94 have increased by more than \$3 billion this year. Of all the programs of the government, we are still spending \$4 billion less than was spent in 1993-94. In spite of that, in the transfer to the provinces of cash and tax points and equalization payments, they are receiving today \$3 billion more than when we started.

* * *

HUMAN RESOURCES DEVELOPMENT

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, yesterday when the Prime Minister was questioned about an investigation by the RCMP on CITEC, a company in his riding, he replied, "As soon as my office was informed, the RCMP were informed within minutes". However, the former Liberal minister of tourism in Quebec, André Vallerand, has stated that he waited over a month for the PMO and HRDC to reply.

There is a contradiction. Who is correct, Mr. Vallerand or the Prime Minister?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, as soon as my office was informed, the same day when they realized that there was an accusation of that nature, they called the RCMP. From there it was the responsibility of the RCMP. If they did not call Mr. Vallerand it has nothing to do with my office. My office acted absolutely properly in acting the same day in transferring the problem.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, let me try this again. What was the exact date that the Prime Minister was made aware of the investigation from Mr. Vallerand? What did they do with that information and when did they contact the RCMP? In other words, what did the Prime Minister know and when did he forget?

• (1435)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it was February 2 when we were informed and it was February 2 that the RCMP was informed.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, here is another name. Remember René Fugère, the fellow who

Oral Questions

profited from the famous hotel grant? Well, it looks like old René has been up to his tricks again.

In February 1998 the Opitciwan sawmill applied for a TJF grant and was told by HRD that there was absolutely no money left in the kitty. That seems kind of strange because along comes Fugère—

Some hon. members: Oh, oh.

The Speaker: The hon. member for Edmonton North.

Miss Deborah Grey: Mr. Speaker, in February 1998 the Opticwan sawmill applied for a TJF grant and was told by HRD that there was absolutely no money left in the kitty. All of a sudden, along comes Mr. Fugère, the Prime Minister's buddy. The minister's office gets involved and just like magic \$300,000 appears.

Why is it that public money follows Mr. Fugère like an orphaned duck?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, earlier in his questioning the member's leader said it is 21 years since the auditor general talked about grants and contributions and the need for us to improve our administration.

I am glad to say to the hon. member we are doing just that. In the context of grants and contributions in my department we are going to work to build the best system of modern comptrollership that is second to none in North America. This is an important undertaking and we are going to fix our problem and be the better for it.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, it wears thin. I am sure hon. ministers have been saying that for 21 years now and we know who was in power then.

There is a cast of thousands involved here. Even the current HRD minister had her hand in this pie when she was at Indian affairs. She wrote a letter approving \$200,000 in funding to that sawmill right around the same time.

It was René Fugère who had the magic touch. HRD officials said they had no money for any project, until they realized that Mr. Fugère was involved.

Why is there one set of rules for the Prime Minister's friends and another for every other Canadian?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, this is absolute nonsense and I reject the premise of the hon. member's question.

It is clear here yet again that on this side of the House we know that there is a role for the Government of Canada to play in supporting Canadians who do not have the same opportunities as others. What is clear is that this party—

Some hon. members: Oh, oh.

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

Hon. Jane Stewart: What is clear from the questioning from that side of the House is that they do not accept that there is a role for the Government of Canada to play. They talk about waste. I point out again and again and again, it cannot be a waste to support students with Canada student loans. It cannot be a waste to support parents who want to save for their children's education. It cannot be a waste to support Canadians with disabilities so that they can have an opportunity—

The Speaker: The hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, Placeteco, a company located in the riding of Saint-Maurice, received a \$1.2 million grant. When that company went bankrupt, Human Resources and Development Canada put the money into a trust then gave it to the new owner, something which goes against the rules set by Treasury Board.

How can the minister explain that her own department is violating her government's administrative directives?

[*English*]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, I responded to this question in the House earlier, before Christmas. I accepted that there were administrative problems with the decisions that the hon. member is actually making. That is why to me it is so important to undertake the six point plan, to implement it, to improve the administration of grants and contributions in my department because it is the foundation for these important contributions that the Government of Canada makes in the lives of Canadians.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, it is pretty obvious that the minister does not want any investigation. Yet, it is a great concern to see that the trustee appointed by HRDC was also the lawyer for Claude Gauthier, the person who bought the company.

Is this a pure coincidence? Absolutely not. Between 1993 and 1997, Claude Gauthier also contributed \$48,673 to the Liberal Party coffers.

• (1440)

Does the minister not think that she should immediately order an investigation, since this might also allow her not to have to reply to other embarrassing questions in the House?

*Oral Questions**[English]*

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, again this is an old story that we have reviewed in the House before. Fundamental in everything here is that these questions are old news. The issue that has been raised was raised by us. The identification that we could do a better job in administration was raised by us. We are going to work to improve the system of administration and in so doing ensure that the contributions that the Government of Canada makes in the riding of the hon. member and every other member of the House will be secure, will be strong and will be there in the future.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, here are a few interesting facts. In March HRDC said it could not fund the sawmill application because it had zero money left. In July HRDC said, "Look, quit asking. We already told you, all the money has been spent". In August the Prime Minister's personal representative let HRDC know that it would have to deal with him on the sawmill file. Shortly thereafter HRDC mysteriously came up with over \$250,000 for the sawmill.

What is there about the Prime Minister's buddy that forces public servants to scramble to do his bidding?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, as a result of our undertakings in reviewing our grants and contributions, we are looking at all our files. The active files will be clarified and any necessary action taken.

Some hon. members: Oh, oh.

The Speaker: Order, please.

Hon. Jane Stewart: Again I want to remind the House that when we are talking about transitional jobs fund grants and Canada jobs fund grants, not only are members of parliament involved, but the decisions include the consensus of or the acceptance by the governments in that jurisdiction, including the province of Quebec in this case and other governments like the kissing cousins of the Reform Party on decisions made in Ontario.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, I am just asking about one decision. Perhaps the minister could give a straight answer.

HRDC rejected the sawmill application not once but twice. Then Fugère showed up and money magically was shaken loose in the department.

What connections does this man have that he is able to pressure civil servants in her department into changing their decisions?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, I am not going to accept the allegations

made by the hon. member here today. What I will confirm, as I have confirmed over and over again, is that we are reviewing the files associated with the grants and contributions in my department. We will continue to make that information available and public.

Some hon. members: Oh, oh.

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

Hon. Jane Stewart: Mr. Speaker, fundamentally what is clear here is that the opposition is caught up in its own rhetoric and cannot get moving forward.

What we know to be true is that Canadians understand this issue. They know that we are fixing the problem. They are probably sitting at home right now wondering why the parties on the other side are not asking about the important priorities that are facing them today.

[Translation]

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, the minister continues to refuse to put Placeteco under investigation. Yet, Placeteco refuses to be accountable to her department, because that company no longer feels bound by the grant it received through a trust which, incidentally, was not legal.

Will the minister finally agree that the time has come to launch an investigation at the earliest opportunity?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, clearly we are prepared to answer the questions. That is why last week we tabled the largest volume of information the House has ever seen in its history.

The hon. member asked about an independent review. I say again that an independent officer of the House, the auditor general, will be doing a full review of the transitional jobs fund and the grants and contributions in my department. That is good enough for me.

• (1445)

[Translation]

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, in a leaflet sent to all the residents of Saint-Maurice, in March 1997, the Prime Minister announced the creation of 174 jobs by Placeteco, when the file had not yet been finalized. By the way, no jobs were created. In fact, some jobs were even lost.

Can the minister tell us why there is still no investigation, since we do not know who got the money and what use was made of it?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, again, the money was invested to create opportunities in an area of very high unemployment.

Oral Questions

As we have said, and as I have talked about before, in this particular project administrative errors were made. They have been clarified.

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, you will remember René Fugère. He was the fellow who arranged for some TJF grants for the Auberge des Gouverneurs and the Auberge Grand-Mère. The trouble was that he was an unregistered lobbyist and for his work he got an ongoing investigation by the RCMP.

Why, when this same fellow, René Fugère, came along after the HRD minister's department twice rejected the application for another grant, was it suddenly manna from heaven and the minister's department approved a grant application from the Prime Minister's buddy?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, in this particular case we will obtain the details and provide them to the House.

I want to be clear that in all of these undertakings the intention was to create jobs to support Canadians in an area of high unemployment. In all of these undertakings the province of Quebec had to agree with the undertaking, and it did.

The federal government was but one partner in these undertakings. There are many others. Fundamentally, they have made a difference in this riding and in so many others of high unemployment. Canadians understand that.

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, the big question is, why did two applications in a row get turned down by the minister's departmental officials in HRD, but when Mr. Fugère came along it was pennies from heaven? That \$300,000 was given even though the application had been rejected twice before.

While the minister is investigating she could look at a memo from August 3 which details how Mr. Fugère went on to say to the local human resources department in Shawinigan that he had another deal that he would like to talk to them about as well. Could she tell us what that deal is?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, let me remind the hon. member again that in all of these undertakings the Government of Canada is but one partner. In the context of community development there are provincial partners, there are local partners, there are private sector partners. As a result of these undertakings Canadians who otherwise would not have an opportunity are working.

[*Translation*]

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Mr. Speaker, my question as well has to do with Placeteco, which is still not under investigation at this time, but could be sooner than the government thinks.

The minister hired a consultant to review the Placeteco file. The consultant's report was damning, revealing a good dozen discrepancies.

My question for the minister is a very simple one. Why did her department go ahead and pay the grant anyway?

[*English*]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, again and again we have talked about individual projects in the House, and we will continue to talk about individual projects so that this House appreciates and understands the investments we are making.

I want to remind this hon. member that the federal government is but one partner. Madam Harel would have been an approver in this case. We must appreciate—

● (1450)

Some hon. members: Oh, oh.

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

Hon. Jane Stewart: Mr. Speaker, I was just saying again that the government in the province of Quebec would also have had input and would have supported the program.

It is clear that the undertakings we have engaged in are focused on ensuring that Canadians have opportunities for work.

* * *

NATIONAL DEFENCE

Mr. Hec Clouthier (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, in my great riding of Renfrew—Nipissing—Pembroke we have one of Canada's super bases, CFB Petawawa.

I would like to ask the obviously ebullient Minister of National Defence to expand upon the government's renewed commitment to the brave Canadian men and women in our military as expressed in yesterday's scintillating budget.

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, yesterday's budget was good news for the Canadian Forces.

There was a very clear commitment by the government to strengthen the capacity of the Canadian Forces to do their jobs, to help improve the quality of life for our troops, to help make sure they get the equipment they need to do the job, to make sure they get training and education and leadership development programs.

I want to thank the hon. member, members of SCNDVA and members of the finance committee for their support.

*Oral Questions***HUMAN RESOURCES DEVELOPMENT**

Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.): Mr. Speaker, now back to reality. René Fugère is an interesting guy. He can make bureaucrats do a reversal with the mere mention of his name. He can make public money available where none existed before. He can make ministers become interested in projects they ignored before.

Why is it that Mr. Fugère has all of the qualities of the Prime Minister?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, this is not in my riding. This is in another riding. There was a letter written to support the project, which I will read:

[Translation]

In light of the importance of these jobs for the Obedjiwan people, and as the member for Champlain, I recommend this project under the transitional jobs fund.

And it is signed: Réjean Lefebvre, regional president, Bloc Québécois, and secretary treasurer of the national caucus.

[English]

Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.): Mr. Speaker, then why was it rejected twice? It seems that René Fugère really does well when he gets out—

Some hon. members: Oh, oh.

The Speaker: Order, please. The hon. member for Edmonton—Strathcona.

Mr. Rahim Jaffer: Mr. Speaker, if the Prime Minister says that it was so good, then why was the project rejected twice?

René Fugère seems to do really well when he gets out and about in Ottawa. He does particularly well at HRDC, and we know he is not fond of registering his lobbying activities.

My question is for the HRD minister and it is very simple. Has she ever been lobbied by René Fugère?

The Speaker: The hon. member for Winnipeg North Centre.

* * *

THE BUDGET

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, Canadians heard with disbelief and profound disappointment that the government's response to the health care crisis is a one time only, \$2.5 billion supplement, spread over four years, divided between health and education. Canadians wanted and expected from this government a lifelong commitment to medicare and all they got yesterday was a one night stand. This budget has been universally dismissed as—

• (1455)

Some hon. members: Oh, oh.

The Speaker: Order, please. The hon. member for Winnipeg North Centre.

Ms. Judy Wasylycia-Leis: Mr. Speaker, with respect to health care, this budget has been universally dismissed as a half measure, a band-aid, anemic, paltry and a morsel. Canadians can see it, patients can see it, health care advocates can see it and the premiers can see it. Why can the minister not see it?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, this is the fourth budget in a row in which the government has increased health care transfers to the provinces. Last year's budget was the largest single investment this government ever made and it was in health care. Over the last two budgets there has been a 25% increase in transfers to the provinces for health care.

In addition, the Minister of Health has asked his colleagues to meet with him to look at the development of longer term solutions within the context of the protection of universal health care. When that happens this government will be there.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, what is clear from this budget is that the government has replaced bracket creep with privatization creep. It is absolutely clear that the paltry initiative on health care in this budget is being interpreted as an open invitation for the likes of Klein and Harris to privatize, Americanize and downsize our public health care system.

Can the Minister of Finance or the Minister of Health not see that this budget leaves the door wide open to private, for profit, two tier health care?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, to lend an air of reality to this discussion the member should know that every year public spending on health in Canada is about \$60 billion. This government transfers to provinces a total of \$40 billion, so naturally we are playing a major role.

The measures announced yesterday are intended to assist provinces with urgent short term needs. As the Minister of Finance has just observed, I want to work with my colleagues in the provinces on a long term plan. A long term plan will involve long term financing and this government will be there to do its part.

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[Translation]

HUMAN RESOURCES DEVELOPMENT

Mr. Jean Dubé (Madawaska—Restigouche, PC): Mr. Speaker, not once but twice, the Obedjiwan sawmill was refused a grant under the transitional job creation fund by local HRDC offices.

Oral Questions

This same sawmill turned to René Fugère, and guess what? A \$300,000 grant was approved.

Can the minister tell us why a friend of the Prime Minister has more clout in her department than her own local employees?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I will again read from the letter of recommendation by the riding's MP, a member of the Bloc Québécois: "For some years now, the Obedjiwan people have shown a desire to take charge of their affairs and to innovate. In this context, one can appreciate the economic impact of creating 100 jobs for these people".

This is a job creation project, such as are to be found in all ridings. It is an opposition riding, but the Obedjiwan people wanted to take charge of their affairs and have a sawmill and, eventually, their project was approved. And this was a riding represented by an opposition MP.

[English]

Mr. Jean Dubé (Madawaska—Restigouche, PC): Mr. Speaker, I will ask the question a second time. Not once but twice the sawmill was refused a grant by local HRDC officials. The same company used up two lifelines. Then it called a friend, a friend of the Prime Minister, and guess what? It received a grant of \$300,000.

Can the minister tell us why the Prime Minister's friends have more influence with her department than her own local HRDC office employees?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, let me clarify for the House that in this particular project the application came when funding had been frozen in the province of Quebec because we had a number of projects requiring funding.

• (1500)

As money became available this project was funded because it was a good project. It was supported by the Bloc member and by the Government of Quebec. It was expected to create 62 jobs and it created 66. It gave Canadians in a very remote area the opportunity to work and we support it.

* * *

THE ENVIRONMENT

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, yesterday the finance minister pumped \$700 million into the environmental agenda. Can the Parliamentary Secretary to the Minister of the Environment tell us how this money will enhance the environment for the people of my riding of Kitchener Centre as well as all Canadians?

Ms. Paddy Torsney (Parliamentary Secretary to Minister of the Environment, Lib.): Mr. Speaker, yesterday's budget was great news for all Canadians. Significant investments will help develop new technologies to meet the challenges of global warming, creating competitive advantages for Canadian companies. New dollars will enable the government to protect species at risk, to enforce tough new environmental standards and to expand the Great Lakes action program.

The environmental investment provides Canadians with creative, innovative ways to build capacity and generate new incentives to protect our precious environment for all Canadians.

* * *

HUMAN RESOURCES DEVELOPMENT

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Mr. Speaker, René Fugère has a remarkable ability to pull money out of many hats. HRDC said that there was no money available for the sawmill but when Mr. Fugère got involved the money suddenly appeared.

Is it not true that when Mr. Fugère shows up on one's doorstep it is the same as a visit from the Prime Minister?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, there was a freeze on moneys available for the province of Quebec. The project was a good project. As money became available we invested in this very rural part of the province of Quebec because the Bloc member said it was a good thing to do, the province of Quebec said it was a good thing to do and the government felt it was a good thing to do. Sixty-six people are working on a very useful undertaking.

[Translation]

Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ): Mr. Speaker, the Prime Minister's assistant, René Fugère, is under investigation. CITEC is under investigation. There is an investigation in Rosemont into a grant that disappeared into the Prime Minister's riding, and the Placeteco affair surely merits investigating.

With all these cases in the Prime Minister's riding, does the minister not think that an immediate, independent, public inquiry is called for at this time, as the Prime Minister would say?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, I am glad to report again that of the thousands of grants and contributions that we make in communities across this country, they are working. I am also glad to report again to the House that whenever we receive information, either from within the department or outside the department, if there are things that others need to look at, like the police, we send it to the police.

Points of Order

I am glad to report to the House that whenever we find the circumstances for an overpayment, we go after the money and we return it to the Government of Canada.

* * *

TUITION FEES

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, students in this country are really hurting. They are facing skyrocketing tuition fees and debtloads that have tripled under the government's alleged commitment to education.

Students were looking for a sign of hope and a dedication of public funds to education in yesterday's budget. They got nothing. They got zero.

How does the finance minister justify giving big corporations and big banks a huge tax break that they do not need while leaving students out in the cold hurting—

The Speaker: The hon. Minister of Finance.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I am not quite sure what the hon. member would call nothing. I would say that increased transfers to the provinces is substantial. The fact is that increased cultural content on the Internet so students can take advantage of it is substantial. Nine hundred million dollars for research chairs and teaching chairs so the universities can provide a decent education is substantial. Increasing the tax exemption for scholarships and bursaries from \$500 to \$3,000 is substantial.

* * *

• (1505)

ACOA

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, my question is for the minister of ACOA, and it is not about Viagra, but I do hope that he is going to get straight up and answer the question.

My question is about a business in my greater riding and it has to do—

The Speaker: Order, please. This is one question we all want to hear.

Mrs. Elsie Wayne: Yes, Mr. Speaker, this question is not hard.

Some hon. members: Oh, oh.

The Speaker: Let us get to the question.

Mrs. Elsie Wayne: Mr. Speaker, a company in my greater Saint John area applied to ACOA for \$500,000 and it was putting up \$385,000 of its own money. It was okayed by the local office but when it came here the company was told it had to take \$1 million.

What did Ottawa want it to do with the other \$500,000, send in a contribution?

This is wrong and I want the minister to tell me why this was done.

Hon. George S. Baker (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.): Mr. Speaker, these are certainly times of rising expectations as far as ACOA is concerned.

I will tell the hon. member about the ACOA management. Prior to 1993 the auditor general and the public accounts showed some pretty bad investments. However, after 1993, according to the auditor general, now we have as good as or better a record than the chartered banks under the Liberal administration. That is thanks to the good management of the government.

* * *

• (1510)

POINTS OF ORDER

OFFICIAL DOCUMENT

Mr. John Cummins (Delta—South Richmond, Ref.): Mr. Speaker, to begin with I will quote Marleau-Montpetit, which will set the tone of what I have to say.

On page 968 of Marleau-Montpetit it states:

—a Member may not make material changes in the meaning of what was said in the House.

