



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Monday, February 1, 1999**

**Speaker: The Honourable Gilbert Parent**

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## HOUSE OF COMMONS

Monday, February 1, 1999

The House met at 11.00 a.m.

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*Prayers*

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### PRIVATE MEMBERS' BUSINESS

• (1105)

[*English*]

#### FISHERS' BILL OF RIGHTS

The House resumed from October 26, 1998, consideration of the motion that Bill C-302, an act to establish the rights of fishers including the right to be involved in the process of fisheries stock assessment, fish conservation, setting of fishing quotas, fishing licensing and the public right to fish and establish the right of fishers to be informed of decisions affecting fishing as a livelihood in advance and the right to compensation if other rights are abrogated unfairly, be read the second time and referred to a committee.

**Mr. Bob Kilger (Stormont—Dundas, Lib.):** Mr. Speaker, I rise on a point of order. I would like to begin by giving the House the assurance that discussions have taken place between all parties and the member for New Brunswick Southwest concerning the taking of the division on Bill C-302 scheduled at the conclusion of Private Members' Business today.

I believe you would find consent for the following:

That at the conclusion of today's debate on Bill C-302, all questions necessary to dispose of the motion for second reading on the said bill shall be deemed put, a recorded division deemed requested and deferred until Tuesday, February 2, 1999 at 5.15 p.m.

(Motion agreed to)

• (1110)

**Mr. Gary Lunn (Saanich—Gulf Islands, Ref.):** Mr. Speaker, I am pleased to rise on behalf of the constituents of Saanich—Gulf Islands to speak to this private member's bill to bring forward a fishers bill of rights.

I have a few concerns about this bill. However, I give my qualified support to the member for bringing it forward. I believe some of my concerns can be addressed at the committee level.

The intent of this bill is to bring accountability to the Department of Fisheries and Oceans.

We have travelled to both coasts of this country. In Atlantic Canada we visited some 15 to 20 communities. We visited approximately 15 communities on the west coast. We listened to fishers from all of these communities who raised a number of concerns which consistently involved the department.

The member for New Brunswick Southwest has a very large presence of fishers in his riding and he is trying to offer some protection to them with this bill of rights, to which I give my qualified support.

The intent of what the member is trying to do, first and foremost, is to ensure that there is some form of accountability within the department. We often see a lack of accountability in many areas of government, such as the decision which was brought down a few weeks ago in British Columbia by the judicial system. We need to address accountability within our judicial system when decisions are made that are completely outrageous. I am making reference to the child pornography decision. There are many examples where there is no accountability and we have to do something about that.

I have a concern about the right to compensation. The bill states that if the rights of fishers are abrogated unfairly they have an absolute right to compensation. I do not think we can put that into legislation.

I have always been a strong believer that the fishery must be both environmentally and economically sustainable. I accept the fact that the Department of Fisheries and Oceans is the largest single factor. There are other factors, but without question the Department of Fisheries and Oceans has not been held accountable for the collapse of the cod fishery in Atlantic Canada where we have seen over \$2 billion of taxpayers' money being paid to fishermen who sit at home.

There is no question that the fishery was mismanaged, but I do not believe the answer is to send out more money, bad money on

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top of bad money. The one area of concern I have is with putting something in legislation which would give a group of people the absolute right to compensation. I think that is something that has to be addressed on a case by case basis and we have to be very careful in doing that.

I look forward to addressing that concern at committee. Again I would offer my qualified support for this bill and suggest that we look at it when it comes back from committee to decide if we should support it at that time.

**Ms. Sophia Leung (Vancouver Kingsway, Lib.):** Mr. Speaker, I am pleased to rise today to explain why Bill C-302 should not become law.

Fishermen and mariners alike know how easy it is to get lost at sea, especially in fog. Debate on this bill seems to be like sailing in a particularly thick fog. The debate has wandered all over the map and has been lost in the fog of rhetoric and politics. It has strayed far from the facts and facts are what we need when we talk about Canada's fishery. Facts are what are needed here, not emotion, not fed bashing, not rhetoric and not scoring political points. Few facts have been advanced from the other side of the House.

• (1115)

One important fact is that none of the opposition parties would support this bill in the unlikely event they were to form a government. Why? Because it is a bad bill that would become bad law, one that would neither preserve fish stocks nor help fishing communities.

During early debate on this bill my colleagues spelled out its many deficiencies, but today I would like to return to the issue of compensation which was raised by the hon. member for Nanaimo—Alberni when this bill was last debated.

He said that the right to compensation for those whose rights were taken away or abrogated by the federal government was probably the most controversial aspect of the bill. It would be hard to say which is the most controversial aspect of this bill but this one certainly ranks close to the top. The strangest assertion in the hon. member's qualified defence of this bill came when he said that government and DFO bureaucracy will fight this clause tooth and nail because it attempts to make them accountable for decisions they make about people affected by their decisions.

How does this clause contribute to making the government and the so-called bureaucracy more accountable than they already are? Presumably by making them pay for the so-called damage their policies have caused. But who pays here? What did the architect of the bill have in mind? Where does the member think the money would come from to compensate fishers harmed by a government decision? Not from the minister and the so-called bureaucracy, but from the taxpayer. This is from a party that prides itself on fiscal responsibilities.

The government cannot afford the luxury of throwing taxpayer money around. The government has to be responsible to all Canadians. Sometimes that requires making tough calls, the kind which do not please everyone but which hold the greatest hope for the future.

When the hon. member says that it is far easier for bureaucrats or ministers to sit ensconced, buffered and unchallenged and be securely protected from the results of their decisions, he implies several things.

First, he implies that public employees and the minister are somehow unaccountable, but the fact is the government is responsible to the people of Canada. When the people of Canada vote they pass judgment on the government's performance. If the government needs to be held accountable for mistakes every Canadian can do so at election time.

Second, he implies that instituting a regime that would hand over millions of taxpayer dollars would somehow punish those who make decisions in Ottawa. To this I can only say that it seems as if the fog has rolled in and completely obscured the hon. member's argument.

Leaving aside the strange notion that public employees should be punished for doing their jobs to the best of their abilities, this clause would punish no one but the member's constituents and those of every member in the House.

What would it accomplish other than to burden the taxpayer and take money away from other worthwhile causes? Nothing. Would it create more fish? No. Would it preserve the fish that are left? No. On the contrary, if the bill succeeded in discouraging DFO and the government from taking steps to conserve fish stocks it would do just the opposite.

• (1120)

I am taking time with this argument because the hon. member for Nanaimo—Alberni said it was the crux of the bill to bring accountability to the bureaucracy. The women and men of the Department of Fisheries and Oceans are already accountable to their superiors who report to the minister, who is in turn accountable to the people of Canada.

Once more we can say how badly conceived and unnecessary this bill is. The member went on to say the DFO bureaucrats would prefer not to deal with people affected by their decisions because plainly it is uncomfortable for them.

Again let us look at the facts. In September the Minister of Fisheries and Oceans convened a meeting with fishermen for a mid season review of the cod stocks in the gulf of St. Lawrence. He took with him to the meeting those same DFO scientists and managers the member says would prefer not to deal with people affected by their decisions.

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The member would have us think that DFO does not seek input from fishers, but my colleagues have already recounted in detail how fishers across the country are participating in fisheries management decisions that affect their industry. Fishers are actively involved in stock assessment, fish conservation and monitoring. They participate in the development of integrated fishery management plans and the setting of fishing quotas. Many fishers are already involved directly in managing fisheries through co-management or joint project management with DFO. DFO developed co-management to give the people who work in the fishery more say in how it is managed.

The new fisheries act will offer individuals and communities even more say over the decisions that affect their lives. We need to bring this debate to a speedy conclusion so this bill can come to the floor of the House and be rejected, as it should be.

There are far better ways to serve the needs of Canada's fishing communities and preserve the fishery for future generations. The government has taken a number of important steps and is moving on others. I urge the House to reject the bill.

**Ms. Louise Hardy (Yukon, NDP):** Mr. Speaker, I thank the member for New Brunswick Southwest for bringing this bill forward. It is an attempt to bring attention to the terrible situation of the fisheries and fishing families. I would like to bring to the debate a northern perspective.

Most people do not think of Yukon as being a place where there is a fishing industry, but it certainly sustains the first nations fishing industry. The Yukon River starts at Skagway, an American city, and comes up through Whitehorse. This year the salmon did not come. The fish ladder was almost empty by the time the river got to Carmacks. Alma Wrixon, a first nations woman, could not put her fish net in and that is part of what she has done every year for generations to sustain her family.

At Pelly Banks they would catch perhaps three fish in a week if they were fortunate.

• (1125)

We are talking about their winter food. In Dawson City they could not fish. By the time they got to Old Crow there was no fish. The Gwich'in people depend on the fishery and the caribou. They have one caribou herd that is under stress. They could not catch any fish to make it through the winter. That is like their savings account, their money, their potatoes, their way of life to get through winter to the next spring when the birds return.

This bill brings accountability to the department of fisheries. It is another mechanism to make sure the public resource of our water and the fish in our water are available to the people who depend on and need them. It is not necessarily for profit, though profit is an

important part of it. It is the benefit of having food to make it through a year.

There are families and towns that depend on fish. Again I stress it is a public resource. It is not anything that is privately owned. They have a right to have a say in how our fishery is managed. So far we have not seen a good record of how our fishery has been managed under the federal government.

To allow this fishers bill of rights would be an important in-road in the bureaucracy so that those who live on fish have a say in how they are distributed. It devolves some powers to those who need it.

Since 1988 the federal government has spent \$4 billion to restructure the fishery. What it has meant is a total collapse in our fishing system.

On behalf of the folks who depend on fish but who do not get the limelight, and those who live inland and whose resources are dependent on decisions by people they never see, this would give them an avenue to have a stronger and clearer say in their livelihood.

**Mr. Brent St. Denis (Algoma—Manitoulin, Lib.):** Mr. Speaker, I am pleased to join with a number of my colleagues on this side of the House and across the way as we debate Bill C-302.

I preface my remarks by saying that my northern Ontario riding abuts Lake Superior and Lake Huron. The commercial fishery is something that is important to my area as well. Even though an inland fishery, the Great Lakes are among the great waters of the world. The commercial fishers who extract fish from this resource are among the finest fishers anywhere.

Although I believe the genesis of this legislation relates more to the difficulties facing fishing communities and fisher persons on the east and west coasts, it is important that the House be reminded that there are a great number of people involved in the commercial fishing trade in the Great Lakes of Ontario. I hope they will take some comfort in the comments being made today that their concerns will be addressed as well.

Let me come to Bill C-302. We have heard that while this bill is well intentioned there are many flaws. This is not unusual when one attempts to make a simplistic response to a very complex problem. This is not to denigrate in any way the initiative of the sponsoring member, but the issues are complex.

When it comes to our fish resources the most important thing is that sustainability be our primary objective. It does no one any good and no fishing community any good if the long term sustainability of the fish stocks on which they depend is compromised. As the Minister of Fisheries and Oceans has said, above all we must ensure the viability of this fish resource. It is only from

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that principle we can ensure the long term viability of the communities, businesses and individuals that depend on it.

• (1130)

As a number of my colleagues on this side have said, fishers do not need a bill of rights. They need a healthy fishery, a fishery that is sustainable and that can support fishermen today and their children, grandchildren and future generations.

The average citizen who is not involved in commercial fishing is well aware through the media and news stories of the plight facing fishing communities and fishers. While there may be some merit to ensuring that fishermen are involved in planning for sustainable use of the resource, I do not believe that a bill of rights for fishermen is the way to go.

The goal of the government is to protect and conserve Canada's oceans and great lake resources on all fronts. As the minister has said, fish must come first so that people can then be taken care of.

No so-called bill of rights will protect fishers when the fish are in jeopardy or gone altogether. A bill of rights cannot prevent the disappearance of fish stocks. Only sound management, conservation based management can do that.

I would like to spend my remaining few minutes outlining some of the initiatives the government has taken. It is not by one silver bullet that all the problems can be solved but rather by a series of well targeted and well managed programs that objectives when it comes to preserving a sustainable resource of fish can be maintained.

Members opposite may be quick to point out what has not been done, but we know that politics is the art of the possible and much has been accomplished. We are living in a world where real achievement comes through patience, persistence and negotiation, not grandstanding. So much has been done that I can only highlight some of those accomplishments.

Last June was a particularly productive month. On June 19 the minister announced the \$250 million Atlantic groundfish licence retirement program, which is part of the federal government's \$730 million worth of measures for restructuring an adjustment in the Atlantic groundfish industry. The licence retirement program will help to reduce the number of groundfish enterprises in Atlantic Canada and Quebec. It provides financial assistance to groundfish licence holders who retire their licences and leave the commercial fishery.

Also in June the Minister of Fisheries and Oceans and the Minister of Human Resources Development announced \$400 million worth of additional measures to restructure and rebuild the Pacific salmon fishery and to help people adjust to the reality of a

smaller conservation based fishery. There is no denying the scientific evidence shows that wild coho are declining and that some stocks are at extreme risk.

As the minister said at the time, "permanent change is necessary for the future of fish and fishermen. We must get ahead of the curve and shift to a conservation based fishery".

Canada made a major breakthrough on the east coast in June when member states of the North Atlantic Salmon Conservation Organization followed Canada's lead and agreed to a number of strong conservation measures. Among these was NASCO's formal adoption of the precautionary approach in Atlantic salmon fisheries management. Canada had already adopted a precautionary approach in its 1998 Atlantic salmon management plans. Greenland joined us in this approach when it agreed to restrict its 1998 fishery.

• (1135)

Progress is being made. It may seem at times that progress is slow but such is the way of the world. The inexorable flow is toward a better and better understanding of our fish resources and a better and better approach to sustainable conservation.

Just rounding out those June accomplishments, the minister announced that the Davis Strait turbot fishery had been fully Canadianized and that no foreign vessels would be used in this fishery. This should help allay the fears of those still raising the spectre of foreign overfishing.

The five year management plan the minister introduced was developed with the advice and recommendations of the Nunavut Wildlife Management Board and the views of the industry. These measures and numerous others are quite a record of achievement, one that demonstrates conviction and determination to put conservation first. It is not enough to say that mistakes were made in the past. What good is it to criticize the mistakes of the past and then advocate the same behaviour today?

We have to change our behaviour, as painful as that may be. That is what the minister has been telling Canada's fishermen. I believe that Canadians in my constituency, in particular in the riding of Algoma—Manitoulin which as I have said is a beautiful Great Lakes riding, understand the importance of making change. They trust that the government will make change in a responsible, caring way. Above all, as a government we have always tried to put people first. While I would be the last one to say we have never made any mistakes, I would put our record as a government up against any record of any government anywhere in the world, particularly against recent past governments of this country.

A bill of rights for fishers is certainly not necessary, especially when we consider the record of the government.

[Translation]

**Mr. Jean Dubé (Madawaska—Restigouche, PC):** Mr. Speaker, I am pleased to speak today on this first day back to the House. I would like to take advantage of this opportunity to wish all my colleagues a happy New Year.

I am even more pleased that I am speaking on a bill initiated by my colleague, the member for New Brunswick—Southwest. The House is addressing a matter that is of great importance to a number of Canadian communities. The fishery is not the focus of the economy in the majority of ridings represented here. Still, there must not be indifference to the ongoing crisis in the fisheries sector in my province, in the Atlantic region and in the Pacific region.