It goes on to say:

The editors may likewise alter a sentence to render it more readable but may not go so far as to change its meaning. Editors must ensure that the *Debates* are a faithful reflection of what was said;

It then goes on to say:

Substantial errors, as opposed to editorial changes, must be brought to the attention of the House by a means of a point of order, as soon as possible after the sitting.

On page 769, it says:

A Member may correct the record of his or her own statement, but may not correct that of another Member.

I will not be long but I think that the matter is important. I would like to quote, in part, the Prime Minister from yesterday. This was in response to my supplementary question.

The Prime Minister said:

I would like to inform the House of Commons that in the case of the riding of Vancouver Island North the riding of the member has received \$52 million in HRDC grants.

He then goes on to say:

These are good programs that we have put in his riding despite perhaps his opposition because those people do not want us to help the poor and the needy.

Hansard then says:

The Budget

An hon. member: Wrong riding.

Some hon. members: Oh, oh.

I find no fault in what *Hansard* said yesterday but what bothers me is what came down in the blues. If you will just bear with me, Mr. Speaker, I will make that, I think, clear to you.

Mr. Speaker, I would like you to keep in mind that a member may correct only what he says but not what somebody else says.

When I received the blues yesterday my staff noticed that, in the first sentence that I quoted, the words “the riding of the member” were not included. The Prime Minister’s statement was altered to remove the words “the riding of the member”. As well, the word “his” in the sentence “these are good programs that we have put in his riding” was changed to “this”.

My staff informed the folk at *Hansard* that the blues were not an accurate reflection of what was said in the House. What was said in the House was quite clear.

My concern is that the blues, as we received them, were inaccurate and a gross misrepresentation of what the Prime Minister said, and if my staff had not been vigilant and had not taken the time to read that, an incorrect version of what was said in the House would have appeared in *Hansard*.

That bothers me because I do not think it should be my job or the job of my staff to review what somebody else is saying on the record in this place and yet it seems that is the case. I would like to know how that error, an error of that magnitude, could be made in the blues which we received, because that would have been the official record as I understand it if we had not been brought it to the attention of House personnel.

The Speaker: As I understand it, the blues are a first pass or first cut if you will and notwithstanding the fact that I am glad that the hon. member did take the time to make the correction, at this point at least I am not sure that the correction would not have been made when you put the words which were recorded in juxtaposition. We have a recording of what was said and we have it on television.

• (1515)

It is conceivable that it would have been caught along the way, but I thank the hon. member for bringing it to my attention. We must be ever vigilant when this type of thing happens. I believe his intention was to be of service to the House and I take his representation as such. I thank him very much.

Mr. John Duncan (Vancouver Island North, Ref.): Mr. Speaker, I rise on a point of clarification on the discussion we have just had. When someone asks a question in question period and there is a response, normally the questioner gets the blues for the question

in his or her office. Unless we make a special request we do not often get the answer. We just get the question the individual asked. This leads to a potential vacuum.

As a matter of standard practice it might actually be a more suitable arrangement to provide both ends of the dialogue to both parties so that there is a natural check and balance on that process. I am wondering if that request would be appropriate.

The Speaker: Ordinarily what happens is that when a specific member asks for the blues we usually interpret that to be what he or she said in the House. If a member wants extra information then I am sure it can be provided.

As to it being provided automatically, I do not know if we should give what is on that page, what is on the previous page, or what is on another page. For greater certainty, I would advise that when members ask for their blues, that is what they said, they can change or at least clarify what they said. Then if they want the response it should be added to it. In that way there would be no question about it. Most times they just want to know that they were correctly quoted in the blues and then subsequently in *Hansard*.

Mr. John Cummins: Mr. Speaker, I did not want to turn this into a debate. It was not my intention, but I think what my colleague was saying was that vacuum does exist when we only receive one-half of a discussion. It just happened, I guess because of the positioning on the paper, that I received the transcript of what the Prime Minister said, so that check was not there. It might be helpful, when there is an exchange in question period, if both sides were distributed. If you could take that under consideration, Mr. Speaker, I think it might be helpful.

The Speaker: I am sure the hon. member for Delta—South Richmond will revisit what I have just said today. He asked me to take it under consideration. I am always open to advice from any member of the House.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed consideration of the motion that this House approves in general the budgetary policy of the government, of the amendment, and of the amendment to the amendment.

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, I will be splitting my time with the member for Stoney Creek. I rise

The Budget

today to congratulate the Minister of Finance on budget 2000, the first budget of the 21st century and the next step in the government's balanced and comprehensive plan to make Canada the place to be in the 21st century.

I would like to use my time to highlight parts of the budget by comparing it to the main priorities of my constituents, which were elicited during prebudget consultations last year. Prebudget consultations have become an annual event in my riding. Every year I meet with local business representatives, community activists and members of various community organizations.

• (1520)

Last year I also distributed a prebudget questionnaire in my riding and solicited responses through a local newspaper. Following the consultations I prepared a report which was then forwarded to the Minister of Finance, the Parliamentary Secretary to Minister of Finance and to the chair of the Standing Committee on Finance.

Yesterday the Minister of Finance thanked Canadians who shared their ideas and insights with the Standing Committee on Finance. Today I would like to take this opportunity to thank everyone who participated in my consultations.

When asked what should be the government's main priority in terms of investing the projected budget surplus, the great consensus among my constituents was a balanced approach. However, three major priorities dominated these consultations. First, 40% felt that the government should continue to repay the debt. Second, 35% felt that the government should renew spending and investment in key sectors. Finally, 25% advocated tax cuts.

Virtually everyone during my consultations felt that some action was necessary to pay down the debt. Every year I am finding increased understanding of the debt issue: how large it is in terms of the government's overall finances and how much of our revenues are eaten up in interest payments. I am increasingly hearing that if we are unable to retire a substantial part of the debt during the current relative boom, how will we be able to do so when some day we face a recession?

Others have pointed out the riskiness in very deep tax cuts while the debt and interest payments are still so high. Once again the concern is centred on the prospects of an eventual recession. If taxes are substantially reduced now, it will be politically difficult to raise them again in recessionary times. However, no one has suggested that debt reduction should be the government's singular priority. Most people felt that we were now in a position to reduce debt, address a host of social needs and cut taxes.

What did yesterday's budget say about the debt? The Minister of Finance confirmed that we would not abandon the balanced approach which the government adopted from the beginning, an approach which recognizes that debt reduction, tax relief and

spending on health, post-secondary education and other priorities are not competing claims but complementary components of a fair and effective plan.

Let us not forget that the government inherited a record \$42 million deficit in 1993. Yet Canada has not just eliminated this deficit. We are one of the few countries that is now reducing the absolute amount of its debt and will indeed continue to do so.

Over the past two years we have paid down the debt by \$6 million, resulting in interest savings alone of more than \$300 million a year each and every year. The budget also confirmed that we would continue to set aside a \$3 billion contingency reserve to protect against unforeseen events. In accordance with our debt repayment plan we will continue to use the contingency reserve fund to reduce the debt when it is not needed.

Canada's debt to gross domestic product ratio, which measures the amount of debt against the size of our economy, has markedly improved. In 1995 Canada's debt ratio was 71%. Today it has dropped to 61% and we predict that it will fall to 50% by 2004. Beyond this the downward track must continue. We are still a long way away from the 25% ratio Canada enjoyed in the late 1960s, which in fact was the last time our books were in the black.

The second priority of my constituents was increased social spending with health care, a children's agenda, the environment, affordable housing and eased access to post-secondary education being most often recommended. Several constituents in fact pointed out that spending such as this should indeed be looked upon as investment in human capital.

I am delighted to advise my constituents that all their top priorities were also the government's top priorities. In fact the very first announcement the Minister of Finance made in his first budget of the 21st century was to increase funding for post-secondary education and health care. Moreover the Minister of Finance confirmed "these are priorities of Canadians and they are ours". That is why budget 2000 transfers an additional \$2.5 billion over four years through the Canada health social transfers to help provinces and territories to address pressing health care and post-secondary education concerns.

• (1525)

In addition, the Minister of Finance acknowledged that scholarships and bursaries were an important part of expanding our access to higher learning. Therefore, to ensure that more students receive their full value the budget increases the tax exemption from its current level of \$500 to \$3,000.

The environment was also addressed in this budget. The Minister of Finance has made it absolutely clear that protecting the environment is no longer an option. It is something that we must do. For

The Budget

Canada to be the place to be in the 21st century our lakes and air must be clean, our green spaces and diverse habitat and species must be protected, and we must deal with climate change. Consequently budget 2000 proposes to invest \$700 million to promote the government's environmental agenda.

The budget also specifically noted that affordable housing was also an essential element of our modern society and critical to meeting the 21st century needs of our municipalities. Moreover, the government announced its intention to improve provincial and municipal infrastructure in cities by committing \$450 million over the next two years and \$550 million in each of the following four years.

The most important commitment made in the budget was to assist families and our children. Assisting families is not only the smart thing to do. It is the right thing to do. Governments can do this in two ways: through income assistance and support for services on which so many of our families rely.

Budget 2000 takes action on both fronts. First, it enriches the Canada child tax benefit with another \$2.5 billion by the year 2004, increasing it to more than \$9 billion annually. Second, the budget doubles the duration of employment insurance, maternity and parental benefits to 12 months.

Very quickly let us go to my constituents' third priority, tax relief. Although tax cuts were not as widely advocated as debt reduction and social spending, it was evident that the need for them is growing. The majority of my constituents advocated tax relief for lower income families, especially those with children. Employment insurance premium reductions, indexation and other across the board tax cuts were also adhered to.

Once again budget 2000 has responded to my constituents' concern. We have delivered a five year tax reduction plan that provides an average reduction of 21% to middle and low income families with children by the year 2000. The budget restores full indexation to the personal income tax system immediately and retroactively to January 1, 2000. Over the next five years we will increase the amount Canadians can receive tax free to at least \$8,000.

The budget also decreases tax rates which have not come down in the last 12 years. Over the next five years the middle tax rate will be reduced from 26% to 23%. Effective July 1, 2000, the rate will be reduced to 25%. In addition, the income level at which the middle tax rate begins to apply has been increased to \$35,000. Since 1994 employment insurance rates have been reduced each and every year from \$3.07 to \$2.40. The budget also assumes that these rates will continue to fall to \$2 by the year 2004.

To conclude, I repeat what the Minister of Finance said yesterday in his closing remarks:

This is a budget with many elements, but a single theme: creating better lives for Canadians in a rapidly changing world.

While the budget may have many elements, it attempts to address the main priorities of not only my constituents but of all Canadians. It does so with one major objective: to translate better finances into a better quality of life for all Canadians. Let us never forget that the values of our society are reflected in the fiscal choices we make.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I listened intently to the speech and was really interested in the feedback the member had from people in her riding. It is consistent with what I get from the people in my riding. I would like some clarification. In the last half of her speech the member went through her list pretty much in the same order of priorities as the finance minister did in the budget speech with debt repayment last. Yet if I heard correctly at the beginning of her speech she indicated that the highest priority of people in her riding was to reduce the debt. I think it was around 40% and that was the highest rate. I am wondering whether the member would confirm that I heard correctly.

• (1530)

I would also like to remind all members of the House that the debt reduction plan of the government is dismal indeed. In the document I received yesterday the net public debt every year from 1998 onward to the projection into the year 2001-02 is \$576.8 billion, \$576.8 billion, \$576.8 billion, \$576.8 billion, the same number four years in a row. There is no plan for debt reduction at all, except there is \$3 billion in a contingency fund and if we do not find some place to spend it, yes, we will apply it to the debt.

I would like the hon. member's comments and clarification on what I think I heard.

Ms. Sarmite Bulte: Mr. Speaker, the hon. member was right. He did hear that 40% of my constituents advocated debt reduction but I also stated very clearly that no one in my riding suggested that debt reduction should be the government's singular priority. Most people felt that we were now in a position to reduce debt, address social needs and cut taxes.

There were three approaches and three priorities. One perhaps is a little ahead, but no singular one was there alone. We looked at three priorities and that is exactly what this budget addressed.

With respect to the debt repayment, the hon. member has said that we do not have any plans at all to reduce the debt but that is not the case at all. We have reduced the debt by \$6 billion. In fact yesterday in his speech the Minister of Finance also noted that market debt, the debt which is issued in financial markets, has fallen even further and by the end of this fiscal year we will have reduced it by close to \$20 billion. So in fact the plan is in place.

The Budget

Let us also not forget what the Minister of Finance said yesterday in his opening remarks. We will not abandon our balanced approach, the approach that this government has taken since it was elected to office in 1993. Again we are following what we said we are going to do. We are tackling the main priorities of Canadians but we are doing it in a balanced and comprehensive manner.

Ms. Judy Wasylcia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I have heard enough from the Liberals today to assume that each one of them has been handed a little sheet of paper with a message that says if they are asked questions about tax transfers and cash for health care, they are to deflect, obfuscate and confuse and try to suddenly throw in a tax point argument so that Canadians are put off guard and the Liberals can somehow finagle their way through this one.

I suggest that all members read page 67 of the budget of 1997 where it clearly says that what matters for program spending is the cash. The government knows and we know that the cash is needed to hold provinces accountable to the Canada Health Act. How does the government intend to do that? If we roll in the meagre amount that is in the budget, the federal government is up to a 15% share of health care financing in the country. How is it going to hold provinces to account and stop premiers like Klein, Harris and others interested in privatization?

Ms. Sarmite Bulte: Mr. Speaker, first I would like to assure the member that I have not been passed any notes by any officials of any department.

I would also like to take this opportunity to tell the member and all of my constituents that I actually wrote my own speech. I do not read speeches of the Department of Finance.

The important thing is when we talk about the budget that we also talk about the things we ask our constituents. In the economic update in November, the finance minister asked Canadians to join in the debate as to what to do with that surplus. What we are going to do with that surplus will determine the Canada of the future. That is what we did. We went out and sought Canadians' input, me in my riding. With all due respect to the member, whom I respect very highly, when she claims that we are trying to confuse people with tax points, she is trying to confuse people by saying tax points do not play a role. Where—

• (1535)

The Acting Speaker (Mr. McClelland): Order, please. If I waited for the member to take a breath, we would still be waiting, but the hon. member's time has expired.

Mr. Tony Valeri (Stoney Creek, Lib.): Mr. Speaker, it is certainly a pleasure to speak on the budget today.

As the member for Parkdale—High Park indicated, certainly members on this side of the House consult with their constituencies. I did on the prebudget consultation. Quite clearly what came back from my constituency was the direction to essentially focus on the tax file and ensure that Canadians are able to keep more money for their hard work and to ensure the fiscal management we have provided over the last number of years is consistent and to also pay down debt.

The member for Elk Island often speaks of debt reduction. On a constant basis we do provide that continued reduction of the debt certainly on a debt to GDP ratio basis.

Today I would like to provide brief highlights in terms of the tax file. I would also like to deal with something specific that is in the budget, something which I and others in particular sectors have worked on. That is foreign trade zones, referred to as export distribution centres in the budget itself.

I will start with the tax file in terms of what we have been able to provide. We provided some structural changes to the tax file. The reindexing of the tax system is certainly critical. Canadians at the lower end of the income scale will certainly benefit from reindexation. We have provided a reduction in the middle bracket from 26% to 23%. We will move to 24% relatively quickly. We will essentially provide a cumulative amount of \$58 billion of tax reduction over the next number of years.

Personal income taxes will be reduced on an average of 15%, and over 20% for Canadian families with children. We targeted the Canada child tax benefit. Most members know that it is the government's primary means of helping families. Some 90% of all children in Canada will receive benefits. Over the past three budgets we have invested a total of some \$2 billion in this particular program.

Like the Minister of Finance, and I would suspect most members in the House, I believe that assisting families is not only the smart thing to do but it is the right thing to do.

We have heard some discussion about the transfers to the provinces. The budget transfers \$2.5 billion in addition to the \$11.5 billion. We should make it very clear as members get up over and over in the House, as the Minister of Finance got up in question period, that the additional \$2.5 billion is not the last of our commitment to health care. The ministers of health from the provinces are getting together in May. They need to put together a plan that will deal with the health care challenges in the country. Once they do, and if in fact it does require additional funding, the Minister of Finance has already said very clearly that the national government is certainly going to be there with more money for health care.

As chair of the economic development committee in caucus, we are presently studying the electronic commerce and the new

The Budget

economy in Canada. For me in particular I was very pleased to see the announcements in the budget concerning e-business or e-commerce. Budget 2000 has put Canada in a stronger position to accelerate its leadership in the Internet economy and to encourage Internet investment.

In the papers this morning the managing director of the Boston Consulting Group of Canada commented on the budget. He is also the co-chair of the Canadian e-business opportunities round table. He commented, "It is encouraging to see government on-line emerge as a major priority in the budget. The government is dedicating serious money, \$160 million over the next two years". He went on to comment about the improvements where we have effectively reduced the capital gains tax by taking it from 75% and reducing it to an inclusion rate of two-thirds and also the new treatment of the stock options.

• (1540)

In terms of research, innovation and that sector of the economy, members are certainly aware that there is an additional \$900 million put in place with respect to the Canada Foundation for Innovation. There is the funding of the century chairs for research excellence. All of these areas speak to the new economy and speak to the brain drain in a lot of ways. Researchers have said over and over again that it is research money and research grants that will allow them to do the work they need to do in Canada and to not exit the country. That is the kind of brainpower we want to keep here in our great country.

I am sure members are aware of the Federation of Canadian Municipalities and its proposal with respect to the quality of life program. The Minister of Finance has responded with an infrastructure program, a quality of life program that deals with road infrastructure and certainly deals with affordable housing as well.

In my constituency of Stoney Creek there are real demands to deal with road construction, road infrastructure, urban congestion and certainly to maintain the trade corridors that we have been fortunate enough to develop in the province of Ontario.

Let me spend a few moments on what we call the export distribution centres. When we talk about foreign trade zones many members certainly associate them with the United States. We in Canada have a geographic location which we need to take advantage of. We need to exploit it in fact. Our proximity to Europe and to Asia is such that goods that are trying to access the North American market can flow through Canada. We can become a gateway to the North American market.

There are changes proposed in this budget that will facilitate and in a lot of ways create the logistics industry that has been lacking in this country. The changes proposed in this budget will allow

Canadian companies and entrepreneurs to set up shop and attract European manufacturers who are looking to access the North American market. They will allow these Canadian entrepreneurs to add value, to set up shop and to deal with products as they flow through to the North American market.

We made some changes back in 1996. We dealt with bonded warehouses. We dealt with duty deferral programs. That was initially our response to foreign trade zones. We did not see it happen. We did not see foreign trade zones begin to flourish in this country. With the additional provisions in this budget we are now providing to independent Canadian companies expanded capabilities to handle goods for overseas manufacturers and to add Canadian value and content not only free of duty but also free of GST.

We are also able to attract foreign manufacturers who themselves can establish operations in Canada within a foreign trade zone to undertake this value added activity. What does it mean? It means jobs and additional revenue for us as a country.

A number of Canadian firms are already accessing this type of provision through U.S. foreign trade zones. We need to repatriate that type of opportunity. What does that mean? For communities like Vancouver, Winnipeg, Hamilton and Montreal right through to Gander, at locations like airports and ports where there is a natural infrastructure and a natural gateway to the North American market, it means that these areas can take advantage of this type of provision.

What does this really mean? The export distribution centres provision in budget 2000 presents an excellent opportunity for us as a country with respect to economic development. I mentioned some cities but that is only to name a few. We can challenge many others to deal with this export development opportunity.