With all due respect to the scientists in the Department of Fisheries and Oceans, as well as the minister and senior departmental officials, those who earn their daily livings from the sea are the ones who know it best. That is why I applaud the initiative of my colleague from New Brunswick—Southwest.

His intent in this bill is to ensure that fishers have a say in decisions which may affect their work, their community and their way of life. What could be more praiseworthy?

[English]

Allowing fishers to have their say is not so far fetched. It is something we as elected persons have been struggling to do for years.

For instance, the Standing Committee on Fisheries and Oceans visited 15 communities over a period of nine days in the late fall of 1997. The committee spoke with fishermen, plant workers and others involved in the east coast fisheries in Newfoundland and Labrador, Quebec, New Brunswick and Nova Scotia.

Many of the witnesses who appeared before the committee felt betrayed by the federal government. In their opinion the federal government was responsible for managing the fishery and did not meet its responsibility. The committee heard about the inequities and the arbitrary designations of those ineligible for the TAGS program. Many plant workers were ineligible because of small breaks in employment despite a long attachment to the industry.

• (1140)

It was felt that the licence buyout portion of TAGS was not successful because the boats, gear and other licences were transferred to other fishermen. Therefore the capacity was not reduced. Fishermen have little confidence in the ability of the Department of Fisheries and Oceans to manage the fishery. As well fishers question DFO's scientific estimates.

There is a concern about the independence of the fisheries resources conservation council as the council used DFO staff and

### *Private Members' Business*

office space. Fishermen from all areas are criticizing the quotas for foreign fishermen. One fisherman quoted in the committee's report said "The fishery is the biggest foreign aid program around". The east coast communities want fish caught in Canadian waters to be processed in Canadian onshore plants rather than on foreign vessels that process onboard.

The standing committee travelled in January 1998 to west coast communities where it heard many of the same concerns it heard on the east coast.

[Translation]

The west coast fishery has experienced a rapid restructuring, due in large part to the Pacific salmon revitalization program, but also to various other factors affecting fishers and coastal communities.

Very many fishers are of the opinion that DFO no longer has any interest in the future of their communities, but has centralized its decision-making process in the regional offices and in headquarters.

Many witnesses have criticized the lack of resources allocated to new fisheries. Downsizing at Fisheries and Oceans has resulted in a shortfall of personnel available to develop new fisheries.

DFO policies have raised serious concerns in many communities. For instance, the village of Ucluelet has invested massively in enhancing its water supply system because the processing of hake requires huge amounts of water. Then, DFO announced it planned to review its hake policy.

Also, DFO imposed on municipal governments in the Fraser Valley complex and expensive requirements with respect to cleaning ditches, while not taking any responsibility or sharing any costs.

Such departmental decisions may be warranted, but they are being made without any consultation or paying any attention to their impacts on the individuals and communities concerned. That is what needs to change. They must be accountable to these people.

[English]

There is a wealth of information and plain good common sense to be had from simply listening to the people who know the fishery best. It is time to rely on more than just the good graces of the Standing Committee on Fisheries and Oceans. The time has come to formally recognize the voice of fishers in the decision making process.

The bill endeavours to establish the rights of fishers so they will be involved in the process of fishery stocks assessment, fish conservation, setting fish quotas, fishing licensing and the public right to fish. The bill would establish the rights of fishers to be informed in advance of decisions affecting fishing as a livelihood and the right to compensation if other rights are abrogated unfairly.

*Private Member's Business*

The livelihoods of people in Atlantic Canada and Pacific coast fish industries have been affected by arbitrary decisions made with little or no consultation with those directly affected.

• (1145)

It is nothing short of a crisis. Fishers are increasingly frustrated and discouraged with the government's inability to deal with real issues affecting their lives. The fisheries industry should be a sunrise industry, not a sunset industry as seems to be the case today.

[Translation]

The bill before us today is a votable one. I urge all my colleagues to vote in favour of this bill.

There has been such turmoil recently in the fishing industry that the least we can do is to involve fishers in decisions affecting them personally.

\* \* \*

[English]

**BUSINESS OF THE HOUSE**

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I rise on a point of order. Rather than interrupt the hon. member once he starts his remarks, I would like consent for the following motion which has to do with today's and tomorrow's order of business. What I will propose has been subject to a meeting earlier this morning among House leaders. I believe you will find consent thereto. The motion is as follows:

That, on Monday, February 1, 1999 and Tuesday, February 2, 1999, the House shall continue to sit after 6.30 p.m.;

That the business to be considered after 6.30 p.m. on Monday, February 1 shall be the third reading stage of Bill C-58, followed by the report stage of Bill C-49, provided that, when Bill C-49 is under consideration, all amendments that are otherwise in order shall be deemed to have been duly moved and seconded and, when there is no further debate thereon, the question deemed to have been put and a division thereon to have been requested and deferred to February 2 at 5.30 p.m. and provided that, when the aforementioned business has been completed, or, in any case, no later than five hours after consideration of the said business is commenced, the House shall adjourn to the next sitting day;

That the business to be considered after 6.30 p.m. on Tuesday, February 2 shall be Government Order, government business number 19—

That is the take note debate on the budget—

—provided that, when no additional members rise to speak, or, in any case, no later than seven hours after consideration of the said business is commenced, the House shall adjourn to the next sitting day;

Provided that, after 6.30 p.m. on February 1 and February 2, the Chair shall not receive any dilatory motions or quorum calls or requests for unanimous consent for any purpose.

I believe there is consent for the motion which has been circulated to the whips' desks of all parties in the House.

**The Acting Speaker (Mr. McClelland):** I have been asked to have the government House leader repeat that but I think we will dispense with repeating it.

This will be a two stage process. The first will be to seek unanimous consent for the motion to be presented and then to be adopted.

Is there unanimous consent for the motion as presented by the government House leader?

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. McClelland):** Is there unanimous consent to adopt the motion as presented by the government House leader?

**Some hon. members:** Agreed.

**An hon. member:** No.

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**FISHERS' BILL OF RIGHTS**

The House resumed consideration of the motion that Bill C-302, an act to establish the rights of fishers including the right to be involved in the process of fisheries stock assessment, fish conservation, setting of fishing quotas, fishing licensing and the public right to fish and establish the right of fishers to be informed of decisions affecting fishing as a livelihood in advance and the right to compensation if other rights are abrogated unfairly, be now read a second time and referred to a committee.

**Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.):** Mr. Speaker, it really is a pleasure to rise and speak to Bill C-302. I commend the member for New Brunswick Southwest for bringing forth this bill. He is absolutely right in the fact that fishermen need more rights in this country. We only have to look at what government has done in the last 10 years on fisheries.

• (1150)

We have spent \$4 billion on fishers. What has that got us? It has got us an east coast fishery that does not work, loads of unemployment and nothing positive in the future that we can see right now. What has it done on the west coast? It closed down coho salmon fishing last year.

Money does not solve the problem but consultation in the fishing industry would solve the problem. With this minister and ministers before him we have not had consultation with the fishermen, whether that has had to do with commercial fisheries or sports fisheries.

Members of the committee travelled all across Canada. If members of this House would read the report, east coast and west coast, they would see that the government has not consulted the fishermen in any part of the country. That is why a bill like this one is a very good bill. I would implore the backbenchers on the other side who have been speaking against this bill to read the reports



written by members of the House, including the Liberal side, to see what the recommendations are. Those recommendations are in this bill. More consultation. Not just more money thrown at a problem. That will not solve the problem.

There are two examples of lack of consultation. The first is on the west coast in my own constituency. The minister wiped out coho fishing this year in British Columbia. This put a lot of people out of work. There was a great deal of sadness because we had a great run of coho but nobody was allowed to fish it.

A hatchery in my constituency a couple of years ago put some coho in Porpoise Bay. The minister had to lift the embargo of fishing coho and allow people to fish in Porpoise Bay because there were so many coho. The coho were going to spawn and if there are too many of them they lay eggs one on top of the other and a disease starts which could cause a real problem. There was fishing in Porpoise Bay for coho. That was not good planning by the government. The fishermen told the government the year before that it could not put a ban in that area.

Fishermen were also told that they could not seed the open ocean because, and these are the words of DFO, there are already too many coho out there. DFO said not to put any out there. Then what did DFO do? It banned the fishing because it said that there were not enough. That is the department of fisheries without consultation with the fishermen. This bill gives fishermen rights to consultation.

Another story concerns herring roe on kelp. This was not a native fishery. This was a fishery started by a man and his family who live in Lund, British Columbia. They built it into a fishery where they were getting \$40 a pound for herring roe on kelp in Japan. Over the years some of his employees left and started up their own herring roe on kelp business because they had learned the business and wanted their own business. Over the years it dropped down to about \$30 a pound, but it was still a very lucrative business. Four companies were doing it and making good money at it.

This government came along and gave one of those four people \$2 million to buy the licence back. What did the government do with that \$2 million licence? It gave it to an aboriginal group in British Columbia. The government said, "It is not a natural fishery for an aboriginal group but it is a good business so let's get you into it". Since then the government has given away in excess of a dozen more licences in this area of herring roe on kelp to aboriginal fishermen around the province.

What has happened to the market in Japan? It went from \$30 down to \$20 down to \$10 as the government kept on giving licences away for free.

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The other three licence holders wanted to be bought out too. They said, "If you can buy out this other guy for \$2 million, why won't you buy us out. There is not going to be any industry if you keep on passing out these licences for free to the different native bands around the province". But the government said it did not have any money to buy them out.

The sad thing is this lack of planning, lack of consultation. The herring roe fishery is zero because the native bands are shipping it to Japan on consignment and the other people are going out of business. That is the lack of planning in this industry.

If we wonder why people get angry when DFO does not consult, how would any member of this House like to be one of those fishermen with the herring roe on kelp who are now having to compete against people who got their licence for free and can ship it to Japan on consignment? It is not right. It is not proper. We all should be voting for a bill like this one to allow the freedom and the consultation.

As I said, I commend the member for New Brunswick Southwest. His bill says that it endeavours to establish the rights of fishermen so that they are involved in the process of fishery stock assessment, fish conservation, the setting of fishing quotas, fishing licensing and the public right to fish. As well the bill would establish the rights of fishermen to be informed of the decisions affecting fishing as a livelihood in advance.

The example I just gave on the herring roe on kelp is a great example of why people should be advised in advance. These are people who put good money into their industry. They are not being advised.

#### • (1155)

It does not take a rocket scientist to figure out that fishermen have a problem in this country. What does the government do? It just throws money, \$4 billion over the last 10 years. This has not solved one problem.

We need to move DFO out of Ottawa. Put a head office on the east coast for the east coast, and on the west coast for the west coast. We need to get these 1,200 bureaucrats out of the business. There is no fishing in the Rideau Canal. The fishing is on the east and west coasts. There are too many bureaucrats making too much money who have made wrong decisions. This is out of a report written unanimously by all sides of this House. It is being ignored by the minister of fisheries and it is being ignored at the peril of this country's fishermen. It is time for a change. We ask all members of the House to vote for this bill tomorrow.

**The Acting Speaker (Mr. McClelland):** It being 11.55 a.m., the time provided for debate has expired. Pursuant to order made earlier this day, the question on the motion is deemed to have been put and a recorded division deemed demanded and deferred until Tuesday, February 2, 1999, at 5.15 p.m.

*Government Orders***BUSINESS OF THE HOUSE**

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I rise on a point of order. There have been further consultations. Hopefully without re-reading the motion into the record, perhaps you could ask the House if it would now agree to adopt the motion read into the record a few minutes ago.

**The Acting Speaker (Mr. McClelland):** Is it the pleasure of the House to allow the government House leader to present the motion?

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. McClelland):** Is it the pleasure of the House to adopt the motion as put by the government House leader?

**Some hon. members:** Agreed.

(Motion agreed to)

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**GOVERNMENT ORDERS**

[English]

**FINANCE**

**Hon. Jane Stewart (for the Leader of the Government in the House of Commons)** moved:

That this House take note of the 11th report of the Standing Committee on Finance presented on Friday, December 4, 1998.

**Mr. Maurizio Bevilacqua (Vaughan—King—Aurora, Lib.):** Mr. Speaker, for all of us in the House of Commons, politics and government are about one thing: people. They are about helping them build better lives for themselves and their families, about helping them make their dreams work, the dreams they have for themselves and for their children: a better quality of life, a higher standard of living, a fair shot at a good job that pays well, and a society that gives them the support they need when they need it.

Making these dreams a reality has been our overriding objective since the government first took office in 1993. That is how we won the confidence of Canadians. The progress the government made in its first mandate earned it a renewed majority mandate in 1997. It is that focus on what matters most to Canadians that is how this government aims to keep the confidence and trust in the future.

A strong economy is the key to building a more secure society. For proof, all we need to do is remember the Canada of five years ago. The government faced a \$42 billion deficit, the largest in Canadian history and it was growing. Unemployment was at 11.4%. High inflation and high interest rates were dragging down the economy in a big way. The debt to GDP ratio had been rising steadily for almost two decades. Taxes seemed to know only one direction: up.

• (1200)

Serious questions were being raised about our ability as a nation to maintain our cherished social safety net. Worst of all, we had lost our characteristic confidence in ourselves as a people and in our future.

In the past five years the government has shown what happens when we roll up our sleeves and get down to work. When we listen to Canadians as we did during our prebudget consultation hearings and when we work side by side with them, when we trust their courage and their willingness to make sacrifices, and when we reflect on values and priorities, what happens? Positive change occurs.

Five years ago the *Wall Street Journal* compared Canada's economy to that of a third world economy. Recently the *Financial Times* of London referred to Canada as the top dog of the G-7. The \$42 billion deficit is now a \$3.5 billion surplus. The debt to GDP ratio is on a firm and permanent downward track. In fact the Government of Canada has not borrowed new money on the markets for more than two and a half years.

Personal taxes in the last two budgets have been cut. They were cut by \$7 billion in the last budget alone. Our inflation rate is at its lowest level since the 1960s. Our interest rates are also at the lowest levels in three decades.

Canada has enjoyed the strongest economic growth of the G-7. Even with the recent global turmoil, the International Monetary Fund recently forecasted that Canada would be among the G-7 leaders for economic growth in 1999.

Unemployment in Canada has fallen by almost 3.5 percentage points since we took office to its lowest level in nearly a decade. Last year our job growth was number one in the G-7.

Best of all, there has been a resurgence of optimism among Canadians and a renewal of confidence among Canadians that government can in fact make a practical difference for the better in their lives. This was evident during the prebudget consultation hearings held across the country.

A secure society is one in which people can count on their fellow citizens for help and support when they need it. If they lose their job, if they need income support in retirement, to give their kids the

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good start they need in life or when they are sick, compassion and sharing are deeply held Canadian values. They are reflected in some of our proudest national achievements: insurance for the unemployed, the Canada pension plan, supporting children in need and our universal medicare system.

Safeguarding these pillars of our society was a primary motivating factor behind the fight against the deficit and impressive work has been done to protect and modernize them.

To meet the needs of our new labour market, the government redesigned and refocused assistance to the unemployed, creating an employment insurance system aimed at helping people get back to work as soon as possible.

● (1205)

In co-operation with the provinces the federal government established a new child benefit to help low income families with children. By July 1, 2000 the federal government will be investing \$1.7 billion in this initiative.