We have a geographical advantage, as I have indicated. We are closer to Europe. We are closer to Asia. We need to take advantage of that. Combined with the announced tax cuts for small business, the general corporate tax cuts, the personal income taxes and the improvements in road infrastructure that will take place when we finally come to an agreement with the provinces and the regional municipalities, we are positioned with these provisions to grow a logistic sector and a value added sector in Canada. It will increase jobs. It will improve the opportunity for jobs right across the country, from Atlantic Canada to Ontario, right through to the western provinces and certainly in Quebec as well.

• (1545)

I urge hon. members to look for this provision in the budget and ensure that they go back to their communities and talk about it. It is a great opportunity for economic development.

The Budget

[Translation]

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, a number of people are disappointed by this budget, regardless of what the hon. member of the Liberal party says.

This budget contains some slip-ups. There could have been a significant sum invested in the social transfer in order to alleviate the burden of the provinces and to be in a position to meet the needs of the population.

Earlier in his remarks, the member praised our health care system, saying that sensitivity to demands in that area was required.

I would like to quote him from an article in this morning's *Le Soleil*, in which Michel Vastel refers to health care expenditures. He writes:

—provincial health expenditures alone rose from \$48 to \$68 billion, or 4% annually. . . provincial social expenditures rising six or seven times faster than the federal contribution.

Where is the hon. member headed with this praise of his government, saying that it is investing \$5.2 billion in response to provincial requirements in the areas of health, education and social security?

This morning, I heard what some welfare recipients had to say. Social housing was forgotten. There was an expectation of \$1.6 billion yearly, for a total of \$8 billion, but the figure ended up being a pitiful \$57 million over four years. The hon. member better not try to tell me that this budget shows the government has its heart in the right place.

I wish to hear his reply to this.

[English]

Mr. Tony Valeri: Mr. Speaker, I am very pleased to respond to the hon. member. When we look at the investment of \$2.5 billion as an increase in transfers I think we ought to look at it in the context of the additional \$11.5 billion in the last budget. I said earlier in my speech that the commitment to provide additional money for health care is certainly there. It has been made by the finance minister. It will be incumbent on provincial health ministers to come up with a plan that will work.

I also want to mention to the hon. member, since she brought up the question of transfers to the provinces, that she should not forget that the province of Quebec is one of the provinces that receives equalization payments.

I do not know whether this is the correct figure but I am sure it is in or about an approximate one. In the last budget we had about a \$1.4 billion increase in equalization payments which I believe the

province of Quebec put to its bottom line. It certainly had an opportunity to continue to run the deficits as it always does in that province or to put that increase in equalization payments into health care. It had the opportunity but it chose to put it to the bottom line.

Mr. Deepak Obhrai (Calgary East, Ref.): Mr. Speaker, I heard the hon. member talk about business opportunities, trade zones and the investment into infrastructure that this budget addresses.

I remind the member on the opposite side that due to his government's inaction trade with Europe has fallen dramatically. We know that it is on the rise, but what it used to be historically is not there due to the government's high taxes over previous years.

The hon. member talked about infrastructure. This budget has only committed \$150 million toward infrastructure. We know, and everybody knows, there has been a huge outcry because of a need for infrastructure investment. Why did his government not use the dedicated taxes it collects and invest them in infrastructure? Why was such a key area not addressed in this budget?

• (1550)

Mr. Tony Valeri: Mr. Speaker, in response to the hon. member's question about trade with Europe, the hon. member said that the lack of trade or the reduction in trade with Canada was particularly due to the high corporate taxes in Canada.

Perhaps the hon. member would like to travel to Europe at some time, or I could provide him with some reading material which shows that most European countries have higher corporate taxes, certainly higher payroll taxes, than we have in Canada. The member opposite is often on his feet advocating that payroll taxes are job killers and reduce the outflow of the economy. Yet he makes reference to Europe.

When I talk about foreign trade zones it presents an opportunity for the hon. member to go back to his community and do his part in terms of trying to increase trade with European countries, to use Canada as the gateway to the NAFTA countries, and to ensure that perhaps individuals in his community have the opportunity to employ and/or set up the entrepreneurial corporations I have described.

[Translation]

Mr. Richard Marceau (Charlesbourg, BQ): Mr. Speaker, I am pleased to rise in the House today to address the budget.

One thing that struck me yesterday, both in this House and outside—from what we could see and hear—is that Quebecers and Canadians no longer trust this government to manage public funds, absolutely not. There are a number of reasons for this, the main one being, of course, the ever bigger scandal at Human Resources Development Canada.

The Budget

When this government gets its hands on public money, what it does with that money is far from being for the well-being of the general public. More specifically, as regards this budget, we can mention three major disappointments shared by many people.

First, there is no real tax relief this year. The government had promised to lower taxes. It even boasted about it, saying "Yes the tax burden of Canadians and Quebecers will be reduced". Well, it is not the case this year.

Second, the transfers to the provinces are ridiculously low compared to the needs that the provinces must meet year after year.

Finally, some claim that this government's heart is in the right place. Nothing could be further from the truth, because there is absolutely nothing in this budget for the poor and the unemployed.

I will discuss each of these points separately.

I could talk for hours about these issues. Unfortunately, we have very little time. Yet, we could level many criticisms at this budget.

Everyone knows the priorities of Quebecers and Canadians are health care and education. We know. We hear it talked about everywhere. So what is there in this budget for health and education? Pittance.

They talk of an increase of \$2.5 billion over four years, when the provinces were unanimously calling for \$4.2 billion this year alone, increasing to \$4.4 billion next year and \$4.6 billion the following year, that is, indexed for the following years. And what will they get? A mere \$2.5 billion over four years.

The Minister of Finance could have done a lot better with the surpluses he has. He talked of \$95 billion over five years, when we know very well that he will have \$137 billion available over five years. The Minister of Finance is playing squirrel again.

We also learn that the \$2.5 billion allocated to the one time payment for health and education will be charged to 1999-2000. Another game of the hand is quicker than the eye to make the surpluses the government has in hand disappear.

• (1555)

The minister is keeping his old, less than transparent management practices. They are camouflaging figures to make us believe that Ottawa does not have the means to give back to the provinces, and Quebec especially, what it stole from them for its election coffers.

There is worse to come. Quebecers, who are watching us, and I know there are many of them, realize that Quebec is the real loser in this political announcement, despite what my Liberal predecessor was saying. After being forced to cut in health care, education and social assistance, Quebec will bear over 50% of the total cuts to

the Canada social transfer. It represents 25% of the population but it has to absorb 50% of the cuts. That is what federalism means for Quebec.

By including tax points, the Minister of Finance is saying that the total Canada social transfer between 1999 and 2004 will be \$156 billion. I think the time is long overdue to lay the tax point myth to rest.

The increase to \$156 billion is due solely to the value of tax points which, for the same five-year period, will increase from \$14.9 billion to \$17.2 billion. These tax points are not transfers. They are revenues that belong, and have long belonged, to the provinces and to Quebec.

According to the federal government, the Canada social transfer constitutes a transfer of cash and tax points. But the Canada social transfer does not consist of cash transfers alone, because the federal government turned over the tax points a good thirty years ago, before I was born. Furthermore, the federal government has no say in how these tax points are allocated. So always wanting to include tax points in the Canada social transfer is completely ridiculous and completely misleading.

What does the Minister of Finance also say? He says "Canada Health and Social Transfer payments will be increased by \$2.5 billion. This budget announces an additional \$2.5 billion in CHST support, providing an added \$1 billion in 2000-01 and \$500 million a year in each of the following three years. This means that the cash component of the CHST will reach \$15.5 billion in each of the next four years".

Cash transfers will not be raised \$2.5 billion, because they will be put in trust, temporarily at least, until the enabling legislation is passed. This has not happened because of the decision by the Bloc Québécois, in response to the demand of the people of Quebec, to ensure that Bill C-20 and all other bills introduced by this government are, if not blocked, at least slowed down.

Returning to this trust, we do not know what this is. Does this mean that the social union is going to apply from now on to cash social transfers? Is this to prepare us a bit in advance for the "coast to coast" programs that are the dream of several of those ministers and members across the way, who love to spend money? All this is yet to be determined? We do not know yet?

Returning to the cuts, they are a great little horror story for Quebec. Between 1994 and 2003, the provinces will have undergone \$33 billion in cuts under the Liberal administration. In fact, even if the ceiling for the social transfer is raised from \$12.5 billion to \$15.5 billion in coming years, Quebec's share will drop from \$3.9 billion in 1999-2000 to \$3.6 billion in 2002-03.

What is Ottawa trying to do? Ottawa wants the provinces to struggle, their heads barely above water, while it is floating nicely

The Budget

along amidst a huge surplus. This is one concrete example of the extreme federalism against which Yves Michaud spoke out not so long ago. They want the provinces to be nothing more than big municipalities, with Ottawa calling the shots and the provinces carrying them out. What they are in the process of doing with the social union is to turn Canada into a kind of de facto unitary state.

• (1600)

This may not be what the texts say, but in fact, with the enormous surpluses Ottawa is reaping and the fact that it is keeping the heads of the provinces barely above the water line, federalism is less and less a fact. Increasingly, we are heading toward a de facto unitarian government.

As for the transfer of funds with the Canada social transfer, the provinces' situation is not improving. The cuts by the federal government have hurt very badly, especially in Quebec where the per capita shortfall in 1999-00 is \$225 as opposed to \$121 for Ontario and an average of \$138 for Canada.

Once again, Quebec is being had. What is even worse is that the ministers and Liberal members are saying "Yes, go on, hurt us, we like that. Go after Quebec, take more money away from it than from the other provinces. Take more, we like that, we are going to stand up on our flippers and applaud like seals for the Minister of Finance, who comes from Quebec, and does it more harm than he does to all the other provinces". This is unacceptable, it must be made known and condemned.

The annual shortfall for Quebec is \$1.7 billion. The effect is dramatic. It means a shortfall of \$875 million for health care, \$375 million for education and \$450 million for social assistance. What does it mean specifically? An additional \$875 million for health care would mean the creation of over 3,000 jobs for doctors and 5,000 jobs for nurses. Why do we not have them? Because this government decided to cut health care and education.

It is interesting to compare Ontario and Quebec. Since it took office, in 1993, this government did not merely make cuts to cash transfers. It also unilaterally—they like that word, across the way—decided to change its method of calculation, at the expense of Quebec.

The Liberals respond to accusations of having sabotaged health care by saying that all the provinces suffered cuts, this in a fair manner, and that it is the fault of the sovereignist government in Quebec City if things are not going well in our province.

In fact—and everyone knows that, as I found out when I recently travelled across Canada—all the provinces suffered cuts. The only common denominator between all the provinces is the federal cuts.

As for the alleged fairness of these cuts, the federal government put in place, as early as in the 1996 budget, a mechanism "to

reduce current disparities in per capita entitlement between the provinces by half by 2002-2003".

The mechanism in question would have increased the per capita weighting from 10% in 1998-1999 to 50% in 2002-2003. But, in the 1999 budget, without a word of warning to Quebec, the federal government proposed "to completely eliminate these disparities in three years, that is by the year 2002". This means that Quebec will absorb 50% of the cuts, when it only accounts for 25% of the country's population. This is the price to pay for federalism; this is the price to pay for not having achieved sovereignty.

The Liberal member who spoke before me talked about tax reductions. He stressed non-indexation, the fact that the government is again indexing tax tables. Let us be clear—indexing is not a real tax cut. With indexing, the taxpayer does not pay more, but he does not pay less; the effect is neutral.

We are most certainly in agreement with deindexing; we have been pushing for it for five years and it is time the government listened to us. In fact, I think that if it listened to us more often, things would improve.

That having been said, it could have done more. It could have reindexed the tax tables, as well as making significant tax cuts, which it decided not to do. Even though it is raking in surplus after surplus, this year it consciously decided not to give the public tax cuts.

• (1605)

Since 1993 when this government took office, the non-indexing of tax tables has accounted for between approximately \$12 billion and \$17 billion. Surely, with the surpluses it has, it could have relinquished a small portion of this large amount, but it made a conscious decision not to do so.

It proudly announces that it has eliminated the 5% surtax this year for incomes under \$85,000 and that it will eliminate it for all incomes over the next five years, by 2004. The complete elimination of the 5% surtax in 2004 will result in a tax cut of approximately \$5,600 for the 61,000 taxpayers earning over \$250,000. Meanwhile, it will be less than \$100 for middle income earners, who make up the majority of those listening. Is this fairness? Is this justice? No way.

The third point I wanted to raise is the lack of any improvement to the employment insurance program for the least advantaged members of society. Yet the demands of the Bloc Québécois were very clear. Our party made itself the spokesperson of a consensus that exists, not just within Quebec, but in the rest of Canada as well.

The Bloc Québécois called for five main points. These were: that the employment insurance fund no longer be used as a tax on employment; that the administration of the employment insurance fund be depoliticized and removed from government control, or in

The Budget

other words made into an independent fund; that the employment insurance fund conform to the objectives of the legislation, which is to ensure the unemployed of a decent and fair income during temporary periods without work; that priority be given to returning to contributors the benefits to which they are entitled; that it retain its role as an anticyclical measure.

Yet this budget contains nothing for the unemployed, which means that, in the aftermath of this budget, six out of ten jobless people will still not qualify for employment insurance.

In addition, this budget contains some measures that are specifically anti-Quebec. I shall mention four of them. The first one relates to the shipbuilding industry.

The federal taxation system has just taken back the assistance Quebec has given to this industry in decline, assistance that the Government of Quebec had been intelligent enough to put into place. I come from the Quebec City region, where the Davie shipyard is important for employment. Yet the federal government is doing nothing, worse than nothing, for it is taking back part of the assistance the Government of Quebec had given to an industry that has unfortunately been in decline because of the federal government.

Second, the budget tabled yesterday in the House of Commons will include retroactive taxation of the super-deduction for R and D credits announced less than a year ago by the Government of Quebec. For about 12 years now, Ontario has benefited from such a super deduction. Less than 10 months ago, Quebec set up a similar program and guess what happened? The federal government pulled the rug out from under the province by ensuring that the super deduction cannot benefit people working in research and development in Quebec.

Third, there is the deduction for interest on student loans. We are well aware that Quebec made a conscious choice to have the lowest tuition fees in North America, because we feel this is the best way to ensure the greatest possible access to post-secondary education. That approach has worked. However, because Quebec students are paying lower tuition fees and are therefore less indebted, they are getting less from the federal government. This is unfair.

Quebec adopted a very progressive and modern social measure to promote access to university, and what did the federal government do? It made sure that students from the rest of Canada can benefit a lot more than Quebec students from the deduction for interest on student loans. Quebecers are supporting students twice, first by paying taxes so that tuition fees are the lowest in North America and, second, by helping students in the other provinces, because they made a conscious decision to have lower tuition fees.

• (1610)

The fourth anti-Quebec measure in this budget concerns the deductions for daycare. Less is paid to Quebec families, because

they pay less in daycare costs since the Government of Quebec established a \$5 daycare plan.

Quebecers are being penalized once again for creating an innovative program, praised by many and the envy of all across Canada.

There are four anti-Quebec measures in this budget.

You are signalling me, Mr. Speaker, that my time is almost up, and I want just to respond to the Liberal member who spoke before me. He said that Quebec received more than its share in equalization payments and so on. If so, it is because it does not get its fair share in active spending, in structuring spending.

Let us talk about all of this. Quebec got an average of 21% of federal purchases of goods and services, 15% of current transfers to business, 18% of federal government investment between 1992 and 1997. In 1998, this translated specifically into 19.5% of jobs in the public service and 19.1% of jobs in the armed forces, whereas Quebec represents 25% of the population.

Quebec's annual shortfall in federal purchases of goods and services, the difference between Quebec's population size and the share of federal spending the province receives, is \$1.2 billion. In the case of current transfers to business, the shortfall is \$339 million and, for investments, the figure is \$219 million a year.

I conclude on this. If the federal government gave Quebec its fair share of job creating spending, that is, \$1.7 billion, over 30,000 jobs could be created in Quebec, which would mean a .7% drop in the unemployment rate. The unfair distribution of spending could explain as much as 50% of the difference between the unemployment rate in Quebec and in the rest of Canada.

That is the cost of not having sovereignty.

[English]

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I listened with some interest to my colleague from the Bloc. I want him to know that as an Albertan, as a member of the Reform Party and as a member of the House I consider him to be part of the Canadian family. He is a Canadian. He lives in Canada and he serves in Canada's parliament.

I heard throughout his speech too often that Quebec was not getting its fair share. I have done a little study on equalization, which is what he was talking about. As I recall, the Quebec population is now about 24% of Canada's population.

The numbers I have over the last 10 years show that of the equalization that was paid out to the seven so-called have not provinces, which excludes Alberta, Ontario and British Columbia, Quebec received in excess of 60% of the money as a percentage. Overall in Canada, including all ten provinces, Quebec received between 40% and 50%. The peak was around 48% in one year according to my records.

The Budget

With a population of 24% and getting 48% of all equalization payments in the country, how can the member say that Quebec is not getting its fair share? It is getting twice the average, which seems to me to be inconsistent with his statement. Before I sit down, with that I would like to invite him to stay in Canada.

[Translation]

Mr. Richard Marceau: Mr. Speaker, the response to his invitation is no.

As for the first part of his comment—for which I thank the member, who is one of the hardest working members in the House—he suggests that Quebec is the spoiled child of the federation and that it is receiving more than its share of federal spending.

I wish to remind him that if Quebec is receiving more than its share of provincial transfer payments for employment insurance, it is mainly because it is not receiving its share of spending to create jobs.

• (1615)

Some spending produces nothing because the money goes to people who stay at home, which does not create any jobs, and some spending that produces jobs.

Quebec is not receiving its share of the money that creates jobs. I will repeat a few figures that I gave just before concluding: 21% of federal goods and services are purchased in Quebec, and yet we represent between 24% and 25% of the population; 15% of current transfers to businesses, and yet we represent 25% of the population; 18% of federal investments between 1992 and 1997, and yet we represent 25% of the population.

Quebec's annual shortfall with respect to federal goods and services spending is \$1.7 billion. This represents 30,000 jobs in Quebec and an approximate drop in unemployment rates of 1%. If, instead of doing all its investing in Ontario, the government ensured that Quebec received its fair share, then we could talk again.

[English]

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I am always fascinated when members of the Bloc talk about fiscal matters because they certainly are inventive and imaginative about the way they restate the books and the public accounts of Canada.

I share with the member for Elk Island the frustration that we have in constantly having to rise to point out the fact that Quebec does quite well by this country. That does not mean that it is favoured or pampered, but Quebec certainly gets its fair share. Having people say that it does not, that it is discriminated against, is, quite frankly, untrue and an insult to our country.

The member talked about moving toward a unitary state. There is no one who has studied political science or social policy, not only in Canada but throughout the world, who would not say that Canada is the most highly decentralized federation in the world.

I want to address the issue of tax points. The member went on and on about tax points. It was once again creative economics. A lot of people do not understand tax points. Let us say that the federal tax was at 40%. I will use that figure for simplicity. The federal government, in agreement with the provinces, including Quebec, said that instead of the government taxing the provinces at 40%, it should reduce the tax by 3 or 4 percentage points and the provinces would take that back. Individual taxes would be the same. The federal government would reduce its share of direct taxation on individuals and the provinces would be able to tax directly. This was done and I am sure the province of Quebec felt it was a wonderful thing because it could tax the people directly to raise money for its social programs.

I would be very interested in knowing if the member is suggesting that we reverse the original concept of tax points and have the federal government reoccupy that level of direct taxation, with the province of Quebec similarly reducing the amount which it taxes Quebecers directly.

[Translation]

Mr. Richard Marceau: Mr. Speaker, I hope I have 20 minutes or so to respond, because it is not often that one hears such utter nonsense.