Working with the provinces, it also achieved an historic package of reforms that will guarantee the Canada pension plan remains on sound financial footing, even in the face of an aging population, increasing longevity and retiring baby boomers. The CPP will be there for future retirees. They can count on it. Securing our public pension system is something no other industrialized country has been able to do. Moreover, the success in saving the CPP combined with a balanced budget and a stronger economy have allowed the government to reaffirm its commitment to old age security and guaranteed income supplement programs.

Canadians have told us that access to quality health care is among their most urgent concerns. The government has listened. Since it was first elected in 1993 protecting our universal medicare system has been a top priority. As soon as the fight against the deficit gave the government financial room it followed the recommendations of the National Forum on Health. It increased the cash floor of the Canada health and social transfer from \$11 billion to \$12.5 billion. That means close to \$7 billion beyond previously budgeted levels, over six years, will go to the provinces to fund health care, post-secondary education and social assistance.

Additional funding will permit the enforcement of the five principles of the Canada Health Act: universality, accessibility, comprehensiveness, portability and public administration.

The government has shown its openness to modernizing the health care system. In its first mandate the Prime Minister chaired the National Forum on Health which brought together Canada's wealth of talent and knowledge in the health care field to assess how the system could best respond to emerging health care issues.

The 1997 budget allocated over three years to implement key recommendations of the national forum: \$150 million for the health transition fund to help provinces launch pilot projects to investigate new and better approaches to health care, including home care; \$50 million to establish a new Canada health information system to give health care providers timely access to quality health information; and \$100 million to boost funding for the community action program for children and the Canada prenatal nutrition program.

During our prebudget consultations Canadians from coast to coast stressed the importance of health care in their lives. They said that the government should continue with its strong commitment to health care. We believe that health care is a priority. In the upcoming budget we will strongly endorse measures to strengthen the health care system in Canada.

Maintaining a strong economy and a secure society in the new global, knowledge based economy requires that we invest within our means and in carefully targeted ways so that Canadians have the knowledge, the skills and the opportunities they need to prosper.

One of the key reasons the government fought so hard against the deficit was to regain our ability as a nation to make such strategic investments in our people. For example, the millennium scholarship fund will generate over 100,000 scholarships each year for low and middle income post-secondary students over the next decade.

● (1210)

The Canada education savings plan is another example. Our government is topping up new contributions to registered education savings plans, which are an enormous hit with parents saving for their children's future education.

Another example is the Canada foundation for innovation, whose \$800 million endowment is being used to fund cutting edge research facilities in our universities and teaching hospitals.

There is the connecting Canadians strategy, the goal of which is to make Canada the most connected country in the world by the year 2000, with our own fast lane on the information highway. A key part of that strategy has been SchoolNet, which will mean that every one of our more than 16,000 public schools and libraries will be connected to the Internet by the end of the fiscal year. We will be the first major nation in the world to do this: ahead of the Americans, ahead of the British, ahead of the French.

Then there is the youth employment strategy which consolidated approximately \$2 billion in new and existing funding for the programs and services that young people need to acquire skills and work experience, find jobs and build careers.

The measures that we are taking are important because we compete in a global marketplace. I am quite happy to see that as a

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nation we are getting ready for the challenges ahead. However, let us be clear: we are building on a solid foundation.

Canada is number one of the G-7 in home computer, cable and telephone penetration. We have the lowest telephone rates of the G-7, the lowest Internet access cost of the G-7, the lowest cost of doing information technology business of the G-7, the lowest software production cost in North America and we are ranked number one in producing knowledgeable workers.

Investing in R and D and the skills of our people, expanding educational opportunities, cutting taxes, investing in health care and reducing the public debt make perfect sense if we want to improve the standard of living of Canadians.

There is no question in my mind that Canadians want their political and business leaders to focus on improving their standard of living. They are quite tired of the turf wars that exist between levels of government. They are quite tired of the politics of finger pointing. They are not interested in that any more. They want results from their elected officials. They want results from their corporate leaders. They want a brighter future for their children. That is the focus which was quite clear when we travelled across the country listening to students and listening to people involved in R and D. We listened to our educators. In every city people told us that the standard of living is the issue on which we, as a society, must be focused.

Let us put an end to the era of confrontation. Let us build an era of co-operation, one in which people's standard of living and quality of life are key issues. This is not simply a debate that needs to be had in the halls of the House of Commons. It has to happen in the communities and in corporate board rooms because we all have a responsibility to improve the standard of living for Canadians.

● (1215)

One thing that is certain is that although in the past two years Canada has seen an improvement in its productivity, it has, like every other G-7 country, seen a decline in productivity. We need to improve that because productivity essentially means a better standard of living for Canadians. What can we as a government do? What is our role to enhance productivity?

I want to make sure people understand that it is in the context of increasing the standard of living for Canadians that the recommendations were made in the finance committee. Before we talk about the recommendations we made as a committee let us look at what the government has done to increase productivity in Canada. What kind of measures or channels has it used to make sure the productivity gains seen in the past two years continue?

When looking at the government policies that promote a higher standard of living, they can be broken down into fiscal and

monetary policy, tax policy, support for education and skill development, support for R and D, social and labour market policies, trade policies and policy that understands there is a role for the marketplace.

When looking at fiscal and monetary policy and clearly understand that a stable macro economic environment with low inflation and lower interest rates can boost confidence in the economy, enhance productivity growth and boost employment, what has the government been able to achieve? There are a number of accomplishments we should take note of.

The federal deficit has been eliminated. The debt to GDP ratio is in a clear downward path. There has been substantial fiscal progress at both federal and provincial government levels, and we have the low inflation records of the 1990s. That is pretty clear, low interest rates, reducing the debt, reducing the burden on Canadians. What happens when we do that? We increase productivity and increase employment opportunities for Canadians and that is essentially what we heard throughout the country.

What did the finance committee have to say about that? We found a great deal of satisfaction on the part of Canadians when it came to these issues. When it comes to fiscal and monetary policy the finance committee recommended that the Government of Canada continue to use prudent economic assumption in the formulation of budgets, that assumptions about short term and long term interests continue to be set at 50 to 100 basis points higher than the private sector average, and that the minister alter the prudence factor as circumstances warrant.

The committee recommended that the federal government continue to employ a contingency reserve which has set aside \$3 billion per year. At present the contingency reserve should not be used on increased program spending or tax cuts. The committee also recommended that the government continue to use two year planning horizons for the conduct of fiscal policy.

● (1220)

We recommended that the federal government establish a long term target for a sustainable debt to GDP ratio. We said that an interim debt to GDP target range of 50% to 60% should be achieved in this mandate.

Fiscal and monetary policy is one issue but what are the other contributors in achieving a higher standard of living? If we look at tax policy, taxes can affect the allocation of resources and alter the incentives to work, to save and to invest.

What has this government done, what are its accomplishments? We have seen the beginning of general tax relief, the national child benefit system to support working parents and the HST to reduce compliance costs. These are three of the measures.

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While the world, in particular the group of seven countries, is spending a lot of time devising strategies for productivity, in a measured way this government is putting in place the types of policies that speak to the worldwide debate on productivity. In the past three years we have seen an increase in productivity, which I hope is a trend.

Does the finance committee feel the federal government should continue to cut taxes? Absolutely. We have made a number of recommendations in relation to taxes. Last year we called for the elimination of the 3% surtax. This year we call again for the elimination of the 3% surtax for all Canadians. We call for the announcement of a timetable for the elimination of the 5% surtax. We do that because these taxes were introduced as deficit fighting mechanisms. Now that the deficit is gone it is time for the minister to announce a timetable for further tax reduction.

As we did last year, we recommend that the 1998 budget measures to increase the basic personal amount and spousal amount by \$500 for lower income taxpayers be increased by a further \$200. That would bring to \$700 the amount of additional income that can be earned tax free. The committee further recommends that this \$700 increase in the basic personal and spousal amounts be available to all Canadian taxpayers.

I will discuss what the government has done to enhance productivity. We must make sure the people who work in our companies have the proper skill sets and education to do things better and quicker, that they can produce more, enhance and generate wealth for our companies and in aggregate for the country. Support for education and skills development gets more people into the workforce by boosting the employment rate. It helps people get higher wage jobs and achieve greater productivity.

• (1225)

Is this not essentially the type of society we want to build? Is the reason an industrially advanced country like Canada entered free trade agreements not because we wanted to compete and generate high paying jobs that require highly skilled workers? That is where our competitive advantage is.

Looking at education and skills development, what has this government done? There are the Canadian opportunity strategy, Canadian millennium scholarships, Canada study grants and tax relief on interest on student loans, the Canada education savings grant, the increased education and tuition tax credits, SchoolNet to give young students Internet access, increased funding for youth at risk who lack basic education and job skills.

This is what it takes to build a country. We need to invest in people. We need to create the economic environment where we as a nation and as a people can generate wealth.

Another key component of a productivity strategy must be researched and developed because it provides the innovation needed to improve production processes, thereby boosting productivity.

The government has moved on several fronts with the Canada foundation for innovation, technology partnership Canada, tax support for R and D, and networks of centres of excellence.

We need labour market policies that work so Canadians can work. They influence work incentives and facilitate workforce participation by removing barriers.

I remember this debate quite clearly when I was parliamentary secretary to the minister of human resources. I remember how we needed to modernize and restructure Canada's social security system so that it would serve our people well.

As a 1990s car cannot be fixed with a 1960s repair manual, the same thing is true of our social security system. We need to modernize it. I think EI reform did that.

Productivity is also impacted by our trade policy. What does trade policy do? It increases competition and allows countries to specialize in products they are good at making. There again the end result is a boost in productivity and competitiveness.

What has this government done in the area of trade policy? We have NAFTA. We are a leading player in the WTO. There are ongoing efforts to ensure the free flow of goods and services within Canada. These are characteristics of a government and a nation that are forward looking, that understand that the route to a higher standard of living is higher productivity.

Another very important component of productivity strategy is letting the market work. Regulation and subsidies can dampen market signals and distort the allocation of resources, inhibiting growth and inhibiting essentially productivity growth. Privatization can enhance and boost productivity.

• (1230)

There is a difference between individuals who talk about these things and governments that do. When we look at the government's record on the important component of increasing the standard of living for Canadians, we see that the government reduced business and transportation subsidies. We have had partial or full privatization of Air Canada, Petro-Canada, Canadair, De Havilland Canada and CN.

It is clear to me that the agenda of the government is working quite well. I heard this throughout the country. It is an agenda that looks to the future with a great deal of optimism. We have eliminated the deficit. We have lowered taxes. We have made key investments in education, research and development.

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I am proud to be a Canadian. I am proud to be a member of the House of Commons. It is due to the recommendations of members of parliament that we have been able to build a society and an economy that work. Our next frontier is to work toward a higher standard of living, to secure that our children and our children's children will live in a better country than we live in.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Madam Speaker, it gives me pleasure to enter into the debate on the report of the Standing Committee on Finance. My purpose will be twofold. I would like to make some comments on the report of the committee and then I would like to serve the broader purpose of offering some advice from the official opposition to the finance minister and the government prior to the finalization of the federal budget.

The official opposition has also consulted with Canadians with respect to their expectations in terms of federal finances. While we appreciate the consultations that have been conducted by the committee, we think that from our own consultations Canadians are much more specific on the expectations they have in mind.

In particular, Canadians are telling us and anyone who will listen that it is what the federal government is doing to our taxes and our health care that concerns us most. They expect the budgetary policy of the government in the next number of months to focus specifically on addressing their concerns in that area.

It is our view that the report of the committee and the statements to date by the government are not sufficiently focused on these priorities. Therefore, my colleague, the member of parliament for Medicine Hat, the official opposition finance critic, and a number of his colleagues have produced their own prebudget submission entitled "Taxes and Health Care: It's Critical". That is being released today. I thank all those responsible for its development and commend it to the committee, to the House, to the finance minister and to the government.

The report has three emphases. First, it proposes a real, substantial tax relief package. For example, under that package a single income family of four earning \$30,000 would receive an annual pay hike of over \$4,000, not the pathetic \$143 offered by the government.

Second, on the health side it not only proposes an additional \$2 billion per year of reinvestment in health care but complementary measures to start putting the patient first in the rebuilding of the crumbling health care system.

Third, on the debt side it proposes a comprehensive debt repayment schedule designed to reduce the national debt by \$19 billion over the next three years.

• (1235)

I turn to the report of the Standing Committee on Finance entitled *Challenges and Choices*. I do not want to begin by slamming the report or by dismissing its recommendations or analyses out of hand. Like many of us I think there is too much of that in the House.

It is not our intention to slam every effort or proposal that comes from the government simply because it comes from the government. I think the government tends to do that a bit: if it comes from the official opposition, particularly if it comes from Reform, it is automatically banned. Those attitudes on either side of the House cannot encourage debate. They do not earn the respect of the public and they are not very productive. We do not want to fall into the same trap.

With respect to the report we commend the committee for its extensive consultations. I commend the committee on the first chapter of the report which provides a summary of where we are financially and in relation to the economy and the performance of the government financially.

I commend the committee for devoting at least two of its eight chapters to the priority areas of health care and taxes. I also commend the committee for adopting some of the proposals of the official opposition, in particular the proposals for eliminating the 3% surtax, eventually the 5% surtax, and reductions in personal income tax.

When we think that three years ago the subject of tax relief was not in the government's vocabulary, we have to take some satisfaction in the House that the government is at least talking about it. We are encouraged by these signs of progress.

Having said that, I would like to point out two major deficiencies in the report. The first is that the report devotes an entire chapter to a prudent budget making process, chapter 3, and then omits the most important step in prudent budgeting.

Prudent budgeting begins with accurate, transparent, principled accounting and reporting of the government's financial position. Concrete measures are required to prevent the finance minister from playing a shell game with public finances and giving the appearance, rightly or wrongly, of cooking the books.

The shell game on taxes, for example, is that the government is taking \$40 billion more per year in taxes than it was in 1995. It gives \$2 billion to \$3 billion per year back to the taxpayers and calls this token tax reduction tax relief and hopes the public does not notice the difference between what was given and what was taken. This type of rhetoric, this type of approach to presenting tax reduction fools no one. It increases public skepticism about anything said regarding tax reduction at the federal level.

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The government also plays a shell game on spending, something that even the auditor general has commented on and gone further than commenting on: he will not sign off on the financial statements because of this shell game.

In the old days when the federal government was running a deficit it practised what is called back end loading. It tried to push costs, if there was any accounting way of justifying it, on to the next year to make the deficit look smaller.

Now that we are into the era of surpluses the government is practising front end loading. It is trying to pull as many costs as it can into the current fiscal year to make the surplus look smaller so that it is under less pressure to reduce taxes.

I pointed out on numerous occasions that if this was done in the private sector and the finance minister was the vice-president of finance of an oil company, he would end up making licence plates in some provincial penitentiary for practising that game.

The shell game is also played particularly with respect to the surplus. Everything is done now to try to make the surplus look smaller so as to reduce the pressure for tax relief. This includes spin doctoring of the projected surplus.

We find the initial projection of the surplus by the government was \$10 billion to \$13 billion. A series of press releases came out, particularly over the last couple of weeks, indicating why those initial projections were out of line and that probably it would be less and less and less. The purpose is to make this surplus appear smaller and, I am certain, to minimize public pressure for tax relief.