As far as the unitary state is concerned, yes we are heading more and more in that direction, and I trust the hon. member for Durham is listening. His government has implemented what is called the social union. What does social union mean? That the federal government can, merely by notifying the provinces—this is also going to interest my colleague from Anjou Rivière-des-Prairies—interfere in any provincial area of jurisdiction. What is that all about? Is this still federalism? According to what I learned in my law courses, any federalism requires totally different “spheres of sovereignty” for the different levels of government.

When the federal government gives itself the right and the power to interfere in areas of jurisdiction that do not belong to it, this is no longer federalism, and Canada is moving more and more toward a system in which Ottawa dictates to the provinces.

• (1620)

Nine out of ten provinces are relatively okay with that having signed the social union. Why? Because for them the “national government” is located in Ottawa. For them the supreme representative of their interests is in Ottawa.

For Quebecers, however, whether federalists or sovereignists, their national government is in Quebec City. This is why the three

The Budget

political parties represented in the National Assembly, including the strongly federalist Quebec Liberals, refuse to get involved in such a system, and reject the social union proposed by their federal cousins, rightly so, moreover.

There is one other thing that the hon. member referred to, and I am not sure I grasped it properly. He talked about occupying tax fields, wondering, I think, whether the trend that has existed since 1960 had to be reversed.

The transfer of tax points essentially stopped in the 1960s, unless I am mistaken, after another Liberal government, under Pierre Trudeau, decided to take a harder federal line and to centralize Canada increasingly rather than remain flexible. Flexible federalism does not exist in Canada.

With surpluses estimated at \$137 billion, the provinces have the need, and the federal government has the money. The federal government is very tight with its money, because it refuses to give back to the provinces what it took from them, while the provinces' needs in health care continue to grow, as my colleague from Québec among others pointed out a little earlier.

As I said earlier, I think rightly, the federal government is keeping the provinces struggling, their heads barely above water, while it is rolling indecently and disgustingly in surpluses.

[*English*]

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, I will be sharing my time with my colleague, the member for Barrie—Simcoe—Bradford.

It is a pleasure to support this budget. It is a budget for the 21st century, the knowledge century, and that is the element of the budget that I will signal in my remarks.

You will remember, Mr. Speaker, the tragedy of the failure of the KAON project, launched by a man of genius, Erich Vogt, but allowed by a previous government to fail for lack of financing. Why did it fail? The previous government, one, did not understand the nature of pure research and its importance for a modern society and for a viable economy, but, two, had doubts about constitutional power, which on examination were unreasonable. "The constitution", as Lord Sankey said, "is a living tree". Where the social necessity exists the power will follow for rational men and women.

The KAON project failed and our first mandate when this government was elected in 1993 was to support the successor, the TRIUMF project. It was a period when we had inherited a \$42.8 billion deficit budget from the predecessor government. We were asking for \$167.5 million to support the TRIUMF project. It took 12 months of discussion in caucus and in the House to explain what pure research is. It is not an esoteric examination of subjects fit for angels but for no one else; it is an examination of the basic

intellectual infrastructure of our society. It meant explaining what is particle physics, why is particle physics important to us, that when properly applied in its lessons it leads to highly skilled jobs, it leads to an export economy.

That was the demonstration made with the TRIUMF project. We were able to demonstrate \$193 million in export contracts in a single year in spinoffs from TRIUMF. So the battle was won, pure research, the thing that saved Germany and Japan after their devastating defeats and the devastation of their industries in the second world war. Invest in pure research. The federal government has never really looked back from that.

Therefore, it is perhaps a matter of interest to note that we can believe newspapers sometimes. The Vancouver *Sun* has in some ways jumped the gun and suggested that TRIUMF may be refinanced. I believe the announcement will come next week, but let us face it, TRIUMF was when we turned the corner in the federal government and said that research in the areas of science, technology and medicine was crucial to our survival as a competitive country in the 21st century.

• (1625)

I look through this budget and I see the follow-on of this distinctive philosophy of the knowledge society being carried through. There is a project in which major intellectual contributions were made by Dr. Martha Piper, the president of the University of British Columbia, a distinguished research scientist in her own right, and Robert Lacroix, the rector of the Université de Montréal. It is the establishment of the millennial professorships with 2,000 new university research chairs across Canada and \$900 million invested by the federal government.

Why do we spend this money? We want to keep these people in Canada. There are Nobel prize winners there already, but there are also the Nobel prize winners of tomorrow. These are the people who expand the frontiers of knowledge. So that is a very positive step.

I look back at the Foundation for Innovation established with a billion dollar grant by the federal government, with a further \$900 million in this budget. This is to provide for innovative research, science, medicine, the equipment of laboratories and the basic infrastructure of research in universities. Dr. David Strangway, the former president of the University of British Columbia, has been extending this in his administrative talent. It is a very vital task.

We took the science minister on a visit to the University of British Columbia and told him that we wanted him to see an historic laboratory. We took him to the second floor of the science building and he asked what was historic about it because it looked like an ordinary rundown university science laboratory, with not enough equipment and out of date. We said that was where the last

The Budget

Nobel prize winner from Canada went as a graduate student and did his research. It is still in the same condition it was in when he attended 30 years ago. It needs rebuilding. The creative idea for the Foundation for Innovation comes from there.

There has been talk of federal-provincial co-operation. We devised this concept of co-operative federalism. I look at the Canada health and social transfer program, with \$2.5 billion for that, of which \$340 million will go to British Columbia. We wish to co-operate with the provinces, but it is a two-way process. We are tired of giving money—and I think even British Columbia may feel some guilt here—for education or research and finding that it ends up in highways with no end and no beginning, into the never never land. We extend the invitation to the new premier, sworn in several days ago in British Columbia, to come and join us, to spend this money, this transfer, on education, on post-secondary research and on work in the hospitals. We will work with him if we can.

I look at money for forestry research. It is British Columbia's basic industry but it is in some sickness today. We need research in new methods and new technologies. The \$15 million is for the three forestry research institutes scattered over Canada.

There is \$160 million for Genome Canada to advance the study of genetics. It is led by Dr. Michael Smith, the Nobel Laureate in chemistry. He knows both the possibilities and also the prudent restraints in the application of this new science to plants and to other forms of research. This is a most interesting aspect of the budget.

There is \$100 million in the sustainable development technology fund. A good deal of this will go to companies like Ballard Power, the new fuel cell technology that can revolutionize transportation and at the same time reduce to minor proportions the problem of pollution that conventional batteries create with the power involved.

If one looks through the budget, there is \$5 million for geoscience to improve new techniques for mining.

• (1630)

Our mining industry needs revitalization. Abstract research? Not on your life. The jobs of tomorrow are there. They are highly paid jobs and vital to our economy.

Over this whole spectrum of work we see an imaginative budget that looks forward, not backward. It uses our surplus at once to reduce taxes, to stimulate the economy in that sense but also to create the knowledge that is the basis of breakthroughs in science and technology which are in essence the foundation of our industry and of our competitive economy with the opportunities for brilliant young Canadians who might otherwise be lured by the temptations to go south and follow the brain drain.

We can keep these people in Canada. We need them. We invite the provinces to co-operate with us. It is a two way process but the basic foundations are there.

It is a pleasure to assist the adoption of this budget, the knowledge budget, a budget for a knowledge based economy. That has been the inspiration of our government, the science minister, the finance minister and the Prime Minister since the inception of this government.

It comes to fruition here with a budget with the first big surplus. All the hard work of saving, prudent pruning of overstuffed departments and the like comes to fruition here with the stimulus we have provided for the economy.

[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 Regina—Lumsden—Lake Centre, Gasoline Prices; the hon. member for Mercier, East Timor; the hon. member for Cumberland—Colchester, Airline Industry; the hon. member for Mississauga South, Foreign Affairs.

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, I was anxious to address the budget.

Budget day is always an important day for Canadians, for people in all the provinces, including Quebec, because they want to find out what impact the budget will have on their daily lives.

Today, Oral Question Period focused on the current scandal at Human Resources Development Canada. This is not because the budget is not a priority, an important issue for members of parliament, including Bloc Québécois members, but because we wanted to show how badly this government has failed, in terms of managing programs, of managing one of the most important departments.

This is not the first time. I remind members that in 1984 the federal government lost \$1 billion hole through a new tax to promote scientific research. That tax loophole resulted in the robbery of the century. Over a nine month period the tab climbed to \$3 billion, while the cost of that initiative was expected to be \$100 million.

Considering all these losses created over the years by Liberal patronage, considering the measly \$2.5 billion that will be paid, I thought the member would have had a more balanced approach, a vision regarding the needs of the provinces in health and education—

The Acting Speaker (Mr. McClelland): I apologize for interrupting the hon. member but I must give the floor to the hon. member for Vancouver Quadra for his answer.

The Budget

Mr. Ted McWhinney: Mr. Speaker, if we are talking about the management of these projects, we are talking about Martha Piper, Robert Lacroix, David Strangway, and Michael Smith. These are well known scientists and physicians; we trust their advice and judgment. That is why I strongly supported their appointments. I have complete faith in their judgment.

• (1635)

[*English*]

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, the Liberal members on the other side are doing a very good job cheerleading and boosting their budget, but I can guarantee that not everybody in the country is doing cartwheels in quite the same way.

We have received a series of critical faxes from organizations like the Canadian Medical Association, the Canadian Health Care Alliance, the Canadian Federation of Teachers and the Canadian Chamber of Commerce that point out the irony of this.

In a budget, in which the primary focus and concern was to fix health care, we have seen a meagre and paltry \$2.5 billion. I remind the hon. member for Vancouver Quadra that in the province of Manitoba that amounts to about \$20 million per year over four years. This is an amount of money that is almost insignificant. It does not register in the total overall health care spending.

Of all the initiatives and the lofty ideas the member had in terms of spending and reinvesting in the knowledge sector and post-secondary education, what does he suggest Manitoba should do with its \$20 million for health care, post-secondary education and social allowance?

Mr. Ted McWhinney: Mr. Speaker, I accept the challenge. I think the MPs from Manitoba should do what I have been doing for the last six or seven years.

I have no reproach for engaging myself in boosterism. I explained what pure research was in the House. I explained it to my caucus. I persuaded people. I and my office staff spent 250 hours of work on the TRIUMF project. We had the good fortune to have a science minister who, although a very distinguished lawyer, was not a scientist in the natural science sense but who took the time to understand.

The main thing is that we have made a revolution in Canadian society. Our research and advanced education was lagging behind in significant sectors. We went to the Prime Minister and said that he must invest. I make no apologies for that. I would offer the same advice to our colleague opposite who asked the question. Go out and fight for knowledge. He should go out and fight for projects he believes in but he should bring reasoned empirical arguments.

When I went to the science minister and said that these were the facts, he read the documents, listened to the arguments and he approved. That is the way to do it.

Ms. Aileen Carroll (Barrie—Simcoe—Bradford, Lib.): Mr. Speaker, at the outset I offer my congratulations to the Minister of Finance for crafting a budget of remarkable scope and balance. The minister has remained true to his course and, as well, has responded to continued input from the Liberal caucus.

I have spoken in my riding of Barrie—Simcoe—Bradford to many groups at various times about how committed the government has been to realigning the federal balance sheet, getting our finances in order, eliminating the deficit and planning for the day when we would be able to return dividends to Canadians for their investment in successive Liberal governments.

Canadians, including my constituents of Barrie—Simcoe—Bradford, have invested in this government. They have given us their trust to restore our nation's finances. They have shown confidence in us to build a stronger, more innovative economy. They have trusted us to improve the quality of life for them and their children.

The time has now arrived when we begin to repay Canadians for supporting our plan.

A key component of my government's plan is to cut taxes. This will mean more money in the pockets of Canadians, stronger economic growth, continuing job creation and the enhancement of a more competitive edge for Canada globally.

The five year reduction plan that will restore full indexation to the personal income tax system is an essential ingredient of this budget. Core tax rates are reduced for the first time in 12 years. Personal income taxes are being reduced on an annual basis by an average of 15% in 2004-05. This plan will reduce taxes by a cumulative total of at least \$58 billion over the next five years.

Full indexation is a fundamental break with the past and is a measure requested by many of my constituents. I am heartened that the Minister of Finance has heard those of us who have advocated for this tax change, and I thank my constituents who persisted in raising this issue on various occasions over the last three years.

Full indexation will stop the automatic tax increases and benefit erosion that have taken place under our Canadian tax system since the mid-80s. For the first time the real value of benefits, such as the Canada child tax benefit and the GST tax credit, will no longer be eroded by inflation.

• (1640)

For the first time in 12 years a federal income tax, the middle tax rate, will be lowered. The plan reduces the middle tax rate to 23%

The Budget

from 26%, starting with a two point reduction to 24% in July of this year. Eventually this will cut the taxes for 9 million Canadians.

The bottom line is that Canadians will be able to earn more income tax free and more of their income will be taxed at lower rates. This is the dividend Canadians have earned for their patience and fortitude in supporting the Liberal plan to get the federal fiscal house in order.

The plan enriches the Canada child tax benefit so that by 2004 an additional \$2.5 billion annually will be provided to low and middle income families with children. This measure alone provides increased income for more than half of my constituents in Barrie—Simcoe—Bradford.

The plan eliminates the 5% deficit reduction surtax on middle income Canadians with incomes up to \$85,000, and the plan raises to 25% this year and 30% next year the permissible foreign content of investments in registered plans and RRSPs. This is a measure that I and many of my colleagues have been promoting. I am very pleased that we have seen its accomplishment.

For students, I, along with many of my colleagues, was alerted by post-secondary institutions and student associations that the level of taxation on scholarships did not synchronize with the objective of reducing student debt load. Consequently, the government listened and it responded by increasing to \$3,000 from \$500 the amount of tax free income from bursaries, fellowships and scholarships, such as the Canadian millennium scholarship.

Other tax reduction measures include a reduction in capital gains from 75% to 65% effective immediately. In fact, this plan is so munificent that the opposition, which has been militant in its pursuit of a tax agenda, cannot even come up with a response. Even Owen Lippert, spokesman for the conservative Fraser forum, complimented the budget and the tax cut plan on this morning's edition of *Canada A.M.*. Mr. Lippert stated that the government must have been listening to him. If the Vancouver based Fraser Institute likes this budget then the opposition Reform and Conservative Parties are obviously taking a long walk off a short peer as they scramble to take issue with it.

There are other equally vital priorities as well. Canadians have reported repeatedly to pollsters, the media and to us, their elected representatives, that there must be an increase in support for post-secondary education and health care. The government has responded by increasing the Canada health and social transfer payments by \$2.5 billion. Next year the CHST cash allotment will reach \$15.5 billion, a 25% increase over the past two years. This infusion brings the federal transfer to the provinces above the original full funding level. The initially removed moneys have now been replaced and enhanced. The onus is now very much on the provinces to ensure that these allocated moneys become moneys dedicated to the intended purposes.

An editorial last week in the Toronto *Star* pointed out that the Ontario government, amidst its constant criticism of the federal government, has neglected to dedicate the full amount of \$1.5 billion transferred in last year's budget for health care. The Ontario government has still not utilized \$700 million for health.

While Ontario's share of the new money in this year's budget will not solve all our problems, distinguished health care systems analyst, Michael Dechter, stated again this morning that it would be enough to hire thousands of nurses. We Ontarians should therefore be looking for significant improvements in our health care delivery system.

As well, the budget reinforces the government's grasp of the essentials of research and development and the need for Canada to excel in all areas of skills, technology and knowledge. The government created the Canada Foundation for Innovation in 1997 and we continue to make it one of the cornerstones of our plan by infusing the CFI with an additional \$900 million in this budget.

● (1645)

In addition, the creation of the sustainable development technology fund will foster innovation by helping companies develop new technologies and bring them to market. In this regard I exhort Canadian companies to follow our lead and reconfigure their entrepreneurial spirit which has focused far too frequently in recent times on the need to cut costs rather than to develop new products.

Canadian companies have not invested sufficiently in the development of unique products and processes. As a result Canada stands 12th worldwide with regard to company operations and strategies. While Canada sits second only to the U.S. in overall connectedness, our businesses are not making optimal use of our connectivity. Canadian CEOs place a greater priority on cost reduction rather than on capturing markets in every corner of the globe through e-commerce.

As the Minister of Finance said yesterday in his budget speech, the private sector must change its concept of risk. This budget assists them in every facet. It is vital that the private sector meets the challenges of the 21st century and meets the bar the government and this budget have set.

I am also delighted that this budget recognizes that our Canadian forces have endured severe financial restrictions in recent years. I have promoted the serious need to reinforce the programs and resources of our forces, and quite frankly the successful result read in the House yesterday was a victory for many members of our caucus. This infusion will allow our military to continue to represent Canada with distinction in our peacekeeping and peace-making roles.

Another victory for all of us is the recognition that the municipalities have an enormous role to play in the ever growing responsibility of environmental protection. The green municipal enabling fund helps communities assess where their environmental

needs are the greatest. The budget also creates a revolving fund, the green municipal investment fund. The administration of these two funds will be the responsibility of the Federation of Canadian Municipalities, a highly respected organization. From this initiative we hope to generate the best approaches to renewable energy, water conservation, waste management and urban transit programs.

I have dedicated much of my time since my election to the study of environmental degradation and the search for remedies. These initiatives permit immediate implementation of measures that communities can activate and thus make practical use of the knowledge, experience and recommendations of the environmental science and engineering professions.

I am honoured to be an active participant in the Liberal government and to represent the constituents of Barrie—Simcoe—Bradford. I am confident that we will continue to enjoy the support of Canadians so that we can further build on the frameworks we have structured concerning all these things.

Mr. Ken Epp (Elk Island, Ref.): Madam Speaker, I have been listening to the Liberal speeches today with a lot of interest. Obviously Liberal members have bought into the plan, and I understand that. That is part of their party plan. The budget has been presented. Many Liberal members I am sure sincerely support everything in the budget. I suppose all of them will vote for it. We expect that.

Would the member be so bold as to be really candid with us and say something about the lack of planning to actually reduce the debt? The debt is standing at \$576.8 billion. The government has said it will pay \$3 billion a year against the debt out of its contingency fund if at the end of the year it has found no other way to spend it. In the event that the government actually does not spend it, that means it will take almost 200 years to pay off the debt. Meanwhile we are paying \$40 billion a year in interest.

Would the member, in her great candid spirit, tell us what she thinks and what members of her constituency think with respect to actual debt repayment and reduction of the interest thereby?

• (1650)

Ms. Aileen Carroll: Madam Speaker, debt reduction has always been a priority of the government. We have from the beginning addressed it by a 50:50 approach: 50% on new spending and 50% on tax reduction and debt reduction. We have helped to create an economic milieu in the country whereby the economy has grown. It continues to grow at such a pace that it factors into the debt ratio. This has declined, as the questioner knows, and will continue to do so. Yes, we have reduced it by \$3 billion for each of our years. Yes, we continue to set aside a contingency fund which most likely will be able to be applied to the debt at the end of this fiscal year.

The Budget

In phrasing his question the hon. member made reference to the fact that perhaps members on this side of the House were singing from a song sheet that someone else prepared. We prepared that song sheet. We had a finance minister and a cabinet listen closely to a caucus wherein we are free to speak of all things vital to us, to reflect what our constituents tell us about health care, to hear from our constituents and to feed into a budget. This budget is a result of that. It reflects an open caucus where every person on this side of the House feels that he or she has been a part in setting the budget.

The official opposition, to the best of my knowledge, for a party that wants to be grassroots does not run a caucus in any way like the caucus of the Liberal government.

[*Translation*]

Mr. Ghislain Fournier (Manicouagan, BQ): Madam Speaker, it is often said that the Minister of Finance is a smooth talker, but his glib words are at our expense, and they will not pay the bills.