The official opposition therefore recommends that if the government wants to practise prudent budgeting Canada should follow the example of New Zealand and pass a financial responsibility act that creates a legal requirement for the government to produce financial statements in accordance with generally accepted accounting principles, specifies what those principles are in the legislation, and holds officials legally liable for violating those rules.

• (1240)

There is a second deficiency in the report which should be emphasized. It centres around the report's recommendation that the federal government enter into a productivity covenant with Canadians.

The word covenant is a religious term. I do not know whether the intention was to deify the government or to imply that the Minister of Finance would go up the mountain and return with two tablets of stone prior to the budget. If he does that, I hope the tablets will

have something in bold print about thou shalt not steal and thou shalt not bear false witness. However that is not my main point.

The definition and elaboration of productivity in the report strikes me as curious. I spent 20 years in the private sector as a management consultant working with companies for whom productivity was a real term which was measured. They even developed computer models in the company to try to measure the development of productivity.

In this report the vague definition is used that productivity simply means getting better results with the same effort. It looks like it was written by a Liberal spin doctor, not by somebody responsible for productivity.

The definition of productivity that is used in the real world, in business, in unions and in the marketplace where people have to produce, where this means something and where they will be measured against it, is a ratio. Productivity is a ratio of the value of production over the cost of doing business. The cost of doing business is the denominator in that fraction. It includes taxes imposed by the government. Anything that increases the cost of doing business without increasing the value of production decreases productivity. It hurts productivity.

If the government wants to talk seriously about productivity and the productivity covenant with Canadians who are not stupid—there are thousands of people in my constituency who can define productivity better than in this report—it needs a clear definition of productivity that makes crystal clear the negative impacts of Liberal overtaxation on the competitiveness and the profitability of Canadian business and employment. I urge the committee to address that point. It fits in with public understanding of what the government is doing to our taxes.

I now turn to a bigger and broader framework than is contained in this report for analysing the government's financial position of what should be in the budget. When Reformers came to Ottawa in 1993 we had a four point list for fixing federal finances that is as relevant today as it was when we first came here: control and prioritise the spending, balance the budget, reduce the taxes and reduce the debt. It is pretty simple.

Five and a half years later under this administration only one of those matters has been dealt with. The budget is now balanced, but that was done not by controlled spending but mainly through revenue increases and offloading to the provinces. There still remains much to be done on the simplest fiscal agenda that is possible to get Canada's fiscal house in order. That is the thrust of our prebudget submission and our advice.

Let me take these categories one by one. With respect to controlling the spending, the federal government is still not doing it. In the 1997 budget plan the finance minister projected that government program spending last year would come in at \$105.8 billion. He called his assumptions prudent, taking into account

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normal demographic and inflation changes. The problem is that when the final numbers came in, program spending for 1997-98 was \$108.8 billion or a \$3 billion spending hike. All the talk about spending control, all the talk about balancing the budget through cost reduction, and the first year into a surplus position spending escalated \$3 billion over the estimate.

This year it is déjà vu all over again. In the same 1997 budget plan the finance minister projected program spending for this year at \$103.5 billion. By the time his 1998 budget came out he had upped those spending predictions to \$104.5 billion. Now, according to the most recent financial information, program spending is slated to rise even further, by 3.1% so far this year.

• (1245)

This means that if the finance minister follows last year's pattern and continues this year's already documented schedule of over-spending, his spending is going to come in around \$107.5 billion or another \$3 billion over what he told this House it was going to be. That is spending control. What it reflects is a Liberal predisposition to spend and the need for even stronger spending controls.

What the official opposition recommends is really three things. First, to freeze program spending for three years at \$104.5 billion to generate the surpluses necessary for real tax relief and debt reduction. That is not an unreasonable figure. It is the figure that the finance minister himself said was adequate for last year.

This does not mean that we cannot increase spending in priority areas. But during the three year freeze it means that can only be done by reducing spending in other areas. In other words, it forces the government to do what every household in the country has to do when there is not quite enough money and that is to prioritize. Why should we not do what millions and millions of Canadians in households and businesses are forced to do every year and every month?

The official opposition therefore recommends increases in both health and defence spending, but primarily from reductions in handouts to business, interest groups and government to government foreign aid. We propose increases in spending, but we would get the money by reducing spending somewhere else rather than adding to the deficit or adding to taxes.

Other members and the government may disagree with our spending controls and our spending priorities. That is fine. That is what we are here to debate. But if they disagree, then it is incumbent upon the government to set out its own spending controls and priorities which will still have the effect of generating the surpluses we need for tax reduction, debt reduction and health care reinvestment.

Let me turn to debt reduction. Again the federal government just is not doing it. We have a \$580 billion federal debt. All we see is token debt reduction. Under this government Canada continues to spend almost 30 cents out of every revenue dollar on interest on the debt. That is a burden on the capacity to finance social services. We bleed ourselves white paying out over \$40 billion a year and then we wonder why there is not enough money for transfers to the provinces.

It is a drag on productivity. The government says it is concerned about productivity. The greatest thing it could do about productivity is to get the debt burden down. If we work out its own calculation on its productivity, that \$43 billion a year on debt service knocks the ratio out the window.

Lincoln once said that excessive debts were like rats gnawing at the vital organs and sinews of the state. I cannot for the life of me understand how the finance minister can sleep at night with \$580 billion rats gnawing at the vitals of the Government of Canada. I use rats of course in a general sense, you understand, Mr. Speaker; not attributing it to any personality.

What the official opposition recommends is not rocket science. The problem here is not figuring out what to do; the problem here is to get doing it. We recommend, first, that a debt retirement sinking fund be established; second, that a law be passed to direct a portion of the debt to be retired each year; and third, that a schedule be established to reduce the debt. We recommend that the debt be reduced by \$19 billion over the next three years and by \$240 billion over the next 20 years. Let us get serious about debt reduction and the mortgaging of the future of the next generation.

• (1250)

I want to talk about real tax relief, and I will draw a distinction between token tax relief and real tax relief. I will draw a distinction between the shell game, where the finance minister pushes a shell that says a \$2 billion reduction, a \$3 billion reduction and tries to pull to the back of the table the fact that the government is taking \$38 billion to \$40 billion a year more than when it came here in 1993. I am not talking about the shell game. I am talking about real, genuine tax reduction that can be felt in the pockets of consumers and can be seen on the financial statements of businesses.

Let us consider the taxation record under the government.

Personal income taxes are up almost 38% and now account for 8.2% of GDP, up from 7% in 1993, for a 17% increase. Is it any wonder Canadians are struggling to get by? I have asked public audiences all over this country "Government income has gone up 35% to 40% since 1993. How many of you can say that your personal income or your family income has gone up 38% during that same period?" Not very many hands go up. There is a rumble



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through that audience that the government ought to take into account.

According to Statistics Canada taxes paid by the average Canadian household were 15% higher in 1996 than in 1992. Canadians pay 46 cents on every dollar earned toward taxes, while Americans, our greatest single competitor and the American labour market being the great drawing card to many of our young people right now, pay only 33 cents. In other words, as a percentage Canadian taxation represents 140% of the U.S. tax rate.

Government members cannot get out of this argument by saying "Oh, but we spend so much on health care". The Americans spend much more than we do on defence. They wash each other out. It is not that simple. Our rates are simply higher, consistently higher, than those of our principal trading partner.

To put it another way, our personal income tax burden has gone up 136% in the past three decades compared with only 31% in the United States.

The federal government collects \$11.2 billion from 7.7 million Canadians who earn \$30,000 a year or less. We hear these great protestations of social concern from the government and the finance minister. He wrings his hands in public about child poverty and he wrings \$11 billion a year out of families, with children, which make \$30,000 a year or less. He sits in the House devising all kinds of programs to try to deliver some help to those families when the best help he could give them from a poverty standpoint would be to simply leave more dollars in their pockets.

Bracket creep is another area where the shell game is played. The minister stood in the House and told us how many people he would take off the tax rolls. That is the shell that is pushed to the front. What government members do not show us is the other shell which they pull to the back, the people who are being pulled onto the tax rolls through bracket creep. They outnumber by far the ones who have been taken off. More than a million low wage workers have been pulled onto the income tax net since the government took office. More than 1.9 million taxpayers were pushed from the bottom to the middle tax bracket and 600,000 taxpayers were pushed from the middle to the top bracket. That is the government's record on taxation. There is no tax relief. There is a consistent record of increased government revenues connected to increasing taxation.

In place of this token tax relief proposed by the government the official opposition proposes real, substantial, broad based tax relief. The proposals contained in the paper "Taxes and Health Care" include a reduction of \$26 billion in federal taxes over the next three years, starting with a \$7 billion reduction in employment insurance taxes, payroll taxes that kill jobs, and a \$19 billion reduction in personal income taxes and capital gains taxes. If

members work out the impact of these numbers on the take-home pay of a single income family of four making \$30,000 a year, the family gets an annual pay hike of \$4,628 under these tax relief reforms.

In case this is too complex for some of our colleagues, it is the intention of the official opposition to go across this country showing people what their take-home pay is under the Liberal tax regime, including the token tax relief measures contained in the budget, and what their take-home pay would be under these tax reforms. I do not think there is going to be much doubt as to which paycheque the public would prefer.

• (1255)

The finance minister plays the shell game and tells the government caucus that if it gives substantial, broad based tax relief the country will be back in a deficit position. Some hon. members actually believe that argument. That is simply not the case if one puts in place the other measures required to maintain the balance, such as the spending controls and the spending priorities referred to, the debt reduction measure that would reduce the interest on the debt, and tax relief that is substantial enough to stimulate economic growth.

If the government truly wants to enter into a productivity covenant with the Canadian people, let it be based on this proposition: that at Canada's levels of debt and Canada's levels of taxation, a dollar left in the pocket of a Canadian taxpayer, consumer or employer is more productive than that dollar in the hands of a federal politician or bureaucrat. That is a statement on productivity. It lies within the power of this parliament to increase the take-home pay of millions of individuals and families this year simply by substantially reducing the demands of the federal taxman. It lies within the power of this parliament to free up billions of dollars for future investment in health care and essential services by paying down federal debt now.

I therefore conclude by asking, by imploring, the Prime Minister, the finance minister and the 156 members opposite not to stand in the way of such noble objectives.

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, I am pleased to speak on the report of the Liberal majority on the Standing Committee on Finance, which was tabled last December and suggests certain approaches with respect to the next budget.

The Liberal majority's report is a blatant piece of propaganda. It could have been—and was, I believe—written by the office of the Minister of Finance, so completely is it at odds with the comments we heard from individuals and from business and anti-poverty organizations in our travels across Canada.

What is more, the report touts the marvellous achievements of the Liberal government. This is a change from the reports

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produced by the Standing Committee on Finance over the last five years. They were mildly propagandist but this one is nothing but.

The report glosses over the nasty tricks and lack of consensus on such issues as the millennium scholarships. Nor does it make any mention of the fact that Quebec's opposition to this new Liberal government policy, this new intrusion into the education sector, is unanimous.

The report also refers to issues that never came up during this consultation, such as the famous productivity covenant. I do not know where this came from. Again, the likeliest source is the office of the Minister of Finance, who has the chair of the Standing Committee on Finance to do his bidding. This is the first time the committee chair has been nothing more than a puppet controlled by the Minister of Finance.

I was also appalled at the arrogance of this report on such issues as employment insurance.

• (1300)

I will quote the report of the Liberal majority, at page 55. Members are aware of the many problems with employment insurance, the increasingly limited access to it and the fact that fewer than 40% of the people contributing to it can now draw benefits. These benefits have shrunk in the past two years, since the employment insurance reform.

So what do we find on page 55 of the Liberal majority report? This is what we find, and I quote "The committee thinks that the phenomenon is misunderstood. The unemployed receive nothing because the system was not designed for them".

Never have I seen or read such arrogant remarks in a Liberal majority report. So, even though statistics come out every week telling us what a total fiasco the employment insurance plan is, how it does not serve the interests of the unemployed in Quebec and Canada, the Liberals say the Quebeckers and Canadians who appeared before the Standing Committee on Finance do not understand the plan when it is the plan that makes no sense at all.

Another arrogant remark in the Liberal majority's report is when they say that the Canadians consulted want the Minister of Finance to continue his very prudent management of public funds.

The comments gathered across Canada are not self evident. On the subject of prudence, they do ask the Minister of Finance to be prudent too, but next above all, what Canadians across the country asked the Minister of Finance to do was to stop making up all sorts of stories, to stop saying things that do not make sense.

For example, as regards the surpluses, the minister was told to stop viewing Quebeckers and Canadians as gullible and to stop being off the mark by close to 100% in his forecasts. This cannot go on.

During that consultation, Canadians and Quebeckers asked the Minister of Finance to show greater transparency and honesty. Such comments were made by organizations from various sectors across the country. Honesty yes, but also accuracy, which is the very foundation of democracy and the basis of effective processes, such as the prebudget consultation process.

If the prebudget consultation is conducted while relying on falsehoods and lies, how can we expect the citizens of this country to have a clear mind and to propose sensible ideas based on the real figures?

How can we be expected, as lawmakers, to have a solid and credible basis to urge the government to make decisions, if the Minister of Finance is always fibbing about the state of public finances? He stated recently that the surplus—based on his own document, that is the last budget—would be somewhere between zero and three billion dollars, when in fact it will be in excess of six billion dollars.

The content of the Liberal majority report confirmed that we were right, last year, to have decided to conduct our own prebudget consultation. During the months of August and September, the Bloc Québécois—led by its leader, the hon. member for Laurier—Sainte-Marie and myself as its finance critic—toured Quebec to hear the comments, ideas and suggestions of the people of Quebec regarding the content of the upcoming budget and the use that should be made of the huge surpluses collected by the Minister of Finance, primarily to score political points. We did our job.

What we heard is very different from what is found in the report of the Liberal majority. We look at the real issues. The people whom we consulted told us about the real issues. They said they had had enough of being told just any old thing by this government, of being told to continue to behave, to continue to make sacrifices, when the result of the sacrifices—far from seeing the benefits of these sacrifices, if we can believe the recent remarks by the Minister of Finance, they are not likely to see the benefits in the upcoming budget either—these people see the money saved on the backs of the most disadvantaged and the middle income earners reallocated to the most favoured classes. This is not normal.

Quebeckers and Canadians told us three things during these consultations. First, they said their first priority for federal transfers was to fund higher education, social assistance and most importantly health care.

• (1305)

They discussed the Saskatoon agreement. Remember that the agreement signed by all the premiers in Saskatoon provided two things, essentially: that the federal government stop cutting some \$6 billion year in and year out in transfers to the provinces, and Quebec in particular, for health care, post-secondary education and social assistance, as it had set out in its 1995 budget.

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They also called for the right to opt out with full compensation in areas of provincial jurisdiction. They asked that, if the federal government wanted another initiative there, provinces wanting to withdraw from a federal program in a provincial jurisdiction be able to do so with full compensation.

I think it is in the public interest to know what the Minister of Finance decreed in his 1995 budget. He decreed it once, but nobody mentions it anymore and nobody will mention it until 2003. We are making a point of putting it back on the table.

In 1995, the Minister of Finance decided that announcements of cuts to social programs, health care and education year after year were really unpopular. So, he said, "I will do it once, and it will be valid until 2003". That is the plan for systematic cuts the Minister of Finance, the pretender to the leadership of the Liberal Party of Canada, set in motion in 1995.

Under that plan, every year, without any warning, provincial governments have to put up with an average shortfall of \$6 billion in the areas of health, higher education and social assistance.

Based on the federal decision announced in the 1995 budget of the Minister of Finance, it was initially anticipated that, by the year 2003, federal transfers to the provinces for health, higher education and social assistance would be subject to cumulative cuts totalling \$48 billion. During the 1997 election campaign, that position became so untenable—and the Bloc Québécois contributed to this by constantly attacking the Liberal Party on this issue—that the Prime Minister of Canada announced with great fanfare that he would put back six billion dollars into social programs.

What he really meant was that, of the \$48 billion that he had originally planned to cut between 1995 and 2003, \$6 billion would not be cut. This meant that there would still be cuts totalling \$42 billion, with annual cuts of \$6 billion in transfers for health, for instance. These cuts have not been eliminated.

The premiers made it clear when they met in Saskatoon, that these are the cuts they want the federal government to eliminate. The government talks about giving back \$6.3 billion to the provinces to finance their social and health programs, but what the provinces want is for the federal government to cancel the cuts mentioned in the 1995 budget until the year 2003. In their wisdom, the provinces told the federal government they were prepared to accept an arrangement, whereby the \$6.3 billion they are requesting to offset the cuts in health, higher education and social assistance could be paid over two years.

The discussions were not about \$1 billion but rather \$6.3 billion. Since then, however, the federal government has gone to great lengths to allege that this \$1 billion is a big deal, that it was the amount discussed in the negotiations, and that the government has

a role to play in exclusive provincial jurisdictions like health. The Minister of Finance himself, in establishing the Canada health and social transfer, which combines all three federal transfers into one, stated its purpose was to give the provinces greater freedom to use their funds as they see fit.

The outcome of the negotiations concerning the social transfer and the provinces' demands on the basis of Saskatoon tell a completely different story. The federal government is intent on having a say in every decision on how funds are allocated, in spite of the fact that these funds belong to the provinces and that it could choose to give them back to the provinces for health, higher education and social assistance.

I think that, with respect to this budget, the Minister of Finance should immediately initiate a process leading to full compensation for all cuts made since 1995, thereby cancelling the cuts in health, higher education and social assistance.

People must understand that the problems currently experienced in emergency rooms must not be blamed on their provincial government, on the Quebec government, but on the federal government, which has left the provinces broke with funding cuts averaging \$7.3 billion a year.

• (1310)

Nor are we interested in their bleating about the misfortune of the disadvantaged and the ill, as the Minister of Human Resources Development has done, when it is the Liberals that are behind the cuts and that will be maintaining them until 2003.

The people of Quebec told us about another priority they had, a real priority, as opposed to the crass propaganda in the Liberal majority's report.

When we consulted people throughout Quebec, which we did with the assistance of all Bloc Québécois members, they told us that their other priority was a substantial cut in personal income taxes. Not in the taxes of the rich, of millionaires, or ministers, but of low- and middle-income taxpayers. These are the folks who helped put the fiscal house in order. These are the folks who, since 1995, have been footing the bill in one way or another, either through increased taxes—over the last four years they have been paying \$20 billion more in taxes than they did in 1993—or through various cuts that affect them directly.

It is low and middle income taxpayers who are responsible for the improved public finances. They are the ones who should be reaping the benefits of the lowered deficit. They should be the first to enjoy tax breaks and relief in general.

They should be the first because middle-income taxpayers—who are defined as those earning between \$45,000 and \$70,000—face

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the highest taxes of all Canadians. They are the ones facing one of the highest tax rates compared with American taxpayers. If there is going to be tax relief, it should not be for millionaires or friends of the Minister of Finance. Nor should it take the form of a tax reform that would benefit international shipping companies such as Canada Steamship Lines, which is owned by the Minister of Finance. Nor will the taxpayer be helped by giving preferential treatment to the very rich, for example by allowing them to transfer millions, if not billions, all over the world in the form of family trusts.

This will be done by enacting a general lightening of the tax burden on two groups, the low and middle income groups. This can be done by fully indexing the tax tables. It can also be done by raising the minimum threshold, or in other words allowing people to earn more before they have to start paying income tax. This would help those with low and middle incomes.

In this consultation, we were clearly given a third priority—I am talking here of the true consultation, not the one that led to a Liberal majority propaganda report, but the consultations carried out throughout Quebec by the Bloc Québécois—and that priority was improved employment insurance.

There was unanimity on this in Quebec. If I recall, during the prebudget consultations across Canada, people were also saying “It no longer makes any sense at all to have reformed the unemployment insurance program, changing its name to employment insurance, and to have severely cut back on benefits, so much so that fewer than 40% of people paying into the fund—everyone pays now—can draw employment insurance benefits”.

There are three ways of ending up with stupendous surpluses in the employment insurance fund, as we have seen over the past three years. The first is by maintaining employers’ and employees’ contributions to the fund at an artificially high level. The second is to successfully reduce access to the program. The third is to reduce benefits.

These are the three objectives of the employment insurance reform, which it achieves so successfully that every year we end up with a \$6 billion surplus. These surpluses are generated off the backs of the contributors, that is, employers and employees, and the unemployed.

In recent weeks, they have gone so far as to exert pressure. This has happened in a number of regions in Quebec. I have seen it in Saint-Hyacinthe—Bagot as well. The officials at the employment centres are putting pressure on the unemployed, on those appealing decisions on overpayments. Pressure is put on them to subtly take away their right to appeal. This action is deliberate. The unemployed are being called and told not to appeal, there is no point. There is a limit to the harassment of these people.

• (1315)

Do you know why they are being harassed? Because the more they harass them, the bigger the surplus there will be to swell the popularity of the future leader of the Liberal Party of Canada, the Minister of Finance. That is awful. My colleagues and I discussed this at the latest caucus meeting. We are going to wage all-out war against these claims by a little mafia gang trying to intimidate the unemployed and take away their right to be treated fairly.

While things go awry with the employment insurance system, as things are a total fiasco, while everybody is criticizing the Minister of Human Resources Development, this gentleman is writing a book on his deep thoughts.

In response to our questions in the House, he answered all sorts of things making it clear to us that he was not on top of his responsibilities and that he did not know what was going on, but we did not know why. We thought it was a matter of intelligence. But now we know that he was writing his book, dashing off his deep thoughts.

He even had the nerve to talk about the disadvantaged in his book, when he actually had a hand in creating this situation where the unemployed, who no longer qualify for employment insurance thanks to him, find themselves marginalized. Do you know who this minister reminds me of? He reminds me of Lucius Domitius Tiberius Claudius Nero, commonly known as Emperor Nero. Nero set Rome ablaze and declaimed his sorrow as the city burned. I find it despicable.

What the unemployed see is a human resources development minister, who is supposed to be taking care of business and fixing a system that does not make sense anymore, out promoting the sale of his book and using his own intellectual resources, and probably departmental resources as well, to boost his popularity.

Under other circumstances, had he not had other responsibilities, one might have said he was provoking thought, but for a minister who has been doing a poor job since taking over his department, has been sharply criticized and is putting everyone in the street, to put his deep thoughts in a book as he did, is an absolute disgrace.

To conclude, we hope that Minister of Finance will show common sense in his budget and put any surplus to use in the interest of the public at large and not a select few.

We hope he will show respect for the unemployed and those who pay into the EI fund and show more respect than his Prime Minister did for the provinces that have had it with all this being done on their backs and having various conditions imposed on them as well.

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[English]

**Hon. Sheila Finestone (Mount Royal, Lib.):** Mr. Speaker, I have been listening to the member for Saint-Hyacinthe—Bagot.

[Translation]

Let me suggest that what is shameful and scandalous is the manner in which he has criticized two ministers, as he has just done here in the House, because he does not have the backbone to do so outside.

**Mr. Yvan Loubier:** I will. I have done so before.

**Hon. Sheila Finestone:** Go ahead and do it outside the House, and you will see what reaction you get.

[English]

I would like to ask the member who has been so busy being negative in making his comments in this House, why Quebec and he representing the Bloc Québécois, never calculate the amount of dollars saved by the Quebec government and the Quebec people by the reduction of interest rates to benefit them and to use their priorities in the allocation of funds both as a result of the reduction in tax rates and the fact that they have had not only lower interest rates, but have had an increase and a transfer in tax points worth many millions of dollars?

With the tax points and the lower interest rates, Quebec has had a savings of hundreds of millions of dollars which the Bloc members do not care to announce, do not care to acknowledge but just care to criticize and be untruthful in their approach to the things that are going on in Quebec. They are certainly not interested in health care, certainly not interested in the citizens and certainly not interested in the education of their youth with the highest school dropout rate in the whole of Canada. The member should be ashamed of his remarks.

[Translation]

**Mr. Yvan Loubier:** Mr. Speaker, if the member had read the paper this morning, she would know that I have already commented on this to a journalist, from the *Gazette* furthermore. As far as I know, she can read English.

• (1320)

I made exactly the same comments about the Minister of Human Resources Development as those I made in the House, so it is not a question of having the backbone. If she thinks the government is so wonderful with its tax points, she is mistaken. In any event, she has been mistaken as long as we have known her. As a member of Parliament, she is often mistaken. But this time, she shows her ignorance by constantly harping on the tax points ceded to Quebec in the 1950s and 1960s.

These tax points were ceded at a 1964 meeting between Mr. Pearson, a very sensible Canadian, and Mr. Lesage.

I would like to put a question to the member. If there had been no cuts, if things had been left as they were in 1994 where federal transfers to the provinces were concerned, what would the level of tax points transferred to the provinces have been? Exactly the same as they are today. This is undeniable proof that the changes in tax points are completely independent of federal government decisions. This is a given.

Is someone going to go after the person who sold him a house 50 years ago because the roof is now leaking? It is the same thing. As futile as debating how many angels can dance on the head of a pin.

As for her reference to the good things the federal government has done, my colleagues and I have tried to find some.

**An hon. member:** We are looking.

**Mr. Yvan Loubier:** We are still looking, and maybe one day will find some. But if one reads between the lines of the prepared words that come out of the PMO or the office of the Minister of Finance, one can see there has been nothing positive.

How could there be when, since 1995, it has been decreed that there will be cuts year after year until 2003 in the health field? How could there be, when they have the nerve to want to use the contributions of employers and employees to the employment insurance fund to finance tax cuts for the rich?

Where are these positive actions? How are the interests of the people of the people of Quebec and of Canada being served? We are still looking, and maybe one day we will manage to find some.

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Mr. Speaker, I thank the Bloc Québécois member for his comments.

He is very familiar with the employment insurance issue, and he is aware that it is a very important issue in New Brunswick. Our province has suffered losses of \$927 million in revenues.

Whenever we put a question to him, the Minister of Human Resources Development tells us that he is giving back \$5 million here and \$2 million there, through various programs. My riding of Beauséjour—Petitcodiac is losing \$35.8 million every year. People in Albert County only collected employment insurance benefits for 18 weeks, even though they live in rural areas. Also, fewer and fewer women qualify for the program.

We have a surplus that keeps increasing and that will exceed \$20 million. We know that poverty is on the rise in every region where unemployment is high.

Could the hon. member tell us what he thinks the government will do, more specifically the Minister of Human Resources Development, who is always trying to make us believe that 72 per cent of workers qualify for unemployment insurance benefits and

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that his government is putting money back into the regions? Is the Minister of Human Resources Development telling us what his government is really doing?

**Mr. Yvan Loubier:** Absolutely not, Mr. Speaker. What the Minister of Human Resources Development tells us is the total opposite of the truth. He twists the figures. He twists them in a scandalous way. Fewer than 40% of people can draw employment insurance benefits.

From December 2 last until March 31, employer and employee contributions to the employment insurance fund have been and will be used solely to increase the employment insurance fund surplus.

Even with the 15 cent decrease in contributions set by the Minister of Finance last November, the surplus in the fund is still going to end up over \$6 billion. This is going to be used for something other than helping the unemployed in New Brunswick or anywhere else in Canada.

As I have said, the situation is so serious that not only has access been reduced, thus adding to the surplus, but the unemployed are, as well, now being harassed into not challenging claims for supposed overpayments before the Commission. This is serious. It means that the rights of the unemployed are being denied, while the members opposite are pretending everything is just great, because there are not many appeals.

One day, the self-same Minister of Human Resources Development will be getting up to say "Judging by the number of complaints there have been in the past six months, things are going well. The number of complaints is dropping."

• (1325)

I understand, throughout Quebec and Canada people are being discouraged from appealing overpayments, and that will be reflected in the statistics the minister likes so much to refer to, although he does it all wrong. This man has not served, and does not, serve the interests of the unemployed.

As I have said, I find it rather distasteful that he speaks in his report of the most disadvantaged and of his priorities, when in fact he is the one responsible for increasing collective poverty

**Ms. Angela Vautour:** Mr. Speaker, I thank my colleague for his answer.

I wonder if he is aware of the situation in which the Department of Human Resources Development could accuse an individual applying for benefits of fraud and force them to repay money, even though they have never received a cent from the government.

This situation has occurred in the Atlantic provinces. There are people there who apply and then go on to find a job. They report it on their card, but if the amount is not exactly what they earned,

even if the department has not paid them a cent, officials can come after them a year later and ask them to repay the difference between the amount they reported and the amount they actually earned working.

But neither the Department of Human Resources Development nor any other department paid the individual applying for benefits a single cent. The individual never got a cent, but can be asked to repay the difference. Is the hon. member aware of this situation?

**Mr. Yvan Loubier:** Mr. Speaker, I must say this is the first time I hear about such a situation. However, there have been a number of other cases where small overpayments were claimed. People's initial reaction was "I will settle this and pay the amount", even though they knew they had not received that money. Since they could not prove their case, they paid the amount that was claimed.

But what they did not know—and these people are not told about their rights in human resources development centres—is that once they recognized that an overpayment had been made to them and once they paid the amount, they became, in the eyes of the minister and his henchmen, guilty parties. They now have a black mark on their employment insurance file, and the next time they have the misfortune of being unemployed and make a claim under the employment insurance program, the department will take a look at their file. Because they spontaneously paid the money back, these people will be penalized in terms of the number of weeks required to get their first benefits. People must be made aware of that situation and it is our duty to do so.

[English]

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I am pleased to have the opportunity this afternoon to participate in this prebudget debate.

I know that traditionally this debate focuses on the report of the finance committee's fall hearings, but today I want to take the opportunity to report on prebudget consultations that I and my NDP colleagues have been holding around the country. We have returned to parliament having consulted with a lot of Canadians on their vision for a renewed Canada and on the budget priorities needed to translate that vision into reality.

People we have met in every corner of Canada are concerned about the crisis in health care, the escalation of child poverty, the gutting of unemployment insurance and the national emergency in homelessness. These are the devastating deficits created by this government's reckless disregard for the health of families, the health of communities and the health of our national economy.

In a series of community based economic round tables over the past two months bringing together people from all walks of life and

all segments of the community to share their ideas on job creation, we heard very different views and priorities from those advocated by the Liberal majority on the finance committee telegraphing no doubt what the finance minister will say on budget day. Those Liberals think it is enough to cut the surtax for those in the highest income bracket and to throw a few token dollars back into health care.

• (1330)

Now that they have made the sacrifices to balance the budget, Canadians want the federal government to reinvest in the social programs that bring security to their lives and stability to their communities. They want some leadership from the government in tackling the challenges of the new economy.