I have been listening to the members opposite all afternoon. They all agree that they have spent money. That is true—Human Resources Development Canada has been practically throwing it out the window, while the Government of Quebec has been investing it wisely.

After the federal government cut tens of billions of dollars in health, education, and social programs, the provinces unanimously demanded \$4.5 billion a year. But all they are getting from the federal government is \$2.5 billion over four years, which boils down to \$600 million for Quebec—crumbs.

[*English*]

Ms. Aileen Carroll: Madam Speaker, it is important to note that we have restored to 1993 levels and even above federal contributions to health care. Quebec receives about 28% of total transfers. That is quite a bit considering that it represents 24% of the population.

As well, we have seen the health minister emphasize the need for efficiencies. We are back to a large percentage of the funding of health, but there is a need for all provinces to come together to make a more efficient system. It requires all their input.

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Madam Speaker, I will be sharing my time with the member for Winnipeg North Centre and I will take 10 minutes to make my remarks regarding the budget.

When I look at the budget I try to measure and gauge it with respect to where it sits in terms of the priorities of my constituents. As a matter of fact I undertook to poll my constituents and I did so in January. I sent them all letters and asked them to prioritize where

The Budget

they would put the surplus for this fiscal year. I want to share with the members of the House exactly what my constituents told me and asked me to tell the government with respect to priorities, which my party and I did.

There is one thing almost everyone in my constituency agrees on: the restoration of federal health care funding. Eighty-three per cent of them indicated that they wanted health and education transfers restored and for the government to make up for the losses.

• (1655)

The Liberals talk about restoring to 1993 levels. They have taken \$600 million out of health care funding in my province of Saskatchewan in the last five years and have restored it by \$18 million this year. We are short \$582 million, yet they are saying that it is as big as it was in 1993. They neglected to tell Canadians that since 1993 the population of Canada has increased by about one or two million people. I am not sure of the exact number, but over one million people, to be safe, and they have cut back in terms of health care.

The number one issue in terms of measuring the budget with my constituents' priorities is that it fails the test of what they believe is the highest priority of our national government with respect to this important social program.

As the number two priority my constituents also wanted to see money for a long term farm aid program until such time as the international subsidy war was dealt with at the WTO. I look in the budget and what do I see? There is not one dime for agriculture in terms of a long term program. We see a short term, inadequate amount of \$180 million. We in Saskatchewan are grateful for that, but meanwhile the treasuries of France, Spain, Great Britain, Germany and the United States of America keep subsidizing their farmers to the full extent. Thereby western grain farmers are at a disadvantage being at the lower end of an uneven playing field. They are finding it very difficult to compete as a result of the prices being driven down.

The third most important item to my constituents was a personal income tax cut. Sixty-eight per cent believe they should have a GST cut of one point or a modest decrease in their personal income tax. The budget addressed the personal income tax cut. I think that will be a very positive step in the long haul. One out of three is not bad, although my constituents wanted something a little more substantial in terms of the GST.

Fourth, 66% of my constituents polled believe that we should have some kind of additional significant program to the tune of over \$2 billion to address child poverty. We see in the budget a modest attempt to do so, but neither my constituents nor I think it goes far enough. There is a big gap in terms of differences in our priorities.

Most important, we sent out thousands of questionnaires and had almost 1,000 returns, which was not bad for a mail-back. Not one constituent indicated that we should further subsidize the NHL. Yet the Liberal government in the first week in January announced a big subsidy program for NHL hockey players. I wonder what its priorities are. I see the Minister of Industry is in the House. I can understand the pressure applied to him from the local hockey team and the local supporters, but surely there must have been some sense in the budget of the priorities of Canadians before this was undertaken.

I do not want to talk only about my constituents' priorities and how they differ from those of the government. I want to try to measure the budget from a fair perspective. How do we measure whether or not a budget is fair? I confer with my constituents, which I have done, and in their view they do not believe this is a fair budget with respect to western Canada.

The real test of whether the budget is fair is whether it is providing some progress for Canada. The true test of progress is not in our country. It is not whether we add to the abundance of those who have much but whether we as a government, we as a country, provide enough for those who have too little. Under this test the budget does not pass. It does not provide substantial support in terms of tax cuts, child poverty programs or health care financing to help those who have too little, but it will provide huge tax cuts for the very wealthy.

In this current fiscal year the Liberals gave millionaire hockey players a \$16,000 tax cut. They gave Canadians zero in this fiscal year. The next fiscal year which is the budget we are speaking on, they are going to give the hockey players another \$9,000 or \$10,000 on top the \$16,000.

• (1700)

The millionaire hockey players in this country will now have a two year tax break of about \$26,000. What do we get as average Canadians? What do average Saskatchewan residents get? They may get \$250 a year, 20 bucks a month. That will not buy a daily cup of coffee.

In my view health care has been put on the wait list. Education has been put on the wait list. We have letters from the Saskatchewan school trustees saying that this is an inadequate budget.

The president of SSTA, Gary Shaddock, in expressing his disappointment to the Minister of Finance said, "This was supposed to be the children's budget. Several things outlined in the budget are positive for families but the budget did not do enough to address the national children's agenda and provide a strategy of how Canadians will support their children in the future". For somebody from the SSTA who is a very responsible parent, a very responsible citizen of this country, to say this about the budget in a

The Budget

non-political fashion in my view condemns this budget even further than what we have already outlined.

Agriculture is on the wait list. We have tax cuts in terms of personal income tax cuts. There is some progress there, but in this calendar year it is basically the wait list for Canadians with small and average size incomes.

We have seen no action in this budget on defending our economy with respect to energy prices. I have stood in the House a number of times since the House resumed in February to ask the government what action plan it has to defend our economy and to defend Canadian consumers from international price gouging by the refiners and other vertically integrated oil companies. There is nothing in this budget.

Regarding highways, in Saskatchewan this government takes out about \$180 million a year in excise taxes. What was put back in this budget for highways? Not \$180 million, not even \$100 million, not even \$5 million. Not one cent in this budget has gone to highways in Saskatchewan after the government has taken away the transportation subsidies. The roads in our province have declined and deteriorated in an accelerated fashion and there is not one dime.

It is getting to the point where we need a government with some kind of conscience. We need a government that believes in having a balance to the economic powers that run our economy. The fact is the very wealthy corporations and the very wealthy families run the country's economy. It is the government's obligation, duty and responsibility to be the balance to those powers that run the economy. One of my constituents said, "Leave the rich alone in this budget and help out the rest of the country".

I believe very strongly that this government has failed in its test. It has wait-listed seniors. There is no substantial support for seniors in their very severe challenges with respect to inflation. It has wait-listed education and health care. It has wait-listed tax cuts. It has wait-listed agriculture. It has wait-listed an energy plan to defend our economy. It has wait-listed any kind of national highway program.

My view and the NDP's view is that the government has failed with the most incredibly poor budget we have ever seen in this country. It does not help people. It helps the very rich and the very wealthy families and corporations. As a result, I can assure every one of my constituents who have written to me that I will stand in the House and I will vote against the budget. I think it is the wrong budget for Canadians and for western Canada in particular.

Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, I could speak to many of the items the member Regina—Lumsden—Lake Centre commented on.

Regarding the federal transfers, as I said earlier the federal transfers have gone from \$37.4 billion in 1993-94 to \$38.6 billion in this year alone. We are back to the days of the 1993 transfers.

With respect to Saskatchewan, in 2000-01 the federal transfers to Saskatchewan will exceed \$1.2 billion. They will account for about 22% of the Saskatchewan government's estimated revenues. They will equate to about \$1,174 per person and over the next five years will total about \$6.3 billion. I think that is pretty fair.

• (1705)

With respect to the income tax cuts, the member should check the budget closely because it is targeted to middle and low income Canadians. For example, a one earner family of four with an income of under \$35,000 will receive more in benefits than it pays in the year 2004. I could go on and on.

There is the agricultural aid. We can all empathize with the plight of the farmers on the prairies but in the last three or four budgets we have put in over \$2 billion and \$240 million was announced recently.

The member should be more candid and fair in his critique of the budget.

Would the member comment on the increase in the Canada child tax benefit which will increase to \$9 billion a year? Will that not help children?

Mr. John Solomon: Madam Speaker, I would like to point out the facts exactly as the member has asked me to do.

The Liberal government has taken \$30 billion out of health care since 1994 and this year it is putting \$1 billion back in. For every 30 bucks it has cut, it is putting one dollar back. And the Liberals call that reinstating funding for health care. That is appreciated. I guess \$1 billion is better than no billions but the government has cut \$30 billion in terms of the total losses to health care in the last five years.

Saskatchewan receives a little over \$1 billion in all the various transfer payments. The question I would ask the member is how many billions does the government take out in terms of income taxes, licences, GST and other fees for the federal treasury? I can say it is a heck of a lot more than \$1 billion. It is billions more than \$1 billion. We are sharing that with the rest of the country. We are happy to do that and we are getting some of it back but not all of it, so let us call a spade a spade.

There is a debt in the country. Every single Canadian, whether born this minute or 79 years old, is paying \$1,400 a year in interest on the Liberal-Conservative-Reform debt. A family of four is paying \$5,600 for the Liberal-Conservative-Reform debt and the Liberals are giving a \$250 a year tax cut. Are they crazy? I think they are. It is ridiculous.

The Budget

We have to look at the budget. I give the Liberals credit. They are masters at doing and saying things to make people feel good. There may not be any kind of substance to their actions but they can do their spinning and promoting. They have 155 MPs and hundreds of millions of dollars as we found out during the last month, to do those sorts of things, to make people feel good about things that they are supposed to be doing, might be doing or may want people to believe they are doing. On every occasion it is a feel good approach. There is never any substance to address the hard core issues facing Canadians.

The final point the member raised was with respect to agriculture. Yes, they have paid \$2 billion with provincial shares into agriculture in the last two or three years. Saskatchewan out of \$2 billion may have received about \$400 million or \$500 million. The vast majority went to Ontario, Quebec and Atlantic Canada.

My final response to the member's question is that the government has done a good job for farmers in Ontario. I see my colleagues from the rural Liberal caucus in Ontario. They have done a good job getting money for their farmers but they have failed to address the western agricultural issues and that is where we are falling down in western Canada. They should provide more money to farmers, whether they are in Ontario, Quebec, or western Canada. The government needs to address the huge issue of the restructuring of agriculture in western Canada as soon as possible.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Madam Speaker, I am pleased to share this time with the member for Regina—Lumsden—Lake Centre and put on record our concerns with the budget.

• (1710)

We have heard a lot today from Liberal members about the opposition getting in touch with reality. I would suggest that members across the way on the Liberal benches should stop and think just what this budget means in terms of the priorities of Canadians.

If they take a moment to study the facts and determine what the reality is, they will hang their heads in shame. Yesterday a lot of folks gathered here. They represented all kinds of organizations, particularly those in the health care field. People advocating for patients were here. People representing nurses and doctors were here. Ordinary citizens were here waiting with bated breath to hear what this government would say and do about their number one priority, health care.

The reaction in this building in the circles of folks gathered together to witness this government's response on that important issue was like being at a funeral. It was like a wake. People were

devastated. One cannot imagine the sense of disappointment that was felt yesterday and which continues today.

People believed that at least the government would take their concerns seriously when it came to health care. They truly believed there would be something significant on health care in the budget. One cannot imagine the dismay, disappointment, fear and worry among those folks gathered here and all across the country when they learned that the response by this government on health care was to put in a one time short term allocation of funding to be shared by health and education, and maybe even other social programs if one reads the budget carefully, over four years. My leader was absolutely right in saying that the government is prepared to give two cents for every dollar in tax relief. It is a 2% solution when this country has a health care crisis.

There was that disappointment yesterday and today that concern is reflected in every media outlet. There is without exception nothing but absolute opposition and rejection of the government's approach to health care. I challenge members opposite to tell me and to point to one patient, one health care organization, one advocate, one health minister, one premier who is going to stand and say that the government did the right thing on health care.

Look at the media. The finance minister of Manitoba said, "This is a band-aid solution". Health care advocates in Manitoba said, "Health cash a morsel". Seniors in Manitoba said, "What about us?" Activists from the Council of Canadians said, "If I were the health minister I would be resigning".

I wonder if he is so embarrassed that he might not be thinking about resigning given the way his hands have been tied and his efforts have been shackled by this government. Or is it all one big conspiracy and one big plot to ensure that this government does not do what is required on health care and allows for the dismantling of our public health care system? Is that the case? Is that what we are really dealing with today?

The CMA said, "Budget health care funding falls short". That is putting it mildly. The CLC says as we have all said in this House, "The budget just keeps medicare on a waiting list". The Hospital Employees Union in British Columbia said, "Federal budget response to medicare crisis anemic". The words go on and on. The critique is absolutely clear. No one in this country is impressed with what was announced yesterday on health care, the number one issue of Canadians.

Fortunately that disappointment, dismay and outrage is turning into action and a determination to fight back. Members opposite on the Liberal benches should understand what their front benches have done, what the Prime Minister is trying to do and be prepared to rethink their positions. Maybe they will take heed of the call today for a caucus revolt. That is what we are all hoping for. Maybe some of those Liberal backbenchers will wake up and realize that

The Budget

they have been hoodwinked and they will stand and say “No. This is not my priority and I am not going to stand for it”.

• (1715)

Today we had the ambulances in front of the building. We had the hospital beds clearly depicting two tier health care in this country. We had a call from the Canadian Union of Public Employees for a Liberal caucus revolt. I quote from its press release: “Liberals call themselves the saviours of medicare. Well, let’s see some action”.

Those people are looking for some backbone. They are looking for a bit of commitment. They are looking for a long term commitment and a lifelong involvement in the funding of health care. Just as I said in the House earlier today, they are fed up with these short term, one time, little supplements that the government dishes out to keep people happy. It is like a pay bonus instead of a pay raise. It is like a one night stand instead of a lifelong relationship with medicare. We cannot sustain medicare with that kind of irrational, irresponsible public policy making. It is not even public policy making; it is tinkering with the system and it is playing with the fears, concerns and passions of Canadians. I say shame on each and every one of them sitting across the way.

There is no question that what we saw in the budget really is a pittance. Some would say it is peanuts. It is a paltry amount, two cents for every dollar the government is prepared to give in tax cuts for a system that is in crisis because of Liberal cuts.

Let us go back to 1995 and remember the \$6 billion the government took out of cash transfers. Let us remember that the Liberals are responsible for the biggest bite out of health care financing in the history of medicare. Let us remember what kind of chaos they put our system in. Let us remember what kind of obligations they now have to fix the mess and get on with building medicare for the future.

I cannot believe that there is not more concern being expressed by Liberals in this day and age. I cannot believe that we are hearing this kind of damage control and silly arguments coming from the front benches of the government. Obviously they realize that they have made a mistake. Otherwise we would not be hearing the kind of irrational arguments coming from the benches over there.

First the Prime Minister stands in the House and says “It is not true. We fully restored health transfer payments”. They fully restored the payments? Who believes them? Every premier in the country has identified a shortfall of at least \$4.3 billion. Some would put it even higher. There is a shortfall in cash of more than \$4 billion.

Then what do the Liberals do? They say “Don’t worry. You have to look at tax points too”. Today the Minister of Health stood in the House and said that this government put in \$40 billion. Do you

know what he has done? He has put in everything but the kitchen sink. He has put in cash, he has put in equalization payments, he has put in tax points. What else?

Mr. Roy Cullen: Why wouldn’t you?

Ms. Judy Wasylycia-Leis: Members opposite ask “Why wouldn’t you?” Do they not remember what our medicare system is all about and how it stays together? Do they not know that the cash is the glue for medicare, that if we do not have cash on the table then we cannot hold the likes of Klein and Harris accountable and responsible to adhere to the principles of medicare?

Why else will Klein stand any day now to unleash his privatization forces and announce his legislation to contract out hospital services to private companies? Why else are Premier Harris and health minister Witmer saying today that now they have the ammunition? Now they have what it takes to open up the Canada Health Act. As quoted in the *Ottawa Sun*, “Frankly, the writing is on the wall, and it says this: ‘Go private’”.

Hon. members opposite have created the climate for those people who want to undo medicare to take hold and take force and shape the country. That should be the argument above all that will make the government wake up and realize that if it does not show a significant commitment to health care in the country, if it is not prepared to start moving toward at least a 25% partnership and eventually back to a 50-50 partnership, we do not have a hope in heck of preserving medicare and stopping those forces of privatization.

I say to hon. members opposite that it is not too late. It is time to act because we are on the precipice. The very future of medicare is at stake. We must act now.

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, there is no question that health care is the top priority for Canadians. As has been pointed out many times in the debate today, the government has restored the CHST cash and tax point transfers to the provinces to the same levels, and in fact a little higher than they were in 1993. That is significant. Not only have we done that absolutely, but we did it at a time when government spending is still \$4 billion lower than it was in 1993. By that fact alone we have shown that we have identified health care.

• (1720)

Over the next couple of years there will be additional transfers. The \$11.5 billion from the 1999 budget over five years, plus the additional amount that was identified in budget 2000, means that there will be \$15.5 billion in each of the next four years. That is a 25% increase in just two years. Again, it is an indication of the commitment.

The member will well know that the transfers to the provinces are not colour coded and are not just for health. They are also for

The Budget

post-secondary education and social assistance. The member will also know that the provinces do not have to spend those dollars precisely on the areas in which they are given the money. In fact, if we take the example of Ontario alone, it had cuts in the CHST of some \$800 million, but it turned around and gave a \$4.3 billion tax cut. There are the priorities.

The member will also know that the National Forum on Health identified that there was probably over \$11 billion of inefficient spending in the health care system, which is under the management of the provinces.

Given that we have balanced budgets for the current year as well as for the next two years and given the fact that the member says we should give more money to the provinces, could she tell the House where would that money come from the things which are provided for in this budget? How would she finance increased transfers for health?

Ms. Judy Wasylcia-Leis: Mr. Speaker, let me say that what we just heard from the member is exactly what Canadians do not want to hear. The Liberals are blaming everybody but themselves. They will not look at their own public policy and make a deliberation on what is important for Canadians and what is important for something as vital as medicare. That is number one.

Number two, I am glad the member raised the issue that we have heard in the last couple of days about not worrying about this budget because there might be more money on the table next year, depending on how much the provinces co-operate and what the needs are. If that is not evidence of damage control, I do not know what is. First we have this nonsense about fully restoring cash payments. Then they throw in the tax points. Then they say they are going to work on next year to see if there is more money down the road.

It is obvious that in actual fact the Liberals are embarrassed by the situation and find this budget totally lacking in terms of dealing with the health care crisis.

I suggest that the hon. member look very clearly at the whole issue of cash transfers. That is the glue that holds the health care system together. That is what is needed to hold the likes of Klein and Harris to account. He should look at the fact that with the little cash that has been thrown in with this budget the federal government's share of funding for health care is 15%. That is what matters. It is not all the other stuff they are wanting to use suddenly to deflect away from this issue, it is the cash and the transfers that the government cut in 1995.

The answer to the member's question is that the government should make an absolute and firm commitment to start fully

restoring the cash transfers that it cut in 1995 and ensure that base on a sustained an ongoing basis. There should be none of this one time only, short term band-aid stuff that it is throwing out, ignoring the realities of the situation. That is absolutely critical.

I suggest that he look at the facts, which show that even with the increases cash transfers for health and education will still not be at the level they were in 1993-94. In fact, cash transfers will remain \$3.3 billion lower than when the Liberals were elected.

• (1725)

It is absolutely clear that the federal government is not paying its fair share. The obligation, the responsibility, the mandate of the government is to be engaged in health care financing in a 50-50 partnership.