When it comes to health care the Liberal government refuses to listen to Canadians. Emergency rooms are overcrowded. Waiting lists are getting longer. Hospitals are discharging patients earlier and earlier without publicly provided home care being there for them. That is why only 30% of Canadians give our health care system a favourable rating today compared to 60% in 1991. It is why there are growing fears that our health care system, a uniquely Canadian combination of innovation and social responsibility, is going to surrender to a foreign American style two tier health care system.

This government is busy advertising the upcoming budget as the so-called health budget, and yet having taken \$2.5 billion out of transfers in each of the past three years, all funds would suggest it may restore less than one-quarter of what it has ripped out of the health care system. Having reduced the federal share of health spending from the original 50% to 11% today, the Liberals have the gall to lecture the provincial governments about their responsibilities for health care. An immediate injection of \$2.5 billion into health transfers to the provinces this year is the minimum required to get our health care system off the critical list.

Second, any health accord between the federal and provincial governments must generate secure long term federal funding to enable the provinces to deliver home care and pharma care programs at a standard adequate to meet the needs of Canadians regardless of where they live.

A decade has passed since parliamentarians in the House unanimously endorsed Ed Broadbent's motion, my predecessor, to end child poverty in Canada by 2000. It will be the shameful legacy, the most lasting and damning legacy of this finance minister that on his watch child poverty was proclaimed a national tragedy and homelessness a national emergency in communities right across the country.

Canadians are disheartened by the federal government's abandonment of all responsibility for social housing. They are humili-

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ated at the UN's condemnation of federal Liberal policies that have dramatically increased poverty and homelessness during a period of economic growth, fuelling deeper and deeper divisions in Canadian society, and deteriorating conditions most drastically of all among our aboriginal peoples.

Millions of Canadians do not need experts to tell them about poverty and homelessness because they experience it every day in their lives. Others who may not experience directly the punishing effects of this abandonment nevertheless share the sense of loss. Canadians want a recommitment of a significant, not token, federal role in social housing and leadership in the reduction of poverty in our midst. If this government's betrayal of the poor and homeless has resulted from heartless neglect, erosion of our employment insurance system has been an act of wilful sabotage.

The government set out to destroy deliberately what little security was offered by employment insurance, and it succeeded in spades. Over 70% of unemployed Canadians received insurance benefits in 1989. Less than 40% do so today. In my riding of Halifax it is down to 29%.

• (1335)

Tragically and predictably, this has imposed great hardship on many families. It has driven many more into the ranks of poverty. It has also sucked tens of millions of dollars from local economies in communities right across the land.

The federal government must stop funding its general programs with resources collected from employers and workers for the benefit of the unemployed.

The upcoming budget must recommit employment insurance funds for their intended use, for adequate income replacement for unemployed workers and for investment in training and other active transition measures.

The government has acted with the same lack of social responsibility with regard to post-secondary education. The Liberals have simply transferred a portion of the federal debt on to the personal debtloads of Canada's young people. In some parts of Canada we have a university system today that is public in name only. Tuition fees have skyrocketed beyond the reach of most working families. Our so-called public universities are being transformed into institutions for the privileged elites.

This government has betrayed a whole generation of young Canadians in much the same way that it has betrayed its own women employees in its refusal to negotiate in good faith on outstanding pay equity claims upheld by Canadian courts.

The first call on the budget surplus therefore is for government to begin repairing the damage that its policies have inflicted on our social fabric, on our communities, on our hospitals, on our schools

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and on the programs which extend support to the unemployed and our most vulnerable citizens who for whatever reasons are not able to fend for themselves. Canadians insist that their government fulfil these social responsibilities in a fiscally responsible manner.

For decades we have watched Liberal and Conservative governments adopt policies that led to annual deficits, a ballooning debt and rising personal taxes. This happened not because the government was providing more and better social programs. It is quite the opposite. The mounting debt and higher personal taxes resulted from the artificially high interest rates forced on this country by the Bank of Canada. In an act of supreme irresponsibility, the Bank of Canada knowingly deepened the last two recessions leaving lasting scars on both the public finances and on the lives of millions of ordinary Canadians.

As a result of that colossal blunder, Canadians are now paying higher taxes for fewer public services, paying more on interest payments on the debt than on any single social program. It is a bit like a family paying ever higher and higher mortgage payments on a house that is getting shabbier and more run down every year.

We must reverse this situation and we must begin with badly needed renovations on our house while also reducing the burden of our mortgage payments.

Canadians therefore want and deserve a fairer tax system. They want the debt problem addressed. It is not a question of whether these things should be done but a question of how.

On taxes the Liberal majority on the finance committee apparently thinks that the first priority should be to remove the surtax on those in the highest income bracket. We in the New Democratic Party think there is a fairer and more effective way to grant tax relief. The first priority must be the tax reduction that will benefit the most people, a reduction in the GST.

Let me remind the House that a 1% reduction in the GST will give the biggest boost to the economy and create the most numbers of jobs while giving desperately needed tax relief to ordinary families.

On the debt, indications are that the finance minister wants to spend most of the surplus on direct repayment of the fiscal debt. This would be as imprudent and irresponsible as incurring another round of deficits.

• (1340)

With the uncertainties in the global economy Canadians could face a recession in coming months. We have already seen the terrible impact that the collapse in commodity prices has had on farm incomes. The federal government has been desperately slow

to respond to this crisis in our farming communities and must do so now, adequately and decisively in the upcoming budget.

Because of the threat of a severe economic downturn resulting from the crisis in international markets it would be irresponsible to add to these risks. Overly aggressive debt repayment would put an additional drag on economic growth. Ironically such an ill advised course of action could slow down the economy to the point of forcing us into a deficit situation next year. That is something we must avoid. We need an approach that balances the need to lessen the burden of interest charges on the debt with the obligation to avoid risks with the economy.

Recommitment to social responsibility and a responsible balanced approach to spending, tax relief and debt reduction are the things Canadians want in the upcoming budget. These questions have been on the agenda for more than two decades. Canadians are looking for some leadership, some vision and some imagination in dealing with the challenges of rapid technological change in a world of global economic uncertainty. That leadership is needed to tackle the continuing high rate of unemployment and severe under employment that plagues too many Canadians.

The most recent disastrous decision that shows the government's insensitivity and unwillingness to respond to those continuing high levels of unemployment is its decision last week to pull the plug on Devco, an important engine of economic activity and growth in the Nova Scotia economy, a community suffering from an official unemployment level of over 20% and unofficially estimated to be above 40%.

Leadership is also needed to reduce the insecurity and stresses on families struggling to deal with deteriorating health care, escalating education costs and the erosion of vitally important public services. In the past 15 years the two parties holding government in this country has pursued virtually the same course, reduce inflation, cut the deficit, slash social programs, weaken worker ability to bargain selectively and somehow we will all be in economic clover. This government calls it getting the economic fundamentals right. It has not worked. It is not going to work to improve the living standards of ordinary people. It has not worked to lift families out of poverty. It has not worked for the homeless. The earnings of low and middle income Canadians have fallen rather than risen in the past decade. Ordinary Canadians are working harder and harder for less and less.

The government's formula has not worked in its own terms. Getting the economic fundamentals right, as it loves to say, has not got the economic fundamentals right. The Canadian dollar has declined to a level that would have been unthinkable a decade ago. Economic analysts are unanimous in condemning the Canadian economy for one of the worst records in productivity growth among the major world economies. Despite generous tax measures in place, corporations in Canada, especially foreign multinationals, rate very poorly in research and development, one of the keys to future economic prosperity.



*Government Orders*

To ensure the vibrant economy that we need, to create the badly needed jobs and to sustain the social programs that Canadians cherish we must get beyond the complacent and lazy notion that getting the economic fundamentals right is enough. Canadians need government to encourage the kind of economic practices that will lead to a genuine widely shared prosperity that enables ordinary Canadians to make a rewarding life for themselves.

• (1345)

The first challenge is to reinvest in our social programs. This will benefit the economy in general and it will generate decent, rewarding jobs in health, education and other vital public services like environmental protection and clean-up, benefiting those who fill the new jobs but also the community where those jobs are created.

The second challenge is to ensure that the savings of ordinary Canadians are channelled into the long term responsible investments that will lead to improvements in productivity. Our current tax system treats short term speculation in exactly the same way as long term investments that create productivity improvements and sustainable jobs. This has to change. Our productivity challenge is to find practical ways of encouraging pension funds and other pools of savings into the kinds of investments that will improve productivity and assist community economic development.

We must make sure that everyone, not just computer wizards, gets the training they need to keep up with the dizzying pace of technological change. Canadians need ready access to educational opportunity and we must find ways to get employers to do a better job of investing in on the job training.

When profitable companies like Bell Canada sell off one of their divisions to avoid paying their pay equity obligations and to drastically reduce the pay and benefits of long service employees, there is something seriously wrong with our economic culture. An economy without expectations of corporate responsibility, where decision makers put shareholder value above all other values to the exclusion of their commitments to long serving employees and above their community obligations is one that is surely failing. As long as employees have no reason to trust in the good faith of their employers, no sense that their loyalty and service will be respected and rewarded, our economy will not be as productive as it needs to be.

In the case of Bell Canada the CRTC must review whether Bell Canada's actions violate federal regulations, but in general Canadians expect their government to start building the framework for an economic citizenship where economic decision makers are bound not just by the short term bottom line but to their responsibilities to communities where they do business, to the environment and to their employees.

The performance of our economy is not only a question of the quality of our technology. It depends on the social capital of trust between employer and employee in a democratic workplace and on the good citizenship of economic decision makers. To build such an economic citizenship in the context of globalization is a huge challenge and one that cries for federal leadership.

Another economic challenge requiring imagination is the situation facing Canadian families who are increasingly stressed out trying to juggle work and family responsibilities of children, of frail family members and of elderly parents. There is a shortage of affordable quality day care and no financial support for parents who care for their young children or elderly parents at home. Inflexible work arrangements make it difficult for parents to be at home when kids are forced to stay home sick or when kids return after school.

Neither the government nor the private sector has begun to meet the challenge of creating arrangements that reconcile a thriving economy with a thriving community that meets the needs of families. Canadians need their government to make this a priority. They need solid progress toward this important objective.

In conclusion, to make progress in these areas will take imaginative visionary leadership. Canadians are not getting that currently from the government or their Prime Minister. How typical of the Prime Minister's arrogance and petty mindedness when before Christmas he said to Canadians that some mornings he wakes up and he feels like giving the provinces some more money for health, and other mornings he wakes up and he does not feel like giving Canadians more money for health. He might as well have said let them eat cake.

Canadians deserve better, and on their behalf we demand better in the upcoming federal budget.

• (1350)

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, I listened intently to the leader of the New Democratic Party. I am reminded of listening to Tommy Douglas in the 1960s and 1970s. The speeches do not seem very different to me.

The issue I hear coming across loud and strong is that we should spend more money. Canada is the second highest spender on health care in the western world. We have to recognize that we are spending exceedingly great amounts of money on health care.

I do not deny that the member's argument contains a lot of concern about the delivery of the system. However I wish the member would have taken more time to say how we could deliver health care more effectively to the citizens of Canada within the parameters of our current spending envelope rather than simply writing more cheques.

*S. O. 31*

My constituents are telling me that they do not want governments to spend more money in spite of the consultative process they claim to have gone through. The people of Durham are saying that they do not want governments to spend more money. In fact they want governments to have accountability for the money they are spending. They want more service for the money being spent. The answer is not simply to spend more money.

The member went on to talk about labour productivity. I am very concerned about the issue because labour is hiding behind a deflated and imaginary value of the Canadian dollar. The day the Canadian dollar starts trading anywhere close to 85 cents there will be massive unemployment in the country. The the association between labour productivity and the unemployment insurance system is inescapable.

Does the member have any commitment at all to balanced budgets in the future?

**Ms. Alexa McDonough:** Mr. Speaker, it is quite clear that not only the Prime Minister is not listening to Canadians. It is not just the finance minister who is not listening to Canadians. Backbenchers in the Liberal caucus are clearly not listening to Canadians. This backbencher certainly did not listen to what I was saying.

There is no rule in the House that requires him to do so. I acknowledge that. However, if he rises to ask questions one would hope that he would have listened to my making a point that I will make again very clearly for him to hear one more time. Canadians are looking for accountability in how their governments deal with health care. That is why they are offended by his government ripping billions and billions of dollars, massive amounts of dollars, out of the health system unilaterally and refusing to be accountable for what it has done in that regard.

Accountability is needed but Canadians are sick and tired of the hypocrisy of the Liberals saying to the provinces that they should be accountable for health care dollars. The provinces should be accountable for health care but so too should the federal government be accountable for health care.

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, I heard a lot of fluff in the speech from the leader of the New Democratic Party.

If she became leader of the country what would she do differently than when her cousin, Bob Rae, took over the Ontario government? In his tenure he lost close to 500,000 jobs for Ontario. He virtually took a balanced budget and Ontario into roughly a \$14 billion deficit in a short period of four or five years. Meanwhile Mike Harris, since he has been in office, has created 500,000 jobs.

What would the leader of the NDP do differently than her cousin Bob Rae did in his tenure as leader of the Ontario NDP?

• (1355)

**Ms. Alexa McDonough:** Mr. Speaker, it is extremely disappointing to think that opposition members in that distant corner are so disinterested in holding the federal Liberal government to account that they want to divert attention, to divert pressure and to talk about a provincial government of a different political stripe in a bygone era of almost a decade ago. I do not think that is doing what constituents elected federal members of parliament to come to Ottawa to do.

The government needs opposition members who are seriously interested in demanding accountability, in focusing on the challenges we face today and tomorrow in delivering an adequate government and quality social programs, in balancing the budget and in seizing the important economic challenges we are facing in an increasingly complicated global economy.

**Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.):** Mr. Speaker, does the leader of the newly business friendly New Democratic Party want to see a combination of cutbacks and higher spending, or has it entered her mind that perhaps some tax cuts might be useful?

**Ms. Alexa McDonough:** Mr. Speaker, we have just seen a demonstration of one more way in which government members and official opposition members behave in the exact same manner. Members from neither party listen to a single word said in the House by anybody but their own apologists in their own caucuses. Members from neither party seem to understand the notion of walking and chewing gum at the same time.

It is absolutely clear that Canadians do not want either/or. They do not want better and more accountable spending but recklessness with respect to dealing with the budget. They want both/and. If the government cannot deliver both, it is darn clear the official opposition cannot deliver either. That is why we are prepared to present a real alternative.

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## STATEMENTS BY MEMBERS

[*Translation*]

### KANGIQSUALUJUAQ TRAGEDY

**Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.):** Mr. Speaker, January 1, 1999, will always be a sad day for the people of Kangiqsualujuaq, in the Nunavik. We are not about to forget that, on that day, an avalanche destroyed the school's gymnasium, injuring many people and killing nine Inuit.

Seconds after this tragedy occurred, without hesitation, dozens of members of this Inuit community rushed out to get the search and rescue operation under way in the middle of the night to prevent further loss of life.

I wish to draw the attention of all Canadians to the magnitude of the work done since this tragic event and the difficult conditions in which it was performed following the avalanche.

The constant co-operation of experts from various Inuit organizations and from provincial and federal departments throughout this operation must be commended.

We must also commend Mayor Magie Emudluk and the Inuit staff of Nunavik, of the Kangiqsualujjuaq health center and of Kuujjuaq for their contribution. Their tireless efforts have brought great comfort to the affected families.