Mr. Jerry Pickard (Chatham—Kent Essex, Lib.): Mr. Speaker, at the outset I would like to say that I am sharing my time with the member for Durham. I am sure that the member for Durham and myself are nothing but proud. We are very proud of this budget. We think this is a great budget, and there is no question about it.

The House needs a touch of a history lesson. I remember in 1993 when my distinguished colleagues opposite were in the position of running a government; a government that was running a deficit of \$42 billion; a government that in eight short years had tripled the debt in this country; a government that had unemployment at 11.5%; a government that did not know which way to go.

It was so bad that its members divided into three groups. Some members did not want to be called Tories any longer, so they decided to be Reform. Others decided they did not like what was happening in the Tory Party, so they called themselves the Bloc. The Tories remained with two people in the House.

When we stop to look at that historical time, we say thank goodness that a reasonable, well informed government came to the House to straighten out the ship. Quite frankly, it was the current Prime Minister, the Liberal cabinet and the Liberal government.

In a few short years nobody expected us to eliminate the \$42 billion deficit, but that is exactly what we did. We did that and we did it by doing certain things: by reducing the public service, by cutting spending dramatically and by making sure that we were more efficient in everything we did.

Each and every person in this country knows that if a person has a budget, a family, a mortgage and a job, everything cannot be done. Everything cannot be completed in one year. We tracked budget after budget, first, to get the economics right, to get the trade moving in the country, to encourage business and to encour-

The Budget

age programs which help all Canadians. That is exactly what we did.

Now we come to a parting of the way. We have managed well. The economy, the GDP in this country grew so well that we were number one in the G-7 countries last year. We know there is absolutely no question that the tax revenue in this country is high, and we are now able to share with Canadians.

Quite frankly, at this point in time I want to say thanks. I want to say thanks to every Canadian who has been supportive of us, to every Canadian who has bitten the bullet and to every Canadian who has put forth a tremendous effort to make sure we were supported in getting this ship going the right way. That has been the case. Every time I am in my riding there is not an individual who says "You guys are not doing a great job and the finance minister has not done a fabulous job at finance". They are all supportive. They look at the trade missions that our Prime Minister has made and the increase in the economy and say it is just fabulous.

We come to a budget where we, as the Liberal Party, can say thanks to all Canadians for biting the bullet and we can return to them some of the tax dollars that have been increasing.

The indexing of the tax system is a major move which will return to low income Canadians, to families with children, a great benefit over the next four years.

Yes, it will not happen in one year. It will happen over four years. But the reality is that over the next four years those Canadian families will receive a 21% tax cut. We will see the average Canadian get a 15% tax cut and low income Canadians with families in the neighbourhood of 18%. Yes, tax cuts are there, but at the same time, not only are we de-indexing and putting tax cuts in place, we are moving into programs that people in the country have told me are important.

• (1730)

I just heard some members going on about health care. I am really surprised that they do not understand what is being done with health care right now. I am really shocked that they do not realize that the Minister of Finance's announcement yesterday put \$3 billion more into health care this year. This is \$3 billion more than what was there last year. Cash transfers last year were \$12.5 billion. This year they are \$15 billion. This year we will have the highest transfers to the provinces in the history of the country. There is no question about those facts.

We balanced. Yes, the \$2.5 billion that went into the budget is added with the budget last year which put in several billion more. This is something that the opposition is not really taking into account or dealing with in a fair way. We have to know the facts. The facts are that we have increased the budget in health care by \$3 billion in transfers to the provinces this year.

I think that the best spin doctor in the country, Mike Harris, was really misleading people in Ontario when he had his press conference today. The fact is, Mike Harris is getting more money than ever before.

The interesting point I noted a couple of days ago was when Dalton McGuinty, the Leader of Liberal Party in the Ontario caucus, pointed out very clearly that Mike Harris did not spend all the tax dollars that he got last year. He got a transfer of \$1.5 billion of which he only spent \$800 million. Half of that money is still sitting there and he is out complaining. What a deception to the people of Ontario. What a bad policy decision he made.

Quite frankly, I put Mike Harris in exactly the same bracket that I put Brian Mulroney. I will tell the House why. When Brian Mulroney was here he pumped up our debt, pumped up our debt and pumped up our debt. Well Mike Harris in Ontario has pumped up the debt, pumped up the debt and pumped up the debt to where right now Ontario is \$19 billion further in debt than it was before. He is certainly a bad example to speak to Liberals about policies and directions that we need to follow.

I have one other issue that I wish to cover and I see that I have two minutes to do it. Something that is extremely important to the people in my riding is infrastructure: infrastructure funding for highways, infrastructure funding for municipal services and infrastructure funding for low income housing. There is no question that when I look at this budget, we are delivering those dollars big time.

Anybody sitting across the way knew that today was the day of the budget questions to the finance minister. What did members opposite do? They shrivelled in their seats. They were afraid to ask the minister questions. Each question they asked they looked pitifully bad.

This is a good budget. People across the country have said that it is a good budget. The finance minister knows it is a good budget. These guys were chicken to ask questions today on the budget. That is an interesting point.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, I direct my question to the hon. member if he will listen, which he does not usually do. I find it rather interesting that he has taken a great deal of time and energy to put the blame obviously on a previous government. I remember the term Brian Mulroney and the deficit and the rest.

• (1735)

I wonder if the member would like to talk about where deficits really started, where they really came from. If my memory serves me correctly, in 1974 a former prime minister by the name of Pierre Trudeau put this country into a deficit position. Would the hon. member like to finally take some responsibility for the fact that it

The Budget

was his previous government in 1974 that actually started that particular ball rolling?

In my speech I will talk about how it was the Mulroney government and the Wilson government that actually brought us out of that hole and started the process to get his budget balanced.

Mr. Jerry Pickard: Mr. Speaker, I would love to respond to the member's question.

I know he does not have the facts straight because he was not here. When one is not here I guess we can understand how one can be fed that garbage in the dark and not understand what really happened. He is right. We did have a debt of \$168 billion under previous governments.

Mr. Rick Borotsik: Trudeau started the ball rolling.

Mr. Jerry Pickard: Under Mr. Trudeau, exactly. That is not a problem. When we have a mortgage on a house, it might be a mortgage of \$25,000, which is all right, but we have to realize that it was Michael Wilson and the Conservative government that took that small mortgage of \$168 billion and made it \$500 billion plus.

We have to realize that in eight short years those turkeys put this country's finances down the tubes and they are willing to stand here today and blame someone else. They are the most inefficient and incompetent people I have ever seen.

I sat on the finance committee and talked to them every day. They chuckled to themselves. I remember when they threw Don Blenkarn out as the chair of the finance committee because he disagreed with what was going on.

When we stop and think about the stupidity that went on, it is not hard to say that they have nowhere to go. All Canadians know it. They sat here and filled this whole side and half of the other side. They had a huge majority government and ended up with a telephone booth of two. They are now trying to come back with 10. Canadians know what they did. The Reform knows what they did too because the Reform called itself a different name. The same policy, different name ran west.

The Acting Speaker (Mr. McClelland): Because it is so close to Easter, I took the fact that the hon. member called a party a bunch of turkeys as a term of endearment. I suspect that was a compliment.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I am happy to share my time with the illustrious previous speaker, the member for Chatham—Kent—Essex.

I want to report that I took the time last night to fly back to my riding to conduct a morning after exercise with my business community. It was very positive. The people told me that they

positively endorse the actions of the Minister of Finance and the government. They were very supportive of us.

On the way to my meeting, I happened to listen to Premier Harris blabbing away about what a terrible thing it is and so forth. When I got to the meeting I was happy to find the provincial member of parliament, who is also a Tory. I basically said that this was not about blaming each other for the problems of health care. I said that health care was a problem but that if it was all about money it would have been fixed ages ago. I said that it was about re-engineering the health care system.

We do not actually control the administration of the health care system. What was agreed on in that room, and I think with the government as well, is that we are willing to sit down with the provinces, but that we should stop all this nonsense about blaming each other. I think the people of Canada are fed up with it. I think they want us to get on with it. We have an aging society. I think we can deal with these problems. It is a commitment of the government to deal with the issue of health care now and in the future and it has made a significant downpayment on it.

● (1740)

I want to specifically thank the Minister of Finance who made a very bold and brave move in ending bracket creep. It is a lot easier not to deal with this. It is a lot easier to do interim measures that deal with bracket creep as it goes along.

Many people in our society do not understand bracket creep. Bracket creep is a complex tax issue. It is an insidious tax. Although inflation keeps going up, the Bank of Canada tries to keep it within one and three percentage points, and it has been very successful. The taxation system is not indexed to address this issue. As a consequence, people pay more taxes but in real terms are not making any more money.

Bracket creep is a very insidious tax, a tax by stealth, if I may. From a political point of view, it is easy to leave it alone because people do not understand it. People sort of know it is happening to them but they cannot visualize what it is because a lot of them do not fully comprehend inflation.

We took the leadership and the wherewithal to reduce bracket creep. It was a previous Tory government which said it would reduce the indexation to 3% and shove it to the people and let them pay the tax. This was the Tory government's idea of inventive taxation.

This country and our economy is very much poised on the brink of a major economical breakthrough. It is not just me saying that. We recently received a report from the Canadian E-Business Opportunities Roundtable. I will cite some of the things it has

The Budget

talked about in its report. It talks about Canada being one of the most connected countries in the world. The Minister of Industry, who is with us here today, has been very supportive of this agenda. This think tank of academics and high tech people are saying that Canada can be the most connected country in the world by the year 2004. It gives me great pleasure to be part of a governmental structure that is putting its money where its mouth is to make that happen.

We realize that over \$28 billion in gross revenue will be generated from e-commerce, which translates into 95,000 jobs. That industry is poised to go even further. It is poised to reach \$155 billion in revenue and create 180,000 jobs. Jobs are being created in the high tech sectors and Canada can be a major player in this. We are well on our way to making that happen.

A couple of things stand in our way. This roundtable and others have made mention of some of the problems that we face. We have to invest in research and development. The NDP talked about the medicare system and how we need to put more money into medical health care and medical research. We have done that in this budget.

The United States has 7.4 researchers per 1,000 population, while Canada has only 4.7. This tells us right away that we have a significant problem to deal with in trying to catch up with our major trading partner to the south. This budget addressed some of those things.

We have set aside \$900 million over the next four years for research chairs in excellence. We have set aside \$700 million to develop environmental technologies and \$9 billion more to top up the Canadian Foundation for Innovation and genome research. We have made major investments in our research facilities. We are putting a lot of money into those areas where knowledge based workers get basic training so that they do not have to go south of our border to get opportunities.

We have all talked and heard about the whole concept of brain drain. With the brain drain the Canadian taxpayer is really subsidizing the U.S. economy. People might be amazed when I say that, but let us look at some of the statistics.

• (1745)

Twenty to thirty per cent of the graduates of the Calgary DeVry institute go to California, Washington, Colorado, Minnesota and Texas. Nortel Networks is telling us that it is losing 300 to 500 engineers per year to the United States and elsewhere. This is a huge growing industry. The telecommunications industry in Canada is worth \$72 billion.

We are subsidizing the U.S. economy because of the people travelling across the border and going further south. I say this out of specific interest because I have two sons who are studying

information technology. They are getting offers from south of the border and are thinking about possibly going there.

Why do people leave? People on the other side of the House say it is a simple, that we are taxing people too much and that is why they are leaving. In fact a lot of studies have concluded that taxation was about 18th on the list of very important items that people identify as reasons for leaving this country with their vocations. Probably one of the most important is opportunities to deal with new technologies, to get resources and so forth. It is in those areas we have to compete with our southern neighbours.

I say that we subsidize the American economy because of this. In the period from 1982 to 1996 it is estimated that we lost \$6.7 billion by people leaving our country. Some \$3.7 billion of that is related to our investment in the post-secondary education of those people who leave.

In 1996, 52,608 Canadians became temporary worker immigrants in the United States. This resulted in a loss to our tax base. This is the other side of it. These people are highly taxed people because they are making lots of money. It is why we have taken some initiatives to change stock options. I heard the NDP say it was terrible thing and that we should soak the rich. These people are not necessarily rich but they want opportunities. Stock option plans give them the opportunity to invest in their companies and be part of a success story. We want to be part of it as well.

In the budget there is a \$500 million rollover for people selling stock in small and medium size companies. High tech companies can roll that over without paying capital gains. That is not letting the rich off the hook. It is just common sense to have that money reinvested in our economy to create jobs and opportunities for Canadians.

I am very happy to be part of a governmental system that has provided opportunities to push Canada along the road to success. We are getting our corporate tax rates down as well from 28% to 21% for small and medium size businesses. That is coming this year. For larger businesses it is over a four year period. These are ways to make our economy more competitive with that of our trading partners. I think it a positive and a good thing, and I am very supportive of it.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, my question is for the member who just spoke and it concerns taxes. As long as we have been here I think we have proposed that taxes should be cut. We have proposed that the debt should be reduced, thereby reducing interest payments and freeing up more taxpayer money to pay for the programs we value. The economy should be kick started by giving substantial tax cuts, not the kind the Liberal government keeps giving.

My question is one of curiosity. Maybe I will speak slowly and the member can answer me quietly so that no one else will hear.

The Budget

During the run-up to the budget the Minister of Finance and the Prime Minister, in responding to questions about tax cuts, quite often totally denied that tax cuts were in the works. The Prime Minister on one occasion even said that they would not cut taxes, that it was not the Canadian thing to do. I would like to know exactly what helped to change their minds. I am curious about the process and I am very glad they are moving toward reducing taxes. When we form the government we will go the rest of the way and do it right.

• (1750)

Mr. Alex Shepherd: Mr. Speaker, I am very happy to help the member. The process is that we have a democratic party on this side of the House, a party that listens to its caucus, a party that is interested in ensuring that its members get out and talk to their constituents and bring those views to the caucus process. It is very democratic. We do not see ejection of members because they disagree with their leader and so forth. We basically have a very democratic process, so the member is actually watching the will of the people of Canada.

I mentioned earlier that I was talking to my constituents today about the budget. They are very supportive. I took the plane back to Ottawa and when I got in the Chamber I was surprised that members for the Reform Party were talking about the flat tax. The flat tax was their argument eight years ago. I thought somehow I had entered a time warp or something when I got on the plane. I thought, my God, what happened.

The only person in North America still talking about the flat tax is Steven Forbes who just fell out of the Republican leadership race. No one in North America is still supporting the flat tax except those people over there who do not seem to have awakened to discover that people do not want it.

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, I have two or three questions for the hon. member for Durham. The first one has to do with high technology and the people we are losing to the United States because the government has never brought in a national shipbuilding policy, which is a high tech industry. We are still waiting.

They do not have to put out a contract for 12 frigates. They can put out a contract for one because high tech is moving and changing every year. We could have a phase in and phase out. It would be something new, different from what my government did. They should have done it but they did not do it. There was not a penny for shipbuilding.

Another has to do with defence. They will get about \$2 billion more, but does anyone know that the CF-18 refit will cost about \$1.3 billion, leaving next to nothing for helicopters to replace the Sea Kings? People have lost their lives with the Sea Kings. I am really worried about this budget.

Another is health care. The budget brought down an increase for health care. Do we know how much the Atlantic region will get? It will be 2%. Ninety-eight per cent of every penny that comes in for health care will go from central Canada out west and two per cent will go to the whole Atlantic region. I have major concerns about what came down.

According to the formula, unless it will be changed, only 40 university research chairs will go to the Atlantic region out of 2,000. Does the government think it will gain any seats in Atlantic Canada? It has two or three now. It will not have them after the next election.

Mr. Alex Shepherd: Mr. Speaker, I am very happy to answer the member's questions. I know she is very concerned about the shipbuilding industry. It is a big industry in Saint John and I am aware of the high tech aspect of it. The member will find that there are certain ways we assist the shipbuilding business, if not directly then indirectly through the whole concept of scientific tax credits that go to some of the home based industries which supply that industry.

On the defence issue, I am very aware of the Sea Kings. I have had the fortune or misfortune to be inside them from time to time. Even some of my constituents are flying them. They often send me e-mail messages and so forth. I share the member's concerns. I know the Minister of National Defence does as well. I am certain we will free up some of those resources in the near future.

About the medical aspect of the budget, I do not believe it is all about money. Money is part of the health care problem, but we have a bigger problem. It is not this budget alone. It will be continuous budgets. All the health ministers in the country have to sit down together and find a holistic way to deal with the health care sector. We have one of the poorest users of high technology in the health care sector in the world. We have to deal with that too.

• (1755)

[*Translation*]

Ms. Diane St-Jacques (Shefford, PC): Mr. Speaker, I appreciate the opportunity given me today to address this House and share my comments on the new budget by the Minister of Finance.

I wish to indicate that I will be splitting my time with my colleague for Brandon—Souris.

After hearing the budget being read, and after examining the main thrust, I have reached the conclusion that it smacks of pre-electioneering, and I will explain why.

I believe that the Minister of Finance has missed an excellent opportunity to table a budget that could have been a best-in-career for him. He had sufficient money available to him to ensure that

The Budget

this budget was one that would help Canadians get their heads above water again, able to catch their breath a bit, particularly after the years of austerity we have been through.

This is, of course, a budget that will please a number of people, because there is a little bit for everyone, but it is my sincere belief that it is simply smoke and mirrors, throwing around some big money. But in reality, after scrutinizing the amounts carefully, we are in a position to judge that, given the crying needs of Canadians, only minor reductions are being offered in the short term. The real gains will be felt only after several years. What is more, Canadians will not see the fulfilment of most of the promises made in this budget before the next election.

The tax relief will depend on the government's ability to manage the economy and the money given to it by taxpayers.

That being said, I must give a good mark to the Minister of Finance for fulfilling his promise regarding the Canada child tax benefit, which will increase by \$70 per child, including indexation, in July 2000.

In the spring of 1998, I tabled a motion which was supported by this House. That motion asked the Minister of Finance to index the national child benefit, so that inflation would not make children and their parents even poorer. This measure meets my expectations, and I am pleased to see that my efforts bore fruit.

However, there is a fly in the ointment, I would even say two. First, it will take several years to reach the overall amount since, as is the case with the majority of the measures in this budget, the results will become significant only in 2004. Second, the government did not take any measure to prevent the provinces from clawing back these new investments from the poorest in our society.

I have always believed that the best way to help children was to help their parents. They are the ones who are in the best position to look after the most vulnerable members of our society. Therefore, it is important to make sure that parents have more money available to them, because it will benefit their children.

Unfortunately, in the budget, despite the reductions in income tax, which will appear only a few years down the road, low income Canadians will continue to pay tax even if they earn only \$8,000 a year, and believe me, there are a number of them in this situation.

An increase of only \$100 the first year would bring Canadians only 33 cents worth of relief a week—not much relief for the families.

This affects me closely, because I am one of those who believes that, from an economic standpoint, it is the children that replenish an economy's stock of human capital. Society as a whole has a

vested interest in ensuring this human capital has every opportunity to develop so as to expand the level and quality of community life.

If we are going to spread the fulfilment of these promises over a long period, I wonder whether we will manage it. In the meantime, a lot of water will flow under the bridges, and we never know what can happen in the intervening years.

In Canada, right now, if there is one area where the situation is alarming, it is that of health care, and all the provinces are in the same position, that is, a pitiful situation. It is this government that has brought about the current crisis by taking \$17 billion away from cash transfers to the provinces. This was the start of the deterioration of health care in Canada.

The budget provides for a \$2.5 billion increase for health care and education. This is a derisory and disappointing sum given the urgent and essential needs in this area. I fully agree with most of the provincial governments when they say that this sum is much too small.

• (1800)

In addition, there is no long-term enrichment of the CHST cash transfer floor, which would give the health care system a boost.

I agree with my leader, the Rt. Hon. Joe Clark, who said that the measures announced by the Liberal government were piecemeal.

The Progressive Conservative Party has long urged that health care funding be restored to its pre-cut level, and that the cash component of the CHST be restored to the 1993 level. Right now, the CHST falls more than \$4 billion short.

A one-time payment from unused funds will do nothing to help the long-term stability so vital to our health care system. The government does not understand, or is simply not listening to the demands of the provinces with respect to health funding.

In conclusion, the Minister of Finance has used the budget to try to keep everyone happy: taxes have been cut a bit but are still too high; there is some additional CHST assistance, but not nearly enough. Even with tax cuts, corporations will still be in fourth place among OECD countries. And there are some significant oversights in this budget: there is almost nothing for the most disadvantaged members of society, the homeless, and social housing.

This is a small budget whose positive effects will not start to be felt for two years. Strangely enough, that is probably when an election will be called.

[English]

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, it is with a great deal of pleasure that I stand to speak to the budget that

The Budget

has been placed before us. I would certainly like to respond to some of the comments made by the member for Chatham—Kent Essex.

We do not necessarily have to debate this budget. Over the last four months pretty much everything that was in the budget tabled yesterday had already been tabled to the Canadian public in the newspapers and by other leaks that happened in the finance minister's department. Actually there was only one thing that was mentioned yesterday that we did not already know. I am told that a lot of the newspapers had already written their stories before the Minister of Finance tabled his budget in the House. It is rather interesting and rather strange that the finance minister cannot keep the secrets that his ministry would normally keep. In saying that, some things have dribbled out over the last little while with respect to the budget.

May I make a comment to the member for Chatham—Kent Essex. I will try to be rational. Unlike the member for Chatham—Kent Essex, I will try to stop the hyperbole and certainly the rhetoric and deal with this rationally.

Prior to this, the government continued to say that there was this huge deficit and it had to come in here and be the saviours for all Canadians. I hope the member does not hurt himself by patting himself on the back so much, but I would like to put on the record the reason the budget is now balanced and why the Liberal government can take credit for it.

From 1989 to 1992 this country suffered through the worst recession it has ever suffered through. Timing is everything. The government then in power did its best and it put forward the blueprint of which this government is now taking advantage to balance its budgets. The blueprint was a control of inflation that had been taken out of the realm of possibility by the previous Liberal government. We controlled inflation. We put an interest rate policy in place which was necessary. We put the GST in place which, if memory serves me correctly, was to be scrapped before this budget but it is still there. It was put in place so that the dollars generated could retire the deficit and it did.

By the way, the other thing that was put in place and which took us out of a horrendous recession and brought us into the economy of North America was the North American Free Trade Agreement. The government, even when it took power in 1993, was going to scrap that agreement as well. That is the backbone of our economy.

• (1805)

So the Liberals should take much solace in the fact that they are in government today and balancing the budgets because of the government that went before them.

Let us talk about the budget. I would like very rationally to tell Canadians not to rush out and spend the horrendous savings they

will have on taxes. Do not spend it now because they are not there today. Let us talk about the tax cuts. First of all, give credit where credit is due. In this budget, the only thing the finance minister did that was not leaked was to stop bracket creep. Good for him. Thank you, finance minister. I do appreciate very much on behalf of Canadians that he went to that length.

Let us talk about the taxes that will be seen by Canadians at the present time. Please Canada, listen very carefully. In 2000-01 Canadians will take advantage of some \$4.6 billion of tax relief. This does not take into consideration the increase in the CPP requirements the government has put in place. The total tax relief that is shown here is not what will be in the pay packets of Canadians. Do not rush out, Mr. and Mrs. Canada, and spend that money just yet because it is not quite there.

Canada has to wait effectively until 2004-05 to take advantage of a full \$22 billion of tax relief. That is five years. It is not today. When we hear about \$58 billion of tax savings, take it with a grain of salt Canada because it is not here today.

By the way, I can live with the taxation the government has been putting in place, or the tax relief. What I cannot live with is the health care situation that it has caused in the first place and is now not prepared to fix for Canadians. Please Canada listen.

There will be \$2.5 billion put into health care. Remember that. What we do not know is that it is over five years. In the 2000-01 fiscal year there will be \$1 billion one time only and then half a billion dollars a year for the next four years. When Canadians hear \$2.5 billion is going to health care, please listen to how it is being distributed because it still is not at the same level it was in 1993 when the government took office.

Our health care system depends on two major factors. One is the inflationary factor and the other is the aging population coming into the system. The dollars presented in this budget do not take those into consideration. No, the Liberals are not doing a wonderful job nor are they doing us any favours on health care.

Let us talk about a couple of other areas where the government continues to pat itself on the back. Let us talk about defence quickly and then agriculture.

On defence, a white paper that came from this government said that there was a requirement for \$750 million just to implement the quality of life for our military. There is \$5 billion necessary for capital expenditures and equipment such as the Sea Kings. I do not know if the EH-101 ever comes to mind when mentioning defence. Certainly the dollars that have been presented in this budget do not even come close to what is required by the Department of National Defence.

In agriculture the same is true. There was one line in this budget and by the way, that one line in the budget had been announced

The Budget

previously. It is interesting that the Prime Minister would announce a day or week previously that a \$240 million one time ad hoc payment would go to Manitoba and Saskatchewan in agriculture. What the government did not do was give us the long term vision for the industry. There does not seem to be a long term vision on anything which was presented in this budget on agriculture.

• (1810)

A plank of the Liberal platform in the 1993 election was infrastructure for municipalities. It was dear and close to my heart at that point in time. The member for Saint John was the mayor of her city just before that time. It was a wonderful program, but let me tell Canadians about it. With the infrastructure program we have right now, it does not mean there will be \$2.5 billion put into it. In fact this year, 2000-01, it will be \$100 million. Next year it will be \$350 million and then \$500 million from that point on. It is a five year program for \$2.5 billion.

Let me say right now that it is not enough. The government takes more than \$4 billion a year out of the excise tax on gasoline alone and it will put \$100 million into an infrastructure program for next year. It sounds like it will be an election plank. Canadians are not that silly. They understand the games that are being played. They cannot be bought with their own money. They cannot be bribed with their own money.

I like the program, but I am very concerned, because now all of a sudden what are the criteria? We are talking about a green infrastructure program. We are talking about programs for health that will have more benefits to Liberals perhaps, like the present ones at HRDC. I am very concerned as to how those dollars will flow.

Certainly, there are a lot of good things in the budget, but overall unfortunately it falls very short of where it had to be.

Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, the member for Brandon—Souris talked eloquently about some legacies of the Progressive Conservative government. I would like to talk briefly of the other legacies of the Progressive Conservative government that this government is eliminating. Try for example the 3% surtax in the income tax system and try the 5% surtax which the government will eliminate by 2004.

Canadians might be confused by some of the member's comments so I would like to clarify a couple of points.

First of all, the \$58 billion in tax relief that we will implement is an absolute minimum. If the surpluses are larger than what we expect, we can actually exceed that number by a great deal. The other point is that the tax cuts that we are implementing, that we are

legislating in this budget are worth a cumulative \$43 billion over five years. It is not about a promise in the future; it is being legislated in this budget. It is \$43 billion. The five year plan on personal income tax reduction will deliver \$39.5 billion in personal income tax cuts. Of that, \$35 billion is being legislated in this budget. This is not a promise. This is not a dream. This will happen. In fact, \$58 billion is an absolute minimum and it does deserve repeating.

Members opposite keep talking about the health and social transfers to the provinces. Let me try, as many of my colleagues have tried, to clarify this. In 1993 the total transfers to the provinces were in the vicinity of \$37 billion. In 1999-2000 they are \$38.5 billion and they will continue to rise. We have restored the CHST to the provinces. With respect to any problems in the health care system or education, I think members should look to the Tory governments in those provinces.

Mr. Rick Borotsik: Mr. Speaker, I appreciate the hon. gentleman giving credit where credit is due to the Progressive Conservative Party in trying to balance the budget. It was Mr. Trudeau, if we go back in time, who took the deficit from \$18 billion to \$200 billion. That is quite a multiple. Certainly, as I said, there was a blueprint that was put into place.

Let us talk about the CHST. In the government's own documents that have been tabled, the CHST for 1999-2000 is \$29.4 billion. It will rise to \$32.7 billion with the increase from a previous budget of \$2 billion and \$2.5 billion a year in 2001 and 2002, and the \$500 million in previous years.

• (1815)

The health care system still will have less money in it in the year 2004 than it had previously. It does not matter which numbers we look at when we take into consideration the inflationary factors as well as the aged in our communities.

Does the hon. member not recognize that we have an aging population that will put more demands on the health care system? The government says constantly that money is not the necessary answer to the health care system. Possibly, but money is needed because there are more people accessing the system. If only the government could understand that perhaps its priorities could be put into the right area as opposed to the wrong areas.

I will have an opportunity to sit on that side in the not too distant future. The member for Chatham—Kent—Essex talked about the telephone booth and the two members. In 1984 the Liberals had 40 seats. History does repeat itself.

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): Mr. Speaker, I will be sharing my time with my hon. colleague

The Budget

from Mississauga South. The budget just presented by the government takes action on what matters. Tax cuts, proper investments and supporting our families are just some of the actions we have taken in response to the concerns of Canadians, including my constituents in Lambton—Kent—Middlesex, about what matters to them.

Lambton—Kent—Middlesex is a rural riding in the heart of southwestern Ontario. The largest municipality has a population of 12,000 citizens. How will this budget affect my constituents? How will it impact on families with children, people who work in the fields, in the factories or in our small business sector, the lifeblood of our rural economy? Leaving more money in the pockets of families is a pre-eminent method of relieving the day to day obligations of the most successful and powerful contributor to our nation's future prosperity, the family.

The middle class family is a big winner in this budget. It is payback time after the many years of cutbacks and financial constraints endured through the efforts of all Canadians. Their contributions to Canada's fiscal success can now be addressed by personal tax relief measures totalling \$58 billion, including restoring full indexation to the tax system retroactive to January 1, 2000, lowering the middle income tax rate by 3% and raising the middle income tax threshold to \$35,000.

A special emphasis on the needs of families has been shaped by this budget in its tax reduction plan. Increasing the child tax benefit by \$2.5 billion a year by 2004 to more than \$9 billion annually means the maximum benefit for a family's first child will grow to \$2,400 from the current level of \$1,805. As the Minister of Finance has stated, providing children with a safe and nurturing environment, investing in their health and education, and promoting secure families are all critical to children's sound development and ability to learn.

Relative to the current tax system a family's personal income tax will drop by an average of 21%, a significant event after many decades of tax increases and lower disposable income. Our senior citizens as well will see all their benefits indexed to inflation. Low income seniors could see a tax reduction of 84%, verifying our defence of those who have built this nation and provided our solid foundation, our senior citizens.

We have entered the era of budget surpluses, never to return to the dark and gloomy days of deficits spiralling out of control, a dangerous national debt dooming our grandchildren's future to one of hostility and lack of hope.

I truly believe that this is a watershed budget. We have turned on to the path moving forward with confidence toward a healthier, more prosperous future with taxes being reduced and the national debt on a permanent downward track. Collectively all Canadians have achieved a financial turnaround of historic proportions by eliminating a \$42 billion deficit in four years.

• (1820)

Maintaining sound fiscal management, showing value for the use of the hard earned taxpayer dollar and showing respect for that same dollar is how we are governing Canada. We are taking action on what matters.

We are taking action on health care, which is of critical consequence in rural areas. Lambton county in my riding has the fewest doctors per capita in the entire province. Chatham-Kent is also on the list of underserved communities. Many residents must travel to the cities in the region for specialized care, creating burdens on those institutions as well.

Our commitment on behalf of Canadians is to increase transfer payments to record levels, \$31 billion this year alone and rising to \$43.7 billion by 2004. I hope Premier Mike Harris will actually spend this new money on health care. Last year Ontario received an extra \$1.5 billion in transfers and the premier said emphatically that he would spend every cent on health care. Unfortunately the premier's actions did not match his words. Only about half the \$1.5 billion was spent on health care, with \$700 million spent elsewhere, perhaps to pay for tax cuts. I implore the premier to follow the federal Liberal government's lead and take action on what matters.

Infrastructure is also of interest in my riding. The multi-year plan to improve highways and municipal infrastructure will be of great benefit. The former Canada infrastructure works program resulted in \$23 million in projects in my riding, helping to build much needed medical centres and firehalls, to name just a few.

A major overhaul of Canada's border control is also welcomed. Southern Ontario has seen troubling incidents of illegal migrants, dozens at a time, using Canada as a conduit for their attempts at U.S. entry. My constituents will be pleased that millions of dollars will be invested wisely to help the RCMP, Canada Customs, and the Department of Citizenship and Immigration with extra resources to monitor the movements of high risk people and goods and to improve the immigration and refugee determination system by making it more effective and efficient.

If members of parliament eat at least once a day they are supporters of agriculture. We know that the return of farmers from the marketplace is getting lower and lower while the grocery stores and the middle men reap the profits from our world-class food system. The extra billion dollars announced in January by the minister of agriculture is welcome news. I look forward to further discussions on farm aid as we work toward an appropriate national farm safety net system that treats all farmers equally.

Factoring in the costs of production as the old GRIP accomplished would be right and proper. Having spoken with Ron McDougall, Ken Bee, chairman of the Ontario Soybean Growers Marketing Board, Don McCabe of the Ontario Corn Producers, and Ron Martin who is with the Ontario Wheat Growers, I acknowl-

edge their concerns. These gentlemen, among others, are urging the government to extend the market revenue insurance plan beyond the next two years to help in long term financial planning. They have made a number of excellent suggestions as well to improve the national safety net program.

In a recent speech by Philip Shaw of Dresden, Ontario, writer of "Under the Agridome" in the *Voice of the Farmer* publication, he points out that a first rate and viable safety net is absolutely essential if farmers in Ontario and elsewhere in Canada are to sustain a long term agricultural outlook. I agree with him. Let us work together and put these ideas into action on behalf of our primary producers.

On behalf of my constituents I believe the budget sets a course for a better future by taking action on what matters. We are resolute in sustaining sound financial management by keeping the budget balanced, putting a curb on reckless government spending, continuing our prudent approach to budget planning, lowering our national debt and offering tax cuts across the board, helping families, farmers and rural communities.

The economic outlook is for continued strong growth with the unemployment rate at its lowest level in 24 years, with disposable income on the rise, and with consumer and business confident, upbeat and optimistic. Canada is a nation of winners and the budget sets Canada on the track for future victories so that upcoming generations will build on the success of the best nation in the world.

• (1825)

Mr. Gerald Keddy (South Shore, PC): Mr. Speaker, I was more than a bit interested to hear the hon. member talk about rural Canada to some extent. It was nice to hear but talk is terribly cheap. Unfortunately a lot more about the budget neglects the rural and remote areas of Canada rather than looks forward to helping rural Canada.

The Canadian Private Woodlot Owners Association has been asking for the last 10 years and has been very adamant for the last five years that the federal government find a way to incorporate sustainable development of woodlots and sustainable forestry practice into the Income Tax Act. There is nothing in the budget for sustainable woodlot management.

There is absolutely nothing in the budget for the mining communities in remote areas of Canada and in the rest of Canada in terms of flow through shares. There is no talk at all about flow through shares for exploration companies in the mining community.

There is absolutely nothing in the budget for real tax relief for farmers who need serious tax relief for over \$500,000 of capital gains. There is very modest tax relief from 75% of capital gains down to 66 and two-thirds, and of that one can only claim 50%. I would say there is a lot more in the budget that does not help rural Canada than does.

The Budget

She talked about infrastructure. For the first time in eons we mention wharves and infrastructure which the government decided to divest itself of. Wharves are mentioned but there is no mention of how the government plans to put money into wharves and put infrastructure money into the ports and harbours of Canada. There are a lot more unanswered questions about assistance to the rural and remote areas of Canada than questions that are answered in the budget.

Mrs. Rose-Marie Ur: Mr. Speaker, my colleague went through examples of what was missing from the budget. He can rest assured that what was written in the budget certainly reflects some of his concerns. If we turn to some of the action taken under environmental technology in our sustainable practices, some of the concerns he outlined in forestry or mining are addressed in the budget in dollar allocations regarding new technologies and new research and development.

As to the infrastructure program, it was a great success in my riding. Many of my constituents asked to support their concerns in Ottawa about the infrastructure program for firehalls, for example, as I have stated. We had built with the province and the municipality a health care centre which would not have been able to be built if we did not have that program.

It is a step in the right direction. Do we have all the dollars there that the member is asking for? I do not think so, but we are stepping in the right direction.

Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I listened to my colleague's comments with great interest. One of the key features of the budget was the commitment to a \$58 billion tax reduction package. As we pointed out, the personal income taxes of Canadians will come down an average of 15%. If we combine that with the 10% which we implemented previously in the last two or three budgets, there is a total tax relief package of about 22%.

I know this will be a very positive development in the ridings of all members. Could the member give us an impression of what this kind of tax relief package will do for her constituents?

• (1830)

Mrs. Rose-Marie Ur: Mr. Speaker, I can assure my colleague that in Lambton—Kent—Middlesex the reduction in income tax was certainly well received.

I received calls today in my riding office complimenting the Minister of Finance once again on the direction he has taken with the budget. I think that was reflected in question period today when our hon. finance minister did not have to stand often. Obviously the opposition did not have many questions to ask, and that is reflective of a good budget.

*Adjournment Debate***ADJOURNMENT PROCEEDINGS***[English]*

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

GASOLINE PRICES

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, on February 16 I asked the Liberal government what action plan it had put together to defend our economy from the OPEC cartel and Canadians from the impact of record energy prices.

With the cost of home heating fuel doubling, just heating a house this winter will eat up all of the minuscule tax breaks Canadians received from the Liberals yesterday. Record gas prices, record diesel fuel prices and the energy component of our economy is very, very serious in terms of pricing.

When I asked my question, the U.S. energy secretary and the U.S. president had just announced a series of measures designed to help Americans, especially in the northeastern states, to deal with the sudden run-up in costs of these essential energy commodities.

The U.S. president said that he was deeply disturbed by the trouble this was causing Americans and that his administration was monitoring the situation on a daily basis. With his energy secretary he announced 17 different measures, including assistance for low income earners to pay their heating bills, loan assistance for truckers and so on. Moreover, the energy secretary held a summit with oil companies, state government officials and affected stakeholders in Boston on the very day I raised the issue in the House.

The contrast between the U.S. administration and the Canadian Liberal government on this matter should be the cause of grave embarrassment to the government and to the Minister of Industry. Instead of concern, we got partisan scorn. Instead of caring, we got buck passing. Instead of an answer, we got hogwash.

First, the industry minister said "If it is so important, why do provinces like Saskatchewan not do something?" Not to defend the provinces, but their fuel taxes do not go up when gas prices go up or when diesel prices go up or when home heating fuel goes up, but federal taxes like the GST and the BST do go up.

If the minister really advocates the provinces regulating energy prices, he should say so. Otherwise he is just passing the buck again.

Next the minister suggested that the government had in fact already been discussing this issue with the provinces and territories. I checked. The council of energy ministers has not had the

issue of gasoline prices on its agenda since the summer of 1998. It was not on that agenda because the federal government put it there; it was there at the request of the Yukon NDP energy minister in 1998.

Also, the ministers responsible for consumer affairs agreed to fund a study on competition in gasoline pricing, but the minister picked the same consultant who wrote a previous study for the big oil companies, and now everyone else is boycotting. Who is going to read the study? Is it going to be credible? Not likely. It will be taken seriously by no one except the Minister of Industry and the Minister of Natural Resources, who are so cozy with the oil patch they never even noticed how badly consumers are hurting from these price hikes.