We will continue to support your efforts to help the families affected, to rebuild and to get back on your feet.

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[English]

#### NORBERT REINHART

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, an Alberta boss has set a new standard for employer-employee relations. Norbert Reinhart, an executive of Terramundo Drilling, courageously walked into the jungles of Colombia and voluntarily gave himself up as a hostage. He placed himself in jeopardy in order to secure the freedom of his employee, Ed Leonard, who had been seized by Marxist guerrillas. Mr. Reinhart remained a hostage of the guerrillas for 96 days before he was released for ransom last month.

This Alberta businessman showed true compassion toward his employee and had the courage to risk his life for another's welfare.

• (1400)

Today we honour Norbert Reinhart for being a model of the values that build a strong, caring society and for being a true Canadian hero.

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#### WHITE CANE WEEK

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, the first week of February is White Cane Week in Canada. This event, organized by the Canadian Council of the Blind and the Canadian National Institute for the Blind, is designed to focus on the abilities, concerns and needs of people who are blind, visually impaired or deaf-blind. The white cane, associated with people who are blind since the 1930s, has become a symbol of blindness, courage and independent spirit.

#### S. O. 31

White Cane Week was first launched by a group of blind people who felt there was a lack of understanding about what the white cane represented. It continues to be an event to educate the public and to make all Canadians aware of blind people's achievements.

White Cane Week is an opportunity for everyone to find out more about the blind, visually impaired and deaf-blind. We should all be more aware of this condition that affects so many Canadians. If anyone wishes to find out more about White Cane Week they can contact their local Canadian Council of the Blind or the Canadian National Institute for the Blind. They are deserving of our support.

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#### THE INTERNATIONAL YEAR OF OLDER PERSONS

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, the United Nations has designated 1999 as the international year of older persons. At its launch it encouraged all nations to take advantage of the year so as to increase awareness of the challenge of the demographic aging of societies, the individual and social needs of older persons, their contribution to society and the need for a change in attitude toward older persons. The UN has designated this year's theme as "A Society for all ages".

In this context I would like to salute the hard work of the Community Older Persons Alcohol Program, or COPA, which is situate in my riding. Founded in 1993 as a specialized home-visiting addiction treatment service for individuals 55 years of age and over, COPA is committed to addressing the treatment needs of the older adult in the west Toronto area.

I would also like to take this opportunity to thank all organizations who believe in improving the lives of older persons and to salute a community which built this country for generations to come.

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#### WOMEN'S HOCKEY

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, no other sport defines our nation as does hockey and no other sport is more exemplary of our culture and our pride in our country. That is why I was especially proud that my own Durham federal Liberal riding association was able to sponsor the Olympic women's Team Canada versus Team Finland hockey game in Oshawa on January 20 last month.

I want to thank the Minister of Canadian Heritage for being part of the ceremonies. It was the first time Team Canada has played in the Metro Toronto area. The minister's commitment to fostering and advancing our unique culture in the mainstream of public life was recognized by all.

*S. O. 31*

With standing room only, 4,000 Durhamites in a sea of Canadian flags was an inspiration for us all. A great display of skill and perseverance ended in a six-all tie that was a real fan pleaser.

I extend thanks to the CHA, the staff of the Oshawa Civic Auditorium, the Minister of Canadian Heritage, the Clairington women's hockey association, the Clairington girls' hockey association, as well as all the other women's and girls' hockey associations that made this event a great success.

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**THE PRIME MINISTER**

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, it would be nice to say that the Prime Minister has extraordinary vision for the country, but ironically the PM only sees 20-20 when it involves his blind trust.

While it is in the Prime Minister's best interest to keep Canadians in the dark, he should come clean before the House about his conflict of interest. The Prime Minister is required by law to put his business in a blind trust so Canadians know he is not abusing power. But the Prime Minister ignores the law and gropes around in the not-so-blind trust anyway.

This raises two questions: What kind of ethics commissioner would have an open discussion with a public office holder about holdings in a blind trust? Only one appointed by and dependent upon the Prime Minister for his job.

What else has the Prime Minister not told us about his business dealings? Bombardier gets a lot of lucrative, untendered contracts. Maybe the PM has stock. We do not really know. Canadians deserve to know.

This is a case of three blind mice: the Prime Minister, the ethics commissioner and the public, but only the public is in the dark.

\* \* \*

**THE 1999 FEDERAL BUDGET**

**Mr. Ovid L. Jackson (Bruce—Grey, Lib.):** Mr. Speaker, later on this month the Minister of Finance will be bringing down our 1999 federal budget.

• (1405)

Last summer I conducted, as did many members, a survey of my constituents of Bruce—Grey. I asked them about their priorities for our communities. They said to me, in no uncertain terms: health care, debt reduction and tax relief. That is what I hope the finance minister will come up with when he brings the budget down on February 16.

I want to say to my constituents that the finance minister listens to the needs of Canadians.

As well, I hope the finance minister will be listening to my appeal for help for families and children.

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**JUSTICE**

**Ms. Beth Phinney (Hamilton Mountain, Lib.):** Mr. Speaker, Canadians were horrified when a judge in the B.C. supreme court recently ruled that it was legal to possess child pornography.

The B.C. government is appealing this decision and even though it is not binding on other provinces it could set a precedent for other jurisdictions to follow.

Child pornography is violence against children. It is child abuse and the possession of it must be treated as such.

There are many things that are illegal to possess, as well as illegal to produce. Child pornography should be no different. The full force of the government must be brought to bear against the possession of this filth.

The youth of today are this country's future and our responsibility. We have the duty to shield our children from the scourge of child pornography. I support the Minister of Justice in her efforts to quickly achieve intervenor status in order to defend the legislation and protect our children.

\* \* \*

**TAXATION**

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, it was terrifying. The bandit forced me to go from room to room in my house and watch while he and his accomplices loaded half of everything I owned into his truck to haul away. I was powerless to stop him. When he was done and left I phoned the police. But they would not help.

Why did the police not come to help? The answer is simple. The bandit was the tax collector.

If an ordinary criminal were to come into my house and take half of everything I own, we would not let him get away with it. But when it is the tax collector, he is authorized to take half of my earnings every year and the only person who can get into trouble is me if I do not help him load.

It is high time that we gave Canadians some tax relief. It just is not right to take half of their earnings year after year after year.

\* \* \*

[Translation]

**ECONOMIC DEVELOPMENT**

**Mr. Claude Drouin (Beauce, Lib.):** Mr. Speaker, on January 13, the Quebec City region received very good news for its economy.

Indeed, the Canadian government, through the Export Development Corporation, agreed to join Investissement Québec in funding the construction of the Spirit of Columbus platform in the Lévis shipyard.

Now that funding has been secured for the platform, anything is possible. The Government of Canada was involved in the search for viable solutions, which open up interesting perspectives for the future.

The Bloc Québécois had accused the Liberal government of not abiding by its promises in this respect. Once again, they have been proven wrong. The government did deliver on its promises to the workers of this shipyard. The funding granted will have a positive impact and boost the economy in the Quebec City and Chaudière—Appalaches region.

This is further proof of the Canadian government's vigorous involvement in this country's economic development.

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#### KANGIQSUALUJUAQ TRAGEDY

**Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ):** Mr. Speaker, on December 31, while the community of Kangiqsualujuaq was ringing in the New Year, a terrible avalanche destroyed the school gymnasium, killing nine and injuring 25.

But for the vigilance and determination of members of the community who rushed to free people from the snow, the toll would have been much higher. Let us pay tribute to the community spirit of the Inuit of Kangiqsualujuaq.

To the families who were touched by this tragedy, and to the entire population of Nunavik, the Bloc Québécois extends its deepest condolences.

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[English]

#### JUSTICE

**Mr. Chris Axworthy (Saskatoon—Rosetown—Biggar, NDP):** Mr. Speaker, in 1993 this House passed Bill C-121 which made the production, dealing and possession of child pornography indictable offences. But the recent B.C. court decision has reminded us that child pornography remains a serious problem in Canada.

Depictions of child pornography comprise a permanent record of a child being sexually abused. People who possess child pornography may not have participated in the original crime, but they are certainly accomplices. Each time a pedophile taps into this pornographic underworld the children portrayed are victimized over and over again.

Preventing the sexual abuse of children is a battle that must be fought by all Canadians, regardless of their political stripe or ideological stance.

*S. O. 31*

• (1410)

I and my colleagues in the NDP caucus urge parliament and all parliamentarians to reaffirm their commitment to Canada's children by voicing loudly society's utter condemnation of this form of child sexual abuse. We must send a clear message: When the rights of children, our most precious resource, and the rights of pedophiles and predators come into conflict, the rights of children must prevail.

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[Translation]

#### LOUISE ARBOUR

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, the Bloc Québécois wishes to congratulate the chief prosecutor for the international criminal tribunals, Madame Justice Louise Arbour, for her courage and determination in the present crisis in Kosovo.

By trying to get to the bottom of the events that led to the deaths of 45 Kosovars, among them women and children, in Racka, Madame Justice Arbour has shown once again that she takes her job seriously and that she has no intention of caving in to those seeking to escape international criminal justice.

With a new round of fighting under way and the parties summoned to Rambouillet with a view to a ceasefire and the resumption of negotiations, it is to be hoped that the agreement to be signed at the international peace conference will give Madame Justice Arbour the tools to bring to justice those who have committed the massacres and atrocities that have so appalled humanity.

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#### PARTI QUEBÉCOIS

**Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, the referendum game is on again, since this past weekend.

At the Parti Québécois national council meeting, the party and Quebec Premier Lucien Bouchard did not exclude the possibility of public funds being used to promote the secession of Quebec.

The Parti Québécois has not understood that, not having obtained a majority vote in the last Quebec election, it cannot do anything it wants. The Parti Québécois has not understood that the population of Quebec has given the government a mandate to govern within the framework of Canadian federalism, not one to pave the way for another referendum.

The population of Quebec has given the Government of Quebec a mandate to work effectively and in collaboration with the Canadian government, not to seek to harm and destroy our country.

*Oral Questions***INTERNATIONAL DEVELOPMENT WEEK**

**Ms. Diane St-Jacques (Shefford, PC):** Mr. Speaker, today, on behalf of the Progressive Conservative caucus, I would like to draw attention to International Development Week.

This week affords us the opportunity to celebrate the exceptional work being done by the thousands of Canadians actively involved in developing countries in helping to bring about peace, reduce poverty and injustice, preserve our shared environment, and forge links of trust and friendship world-wide.

International aid, which plays a decisive role in the social and economic transformation of increasing numbers of developing countries, must remain one of our national priorities for this reason.

By continuing to invest in sustainable development in the developing countries, we shall succeed in meeting the needs of the present without compromising those of the future, thus building a safer and more equitable world.

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[English]

**BLACK HISTORY MONTH**

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, on December 14, 1995, on a motion introduced in the House, the House of Commons declared February as Black History Month.

From the earliest period of our history to the present, people of African origin have contributed toward making Canada one of the most envied nations in the world.

Black people, both as slaves and as free men and women, gave greatly of themselves to the development of our nation. As fishermen and domestics in New France, soldiers and labourers in Nova Scotia, fur traders for the Hudson's Bay Company, prairie farmers, skilled tradesmen, teachers, and businessmen in pre-Confederation British Columbia, African Canadians have brought a wealth of skills to our country and continue to do so.

I encourage all members of parliament to take advantage of the opportunity to meet with members of the Black community in their ridings and to join in the celebration of Black History Month.

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**HUMAN RIGHTS**

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, Canadians were shocked and deeply hurt to learn recently that an organizing committee chaired by a federal bureaucrat discriminated against the Christian faith at the Swissair crash memorial service held on September 9.

Christian clergy were not allowed to mention the name Jesus or use their New Testament scriptures. The remarks of other religious groups received no such censure.

As when any basic human right is transgressed, there are unfortunate and painful consequences. This censure was unfair to the Christian clergy making presentations and it was a disservice to those Christians at the ceremony seeking comfort, solace and healing from their terrible pain.

Appropriately, the federal government offered an apology and expressed some responsibility. However, Canadians want to know that religious discrimination like this will not happen again. They demand constructive solutions.

• (1415)

Therefore it is now up to the government to put its apology into actions. It is time for the Prime Minister to develop strict guidelines to ensure that religious discrimination like that which occurred at the Swissair memorial service never happens again.

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**ORAL QUESTION PERIOD**

[English]

**TAXATION**

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, our Prime Minister is a funny guy. Whenever he talks about taxes he gets a twinkle in his eye. I am serious. He has it there now.

Last week in Switzerland he said a funny thing. He said he was glad that Brian Mulroney had imposed the GST. At the time he publicly criticized the GST and now he admits that he secretly admired the tax.

I would like to ask old twinkle eyes over there, just between you and me—

**The Speaker:** Colleagues, I would hope we would address each other as hon. members rather than give ourselves nicknames.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, what I said in Davos is that we do not want the country to be in the same situation as the government was in after years of not balancing the books and having a huge deficit. The government had to raise taxes just to pay unemployment insurance because it had a very large deficit and it had no choice.

I said the same thing will not happen in Canada under the present management and the people applauded me for that.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, twinkle toes.

*Oral Questions*

The finance minister, who is not such a funny guy, is bringing down a budget this month. It seems we just paid for our Christmas presents and now we have to pay the taxes. Every Canadian approaches tax time a little differently. Some people dread it. Some people shrug their shoulders. Some people say one thing and think another.

We know the Prime Minister has mixed feelings. Will he tell us how he feels about tax time 1999?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the Prime Minister at tax time 1999 feels much better than at tax time in 1994. He knows that the Minister of Finance has reduced taxes in the last two years. He has reduced the EI contribution in the last four years. I hope the minister will be able to carry on with the policy of balancing our books as well as payment on the debt, reduction of taxes, and money for social and economic programs.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, surely the Prime Minister is kidding. When he was in the official opposition he publicly attacked Brian Mulroney for raising taxes. Now we know he actually secretly admired him for raising taxes.

How are we to know that when the Prime Minister says he favours tax relief now, he really is not secretly hoping that he can maintain high tax levels?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we have reduced the taxes. We have balanced the books since we formed the government.

The previous government could not manage it and it had to increase taxes constantly. It did not prudently manage at the beginning of its mandate as this government has done.

When I listen to the Leader of the Opposition I understand why he needs a group therapist from the United States.

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

\* \* \*

**HEALTH CARE**

**Mr. Grant Hill (MacLeod, Ref.):** Mr. Speaker, the federal Liberals say they are ready to reinvest in health care, but they chose to cut \$16.5 billion cumulative out of health care. They chose business subsidies to cut health. They chose regional giveaways to cut health. When every single Canadian would choose medicare, why did they choose to cut it?

• (1420)

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, soon enough this government will demonstrate in a very tangible way its long term commitment to the health care system in Canada.

The real issue is how can the Reform Party stand and pretend to speak in favour of medicare when it would spend nothing additional on health? Let me quote from a document that was distributed at a Reform meeting in Victoria recently. This is what it would do with the surplus: "Half of the surplus should go toward debt reduction with the other half devoted to tax relief". Nothing for health.

**The Speaker:** I ask the hon. member not to use a prop.

**Mr. Grant Hill (MacLeod, Ref.):** Mr. Speaker, the minister missed the \$6 billion over the next three years for medicare. He missed that.