In my question I expressed concern about the potential impact of rising energy prices on the inflation rate, a concern echoed by many commentators, including, on that very day, the governor of the Bank of Canada.

It is true that the data for January which was released the following week showed the overall or headline inflation rate down from 2.6% to 2.4%, but energy costs rose by an annual rate of 28.5% during that month. Those costs remain a source of concern in our economy, which relies so heavily on energy, which is the underpinning of our economy.

Because of these concerns and because Canadian consumers are hurting, I asked what the government's plan was to defend Canadians from this crisis. To its shame it had none. It was barely aware of the problem. It had no intention of showing leadership and finding a solution. It just passed the buck and hoped the problem would go away.

I wonder if the parliamentary secretary today can tell us whether his government has finally seen the light. Can he tell Canadians what action plan has been put together to defend our economy, to defend Canadian consumers, business people and farmers from the OPEC cartel?

• (1835)

Mr. John Cannis (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, let me begin by saying that the embarrassment should be on the provincial governments, which have the jurisdiction, if they so wish, to regulate prices.

The minister, myself and the entire government are aware of the frustration felt by all Canadians concerning gasoline and diesel prices, as well as home heating prices. We are not passing the buck. Let me state from the outset that it was this Liberal government which started the task force to look into this issue, of which the member is well aware.

Adjournment Debate

The Prime Minister, the minister and the entire government have shown great concern on this matter. That is why the minister asked the petroleum industry to meet with him to explain the reasons for the recent fuel increases.

I know that the hon. member is aware that gasoline pricing is under provincial jurisdiction. He knows that very well. There are specific examples in P.E.I., in Quebec and in Ontario where prices have been regulated.

I want to assure the member that from a competition point of view we want to ensure that the prices are determined by market forces. If it is found that there is collusion, the Competition Bureau, as it has in the past, will step in to rectify the situation and take appropriate measures.

Let me point out for the benefit of the member what has happened. For the record, crude oil prices were under \$11 per barrel in 1998 and briefly exceeded just over \$30 a barrel in February 2000.

Hopefully these will be some of the concerns which will be addressed at the OPEC meeting in March.

[*Translation*]

EAST TIMOR

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, on October 15, 1999, I asked the Minister of Foreign Affairs how he explained Canada's slowness in defending the Timorese, 78% of whom had voted in favour of their independence on August 30.

Canada, which sits on the security council, let the Indonesian militia and paramilitary plunge this poor region into a bloodbath. This is a region where a small people had been suffering from a permanent intrusion by Indonesia since 1975, when it was abandoned by Portugal.

What is of concern about Canada's slowness to act was that the minister knew since February, because a group of NGOs, including the Council of Churches, had met with him and told him that the Indonesian police and army were the accomplices of the militia and that intimidation tactics were beginning to be used.

The minister knew that the two leaders of the community, Ramos Horta and Xanana Gusmao, had called on the international community for help, because they knew that violence was about to erupt.

In fact, during the summer the international community was alerted because an intimidation campaign was going on to prevent the Timorese from voting for their independence. Opposing forces said "If you vote for independence, there will be a bloodbath". Indeed, on September 4, when the results of the referendum were released, the carnage began.

• (1840)

Need I point out that Indonesia had, for over 20 years, occupied this country, that the UN organized the referendum and that it was the responsibility of the international community to ensure that this small group of people, which had faced so much, could exercise its right to self-determination?

Only Canada, of all the countries concerned, did not want to apply economic sanctions, and it made no preparations to intervene either, so that Canadian forces arrived there only on November 3.

We know now that the three weeks following the referendum gave the army and the militia the opportunity to force half the population to leave the country, kill many and destroy much of the country, so that today the Timorese are suffering.

Mr. Robert Bertrand (Parliamentary Secretary to Minister of National Defence, Lib.): Mr. Speaker, I am sure that everyone in this House will join me in expressing our gratitude and admiration to the more than 650 Canadian Forces personnel who have participated in the international force in East Timor.

As the UN assumes the peacekeeping duties from INTERFET, our aviators, our sailors on HMCS *Protecteur* returning to Esquimaux this week, and members from the light infantry group from the 3rd Battalion, Royal 22nd Regiment of Valcartier still in theatre can reflect on a job well done.

These women and men have made a vital contribution to improving the desperate conditions of the East Timorese and enhancing the security of South East Asia.

Though they had one of the furthest distances to travel, they responded in good time and our Hercules aircraft were among the first of the multinational force contributors to arrive in theatre.

During their deployment, CF members provided armed security and helped to re-establish civilian institutions, including schools, churches and a police academy, in often extremely demanding conditions. They also touched the lives of thousands of displaced persons and returning refugees.

Ensuring the safety and well-being of our CF personnel is one of the highest priorities of the government and DND.

[*English*]

AIRLINE INDUSTRY

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, my question is a supplementary to the question asked of the

Adjournment Debate

Minister of Transport. I direct my question to the very distinguished Parliamentary Secretary to the Minister of Transport.

Last summer the Minister of Transport announced that there was a crisis in the aviation industry. Not many people knew that, but he announced there was a crisis and therefore, by his very announcement, it was determined that there was a crisis. We went through a whole lot of turmoil, debate and negotiation.

As a result of the announcement that there was a crisis in the industry, the transport committee held endless meetings almost around the clock hearing from people in all facets of the aviation industry: air traffic controllers, pilots, the airlines companies and ticket agents.

At that time we were told that there was no crisis in the industry, that there was a crisis in a company in the industry. It completely proved that the department and the minister were wrong in their interpretation of the situation. As we know, it went on and on.

In any case, we ended up by adopting the dominant carrier structure that we have now, with Air Canada having virtually 80% to 85% of the entire industry totally under its control.

The minister recently tabled legislation that would help control the situation and provide protection for different parties in the aviation industry both from the consumer's point of view and from the industry's point of view.

• (1845)

I would like the parliamentary secretary to provide us with the position of the government on ownership restrictions as far as foreign ownership goes, restrictions as far as maximum ownership by any one single party.

What protections are there for the regional airports? All the airports in Atlantic Canada are really suffering now because of the reduction in flights, reduction in revenues from landing fees and terminal fees. What protection is there for those airports?

What protection is there for consumers who are already feeling the bite of the added burden on Air Canada? Flights have been discontinued and cancelled. It has created chaos in the airports.

What protection is there for employees that are affected by this? What protection is there to guarantee that there will be competition against the dominant carrier in this one line dominant carrier structure?

Would the parliamentary secretary please enlighten us as to the position on those items?

Mr. Stan Dromisky (Parliamentary Secretary to Minister of Transport, Lib.): Mr. Speaker, it gives me a great deal of pleasure

to respond to at least one of the concerns the distinguished member for Cumberland—Colchester has presented.

In the policy framework released on October 26 I stated that our vision for the 21st century is a safe and healthy Canadian airline industry capable of competing with the biggest and best airlines in the world, serving all parts of the country at fair prices and controlled by Canadians for Canadians.

In that context the Government of Canada asked parliamentarians for their input on among other things whether increasing the current 10% limit on individual shareholdings in Air Canada to a new level would contribute to achieving a healthy Canadian controlled airline industry. The Government of Canada has benefited from the views of parliamentarians expressed in the reports from the standing committees of both Houses in finalizing the legislation which we now have introduced.

The government has decided to raise the individual ownership limit for Air Canada from 10% to 15%. This increase formed part of the exchange of letters outlining commitments that Air Canada made to the government in order to gain approval for its takeover of Canadian Airlines last December. Air Canada has stated that it is satisfied with the government's decision.

The government believes that this increase will allow greater investment while providing Air Canada with the stability it needs during this transition period. This change accords with the government stated intention in the policy framework to ensure that we have a safe, healthy, Canadian controlled air industry that meets our domestic and international requirements and the needs of Canadians well into the 21st century.

FOREIGN AFFAIRS

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, on February 23 I had the opportunity to ask the Minister of Foreign Affairs about a white paper that was issued by mainland China on the previous day. In that white paper Beijing threatened to adopt all drastic measures possible, including the use of force, if Taiwan did not set a date for the discussions on reunification back to communist control.

Incidentally, just six days earlier the vice-president of the Republic of China, Mr. Lien Chan, spoke to the mainland affairs committee. I would like to quote just one paragraph from his statement:

During the past 50 years, the two sides have experienced conflicts and antagonism, wasting excessive resources and manpower. At the beginning of the new century, we should no longer be tangled in these quarrels between brothers, which only hurt brotherly feelings and do nothing good for the international community. Therefore, I would like to propose that the governments and peoples on the two sides of the strait adopt a new way of thinking. Let us show our courage and a sense of mission to permanently abandon to the old century those wars and conflicts which have tied us down for nearly half a century.

Adjournment Debate

The intention of the Taiwanese government is very clear, the government of a democratic nation.

The Minister of Foreign Affairs responded that Canada has always supported peaceful negotiations and that they will again relay that message to Beijing.

However there are no circumstances in which the threat of war is appropriate. I would like to ask the parliamentary secretary if he could explain to the House why Canada's response is not a stronger response. We need to defend democracies. We need to defend peaceful nations that do not want war.

[*Translation*]

Mr. Denis Paradis (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, for a long time now, Canada has been urging Peking and Taipei to use peaceful means to resolve their differences.

We believe that the two parties should renew their dialogue as quickly as possible in order to arrive at a better understanding and thus reduce tensions in the region.

• (1850)

[*English*]

Canada continues to avail itself of opportunities to communicate its concerns. During a visit to Beijing on February 21 to 24, the assistant deputy minister for Asia-Pacific and Africa, Joseph Caron, emphasized Canada's concerns directly with the vice-minister of foreign affairs in Beijing. Our ambassador to China further underlined these concerns in a separate meeting with the vice-minister. In both of those meetings we stressed our concerns about the threat of military confrontation and strongly appealed for a peaceful and negotiated settlement. These concerns were also reiterated to the Chinese ambassador in Ottawa.

Canada's one China policy remains unchanged. We do have extensive economic, cultural and people to people contacts with Taiwan. We have used our informal channels to convey our concerns on this issue to Taipei.

The Acting Speaker (Mr. McClelland): It being 6.51 p.m., the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.51 p.m.)

CONTENTS

Tuesday, February 29, 2000

ROUTINE PROCEEDINGS

Main Estimates 2000–01	
Order in Council Appointments	
Mr. Lee	4113
Government Response to Petitions	
Mr. Lee	4113
Employment Insurance Act	
Bill C–204	4113
Mr. Szabo	4113
(Order discharged and bill withdrawn)	4113
Main Estimates 2000–01	
Reference to Standing Committees	
Ms. Robillard	4113
Motion	4113
(Motion agreed to)	4114
Privacy Commissioner	
Mr. Boudria	4114
Motion	4114
(Motion agreed to)	4114
Petitions	
Child Pornography	
Mr. Johnston	4114
Child Poverty	
Mr. Johnston	4114
Cruelty to Animals	
Mrs. Stewart (Northumberland)	4115
Charitable Donations	
Mrs. Stewart (Northumberland)	4115
Taxation	
Mr. Reynolds	4115
Constitution	
Mr. Reynolds	4115
Child Pornography	
Mr. Reynolds	4115
Immigration	
Mr. Lunn	4115
National Highways	
Mr. Harris	4115
Rights of the Unborn	
Mrs. Ur	4115
Constitution	
Mr. Forseth	4115
Child Pornography	
Mr. Forseth	4115
Divorce Act	
Mr. Forseth	4115
Child Poverty	
Mr. Szabo	4116
Questions on the Order Paper	
Mr. Lee	4116
Questions Passed as Orders for Returns	
Mr. Lee	4117

GOVERNMENT ORDERS

The Budget	
Financial Statement of the Minister of Finance	
Budget motion	4118
Mr. Manning	4118
Mr. Myers	4121
Mr. Manning	4121
Amendment	4127
Mr. Solberg	4127
Mr. Loubier	4127
Mr. Laurin	4128
Mr. Loubier	4128
Amendment to the amendment	4130
Mr. Cullen	4130
Mr. Loubier	4131
Mr. Desrochers	4131
Mr. Loubier	4131
Ms. Hardy	4132
Mr. Loubier	4132
Mr. Nystrom	4132
Mr. Assadourian	4135
Mr. Nystrom	4136
Mr. Epp	4136
Mr. Nystrom	4136
Mrs. Wayne	4136
Mr. Nystrom	4136
Mr. Riis	4137
Mr. Nystrom	4137
Mr. Brison	4137
Mr. Cullen	4140
Mr. Brison	4141
Mr. Harb	4141
Mr. Brison	4141
Mr. Chrétien (Frontenac—Mégantic)	4142
Mr. Brison	4142
Mr. Cullen	4142
Mr. Laurin	4145
Mr. Cullen	4145
Mr. Martin (Winnipeg Centre)	4146
Mr. Cullen	4146
Mr. Solberg	4146
Mr. Cullen	4146
Mr. Solberg	4146
Mr. Solberg	4148
Mr. Solberg	4149
Mr. Szabo	4150
Mr. Solberg	4150
Mr. Godin (Acadie—Bathurst)	4150
Mr. Solberg	4150
Mr. Hilstrom	4150
Mr. Solberg	4150
Mr. Bonwick	4150
Mr. Solberg	4151
Points of Order	
Camera use in Chamber	
Mr. Szabo	4151
STATEMENTS BY MEMBERS	
The Budget	
Mr. Lunn	4151

International Women's Week	
Ms. Bennett	4151
Niagara Regional Police Service	
Mr. Lastewka	4152
Gasoline Prices	
Mr. St-Julien	4152
The Budget	
Mrs. Jennings	4152
Agriculture	
Mr. Casson	4152
The Budget	
Mr. Patry	4152
Michel Dumond	
Mr. Sauvageau	4153
St. Patrick's Day	
Mr. Nunziata	4153
The Budget	
Mr. Murray	4153
APEC Inquiry	
Mr. Abbott	4153
Public Transit	
Mr. Harb	4154
The Budget	
Ms. Lill	4154
The Budget	
Mrs. Guay	4154
The Budget	
Mr. Szabo	4154
The Late Clarence Eugene Hank Snow	
Mr. Keddy	4155
Foreign Policy	
Mr. Bertrand	4155
National Parks	
Mr. Laliberte	4155

ORAL QUESTION PERIOD

The Budget	
Mr. Manning	4155
Mr. Martin (LaSalle—Émard)	4155
Mr. Manning	4156
Mr. Chrétien (Saint-Maurice)	4156
Mr. Manning	4156
Mr. Chrétien (Saint-Maurice)	4156
Mr. Solberg	4156
Mr. Martin (LaSalle—Émard)	4156
Mr. Solberg	4156
Mr. Martin (LaSalle—Émard)	4156
Human Resources Development	
Mr. Duceppe	4157
Mrs. Stewart (Brant)	4157
Mr. Duceppe	4157
Mr. Coderre	4157
Mr. Duceppe	4157
Mrs. Stewart (Brant)	4157

Mr. Bigras	4157
Mrs. Stewart (Brant)	4157
Mr. Bigras	4158
Mr. Chrétien (Saint-Maurice)	4158

Health Care

Ms. McDonough	4158
Mr. Chrétien (Saint-Maurice)	4158
Ms. McDonough	4158
Ms. McDonough	4158
Mr. Chrétien (Saint-Maurice)	4158

Human Resources Development

Mr. MacKay	4158
Mr. Chrétien (Saint-Maurice)	4158
Mr. MacKay	4158
Mr. Chrétien (Saint-Maurice)	4158
Miss Grey	4158
Miss Grey	4159
Mrs. Stewart (Brant)	4159
Miss Grey	4159
Mrs. Stewart (Brant)	4159
Mrs. Stewart (Brant)	4159
Mr. Crête	4159
Mrs. Stewart (Brant)	4159
Mr. Crête	4159
Mrs. Stewart (Brant)	4160
Mrs. Ablonczy	4160
Mrs. Stewart (Brant)	4160
Mrs. Ablonczy	4160
Mrs. Stewart (Brant)	4160
Mrs. Gagnon	4160
Mrs. Stewart (Brant)	4160
Mrs. Gagnon	4160
Mrs. Stewart (Brant)	4160
Mr. Strahl	4161
Mrs. Stewart (Brant)	4161
Mr. Strahl	4161
Mrs. Stewart (Brant)	4161
Mr. Bergeron	4161
Mrs. Stewart (Brant)	4161

National Defence

Mr. Clouthier	4161
Mr. Eggleton	4161

Human Resources Development

Mr. Jaffer	4162
Mr. Chrétien (Saint-Maurice)	4162
Mr. Jaffer	4162
Mr. Jaffer	4162

The Budget

Ms. Wasylycia-Leis	4162
Mr. Martin (LaSalle—Émard)	4162
Ms. Wasylycia-Leis	4162
Mr. Rock	4162

Human Resources Development

Mr. Dubé (Madawaska—Restigouche)	4162
Mr. Chrétien (Saint-Maurice)	4163
Mr. Dubé (Madawaska—Restigouche)	4163
Mrs. Stewart (Brant)	4163

The Environment

Mrs. Redman	4163
Ms. Torsney	4163

Human Resources Development

Ms. Meredith	4163
Mrs. Stewart (Brant)	4163
Mrs. Tremblay	4163
Mrs. Stewart (Brant)	4163

Tuition Fees

Ms. Davies	4164
Mr. Martin (LaSalle—Émard)	4164

ACOA

Mrs. Wayne	4164
Mr. Baker	4164

Points of Order**Official Document**

Mr. Cummins	4164
Mr. Duncan	4165
Mr. Cummins	4165

GOVERNMENT ORDERS**The Budget****Financial Statement of Minister of Finance**

Budget motion	4165
Ms. Bulte	4165
Mr. Epp	4167
Ms. Bulte	4167
Ms. Wasylcyia-Leis	4168
Ms. Bulte	4168
Mr. Valeri	4168
Mrs. Gagnon	4170
Mr. Valeri	4170
Mr. Obhrai	4170
Mr. Valeri	4170
Mr. Marceau	4170
Mr. Epp	4173
Mr. Marceau	4174
Mr. Shepherd	4174
Mr. Marceau	4174
Mr. McWhinney	4175
Mrs. Gagnon	4176
Mr. McWhinney	4177
Mr. Martin (Winnipeg Centre)	4177
Mr. McWhinney	4177
Ms. Carroll	4177
Mr. Epp	4179

Ms. Carroll	4179
Mr. Fournier	4179
Ms. Carroll	4179
Mr. Solomon	4179
Mr. Cullen	4181
Mr. Solomon	4181
Ms. Wasylcyia-Leis	4182
Mr. Cullen	4183
Ms. Wasylcyia-Leis	4183
Mr. Szabo	4183
Ms. Wasylcyia-Leis	4184
Mr. Pickard	4184
Mr. Borotsik	4185
Mr. Pickard	4186
Mr. Borotsik	4186
Mr. Pickard	4186
Mr. Shepherd	4186
Mr. Epp	4187
Mr. Shepherd	4188
Mrs. Wayne	4188
Mr. Shepherd	4188
Ms. St-Jacques	4188
Mr. Borotsik	4189
Mr. Cullen	4191
Mr. Borotsik	4191
Mrs. Ur	4191
Mr. Keddy	4193
Mrs. Ur	4193
Mr. Cullen	4193
Mrs. Ur	4193

ADJOURNMENT PROCEEDINGS**Gasoline Prices**

Mr. Solomon	4194
Mr. Cannis	4194

East Timor

Mrs. Lalonde	4195
Mr. Bertrand	4195

Airline Industry

Mr. Casey	4195
Mr. Dromisky	4196

Foreign Affairs

Mr. Szabo	4196
Mr. Paradis	4197

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