What is the health minister trying to do? He is trying to get a report card on the provinces for health. What does the federal Liberal report card look like? When it comes to transfers to the provinces, F. When it comes to 188,000 people on waiting lists in Canada, F. When it comes to 1,400 doctors having left this country in the last three years, F.

How could this minister look at others for a report card on health care when his record is an F?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the Reform Party would not do well in mathematics. It might get an F because it seems to me that if we devote half the surplus toward tax relief and half toward debt reduction, we have not got any money left for health care.

The Reform Party really has an agenda that is quite hidden. It talks about privatizing medicine, about removing the restrictions of the Canada Health Act, allowing Canadians a choice. We all know what that means. It is code language for an American style system of private health care. We will never be in favour of that.

[Translation]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the Liberal government has cut \$6.3 in transfer payments, including \$3.2 billion in health care.

By doing so, it has forced the provinces to bear political responsibility for federal cuts.

Does the Prime Minister not find it distasteful to impose conditions on the provinces now that he has a surplus, which he in fact accumulated on the backs of the provinces?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, all we are asking is that the provinces taking the money we want applied to health care guarantee that that is where it will go. I think that is what the House of Commons and the people of Canada want.

We also want to make sure that the public and voters in each province know exactly where the money will be spent, and this way we will know too. We want to find a way to prevent disputes

*Oral Questions*

between the federal and provincial governments. These are not very dangerous requests, and I think that—

**The Speaker:** The hon. leader of the Bloc Québécois.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, in the 1995 budget speech, the Minister of Finance said, and I quote “Provinces will now be able to design more innovative social programs—programs that respond to the needs of people today rather than to inflexible rules”.

What happened to the good intentions of 1995? Did the Prime Minister decide, rather than take the approach of the Minister of Finance on federal spending power, to take that of the Minister of Health?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the best example is the child tax credit, which was negotiated in the area of social security between the federal and provincial governments.

We injected \$1.7 billion in this area after coming to a very good understanding with the provinces. That shows clearly a solution can be found in the presence of good faith.

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, it is the federal government which is responsible for the billions of dollars in cuts that the provinces have had to contend with in the health sector.

Yet, this same government has done its utmost to make the provinces bear the blame for these cuts.

• (1425)

Considering the Prime Minister did everything he could to have the provinces bear the blame for these cuts, how can the prime minister now justify that, as he is about to give back to the provinces a small portion of the money that he deprived them of, his main if not only concern is to look like a saviour and ensure the federal government's political visibility?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the federal government wants all Canadians to know exactly what their government is doing for them.

A responsible government that collects taxes should be able to tell taxpayers what it does with their money.

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, if he has any sense of responsibility, will the Prime Minister recognize that it is the federal government that made cuts in the health sector, that accumulated budget surpluses after making such cuts, and that, consequently, it is the federal government that must unconditionally give back to the provinces the money that it deprived them of, so they can provide health services to the public?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, in order to eliminate the \$42 billion deficit which we inherited, we had to make cuts that affected everyone.

Still, the provinces continued to receive federal payments in the form of tax points. Half of the amount referred to earlier by the Bloc Québécois leader has already been paid back through the tax points that have led to an increase in provincial revenues.

As I just said, the child benefit was used to transfer money to the provincial governments. We hope to have the same kind of co-operation in the case of health.

[English]

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, my question is also for the Prime Minister.

After years of federal cuts, the government now wants a report card from the provinces as a condition for reinvestment in health care. Surely what is good for the goose is good for the gander. Canadians want the federal government to be accountable too. After all, it is the federal government that massively and unilaterally cut health care transfers.

Why is the federal government advocating accountability for the provinces but avoiding accountability for itself?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, had the member read what we were saying, we were proposing accountability by governments to Canadians, that both the federal and provincial governments be accountable. We spend \$80 billion a year on health care and we do not know what we get for the money.

We are proposing that once and for all, governments work together to measure outcomes and results and report to Canadians on what they are getting for their health care dollar.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, it is obvious that the health minister lacks clout, so I want to direct my supplementary to the finance minister.

The minister hints that he may return 25 cents for every dollar he has ripped out of health care. For this Canadians are supposed to be grateful, to bow down and kiss his ring. Meanwhile, some women are forced to drive 300 kilometres to deliver their babies because there are no hospital beds nearby.

Will the finance minister today agree to return \$2.5 billion to health care this year and commit today to long term stable health care funding?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the government has made it very clear ever since last spring, the Prime Minister did so in a speech and the Minister of Health has made the same statement as indeed have most of the ministers on



behalf of the government, that health care is indeed a priority for this government in this particular budget.

I would simply remind the hon. member that in fact health insurance was brought in by the Liberal Party in 1957, that medicare has been supported by the Liberal Party throughout the whole piece. The foundation for health care in this country was an innovation of Liberal governments and this government is going to protect it in the future.

\* \* \*

### JUSTICE

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, most Canadians were shocked and outraged in the wake of a B.C. justice's ruling dismissing charges of possession of child pornography as unconstitutional.

There is an urgent need for clarification for law enforcement agents, the judiciary and all Canadians. The protection of children afforded by section 163 of the Criminal Code should be paramount.

Will the Minister of Justice do more than simply intervene in the B.C. appeal and will she reference the Sharpe case to the Supreme Court of Canada immediately?

• (1430)

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I reassure the House this government takes very seriously the protection of our children. This government takes very seriously allegations of child pornography and child abuse. As the hon. member is aware, carriage of this case lies primarily with the attorney general of British Columbia who has appealed this case to the B.C. court of appeal. He has asked for an expedited appeal.

Last week I made the decision to intervene on behalf of the Government of Canada and the people of Canada to defend the constitutionality of this law before the B.C. court of appeal.

[*Translation*]

**Ms. Diane St-Jacques (Shefford, PC):** Mr. Speaker, my question is for the Minister of Justice.

Does the minister feel that child pornography legislation constitutes a reasonable restriction on freedom of expression? If so, should she not take immediate action, in the best interests of our children, and refer this matter to the Supreme Court of Canada right away?

[*English*]

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, as the intervention of the Government of Canada before the B.C. court of appeal points out,

### Oral Questions

we are defending the constitutionality of that section of the Criminal Code. We believe that law to be constitutional.

\* \* \*

### ETHICS COUNSELLOR

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, the Prime Minister's ethical questions grow longer every day. The ethics watchdog has now become the Prime Minister's own personal guard dog. I just received a personal letter from the ethics counsellor defending the Prime Minister and his actions. Is this the new Liberal definition of ethics?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, she should be grateful that the ethics counsellor is willing to give all the information on the conflict of interest rulings made public in this House in June 1994. He is the one who advises every one of us, including me. He advises members from both sides of the House. He is always happy to give the information to anybody who wants it. That is why he met with reporters in the past. I always follow the instructions of the ethics counsellor.

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, it would be so handy if the Canadian public and this parliament knew exactly what the ethical code and guidelines are. Nobody seems to know what they are. The ethics counsellor simply has coffee with and reports to the Prime Minister but not to parliament. He is accountable to parliament. Could the Prime Minister stand in his place and make this determination: I am committed, as I said in the red book, to have an independent ethics counsellor who will report to parliament and not simply to the Prime Minister?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, there was none of that. We established this institution to help all members of parliament. In the final analysis the Prime Minister is responsible to the House of Commons when there are problems of that nature. There were some cases where he met with members of parliament to explain the situation. He has been very open to the press. At the end of the day the responsibility for the good conduct of cabinet is that of the Prime Minister. This Prime Minister always discharges his responsibilities.

\* \* \*

[*Translation*]

### HEALTH

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, the intentions of the federal Minister of Health are clear. He wants to control the provinces' exercise of their constitutional rights with respect to health.

Will this federal interference in health matters not mean more public servants, statisticians and inspectors, rather than more doctors, nurses and clinical staff, which is what the public really wants?

*Oral Questions*

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, as always, the Government of Canada intends to respect the Constitution fully.

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

**Hon. Stéphane Dion:** We intend to work with the provinces in a spirit of respect for the Constitution as it applies to the health sector, just as a certain federal minister wanted to work with the provinces in the education sector 10 years ago.

• (1435)

That minister was Lucien Bouchard, and he said as follows: "We must also remember that . . . what we are now tackling, in co-operation with the provinces, are questions such as improved accessibility to student assistance, increased funding for university research, and funding for improved post-secondary education research and information."

That minister had respect for the Constitution.

**Mrs. Pauline Picard (Drummond, BQ):** What a lot of nonsense, Mr. Speaker.

The five tenets of Canada's health system are: public administration, universality, accessibility, comprehensiveness and portability.

Are we to understand from the behaviour of the federal government that it is unable to ensure these five tenets and wants to add a sixth, its own visibility?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, one can always look through the wrong end of the telescope, the way the Bloc Québécois does.

The fact remains that Canada is a modern federation and the Canadian government has weighty responsibilities in the matter of health, which are completely consistent with the Constitution and which are as follows: drug licensing, screening for epidemics, international health agreements, food inspection, health research, collection of statistics, criminal law—it is against the law to knowingly endanger someone else's health—, aboriginal health care, monitoring of immigration at border points with respect to health, public health information campaigns, military hospitals, health services—

**The Speaker:** The member for Calgary Southeast.

\* \* \*

[English]

**REVENUE CANADA**

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, Revenue Canada workers in Ottawa are being handed pink slips so that the Prime Minister can spread more pork around his riding.

In December I asked the revenue minister just how many of his employees were being moved from Ottawa to Shawinigan and he did not have a clue at that time.

Again, how many public servants in the revenue department are being moved from Ottawa to Shawinigan or are being fired so that the Prime Minister can take care of business back home?

**Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.):** Mr. Speaker, I am glad the hon. member woke up. In 1996 the government announced a realignment to make sure we utilize all the tax service offices across Canada, including the ones in Surrey, in Summerside and in Ottawa to use high technology scanning and make it an overall call centre.

This was announced two years ago. I am glad the hon. member woke up to the realignment across the country to ensure we serve taxpayers and provide excellent service. That is why this was done.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I am sorry the minister is still asleep at the switch. He still has not given an answer. How many jobs have moved to Shawinigan?

When Brian Mulroney started filling his riding with pork, the Liberals cried foul. Now this Prime Minister has become the king of pork, the prince of pork in his own constituency, giving his riding three new hotel additions, a new convention centre, tennis courts, a theme park, a new armoury and of course the canoe hall of fame, all paid for with tax dollars.

Is this why the tax centre is being moved to Shawinigan, because that is where all the money is being spent?

**Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.):** Mr. Speaker, this is very typical of the Reform Party. It wants to divide Canadians this way. It wants to divide Canadians by region.

I have been informed that one job is moving to the Shawinigan riding. I know the Prime Minister may not be happy but that is the reality.

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[Translation]

**EMPLOYMENT INSURANCE**

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, the government is demanding that the provinces undertake to spend any increase in the Canada social transfer to health in accordance with federal terms and conditions.

Is this not somewhat brazen on the part of a government which misappropriated \$20 billion out of the EI surplus to finance numerous other projects, from debt reduction to tax cuts, not to mention the purchase of new submarines?

*Oral Questions*

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, if I understand the hon. member's question, when we took office, the previous government was planning to raise EI premiums to \$3.30.

We, on the other hand, have lowered them every year and, this year, they are down to \$2.55, a reduction in excess of \$1.5 billion over last year. This is money in the pockets of Canadian workers and small businesses.

• (1440)

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, in his new book, the minister responsible for the employment insurance program laments the plight of the poor and the excluded who are the victims of globalization.

Is this not brazen on the part of a minister who imposed quotas to his officials with respect to the number of unemployed who should be excluded from the EI program?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, these allegations about quotas are false. I have never heard anything about such quotas. It is clear however that, like any responsible government, we want to protect our system against fraud because, in order to serve Canadians well, we must see to it that the money goes where it is intended to go.

So, checks are run to ensure the integrity of the system, since the best guarantee for the future of a system is its integrity.

\* \* \*

[English]

**JUSTICE**

**Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.):** Mr. Speaker, a British Columbia supreme court decision has made the possession of pornography legal.

Over 70 Liberals have joined with Reformers in urging the minister to use the special Constitution clause to override the court in this instance.

Will the minister today take action and solve this problem for Canadians?

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, as I have already indicated, we have taken action, as has the attorney general of British Columbia. He announced immediately that he will appeal the decision. He will seek an expedited appeal and we will intervene to support him in the appeal of this case.

We believe that subsection of the code to be constitutional and we will defend it.

**Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.):** Mr. Speaker, this decision has given pedophiles the right to abuse children.

Over 70 members on that side have asked for action on this issue. This minister and all members of this House in June took 15 minutes to give themselves a pay raise. Will this minister speak to her House leader and in 15 minutes today let us solve this problem of pedophiles?

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I have to point out and express my deep dismay at the fundamentally incorrect interpretation of the effect of Mr. Justice Shaw's decision in this case. I think it is most unfortunate that the hon. member would so misrepresent the situation.

We believe that subsection of the Criminal Code is constitutional. That is why we are taking the extraordinary step of intervening before the B.C. court of appeal.

\* \* \*

[Translation]

**ABORIGINAL AFFAIRS**

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, last June, the Minister of Indian Affairs announced the creation of an independent inquiry into the division of matrimonial property between men and women when there is a divorce. At the present time, aboriginal women have no protection whatsoever in this area under the Indian Act.

How can the minister explain that, eight months later, this inquiry has not moved ahead one iota, and the people who are to take part in it have not even been named?

[English]

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, there has been advancement.

The hon. member may be making reference to Bill C-49 which is under debate in the House now. In that piece of legislation 14 first nations will achieve control over the lands that are theirs on reserve. Included in that is a commitment among those 14 first nations to present codes of review for marital property.

As we speak now there are no aspects in the Indian Act that focus on matrimonial property. As a result of this legislation there will be.

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**PROPERTY TAX**

**Mr. David Pratt (Nepean—Carleton, Lib.):** Mr. Speaker, my question is for the Minister of Public Works and Government Services.

*Oral Questions*

Recent municipal tax changes by the Ontario government have created property tax chaos, especially for those municipalities that depend on payments in lieu of taxes from the federal government.

What is the government doing to ease the tax burden on local property taxpayers such as those in Ottawa-Carleton?

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I have just announced changes in the way the Government of Canada will calculate its 1998 payment in lieu of taxes to Ontario representing a fair and equitable solution to assist local municipalities.

Under the new procedure the Government of Canada will pay as much as 43% more to Ontario municipalities than it did in 1997. In total federal payments to Ontario municipalities will be \$35 million more than they were in 1997.

This approach we believe is fair and equitable and will help municipalities and municipal taxpayers to balance their situation.

I would like to thank my colleagues of the capital region in helping me solve—

• (1445)

**The Speaker:** The hon. member for Dauphin—Swan River.

\* \* \*

**TRADE**

**Mr. Inky Mark (Dauphin—Swan River, Ref.):** Mr. Speaker, since introducing her magazine bill the heritage minister is dragging Canada into a potential trade war with our largest trading partner. Farmers, cattlemen and forestry are all looking for breathing room from the U.S. on trade, but the minister is upping the ante and threatening exports like wool suits from Montreal, steel from Hamilton and lumber and wheat from the west.

Why is the heritage minister endangering thousands of Canadian jobs with her personal agenda?

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, first I thank all members of the House who set aside their partisanship and wrote to express their abhorrence of the measures that were taken by a certain U.S. magazine publisher.

I have made no threats. In fact I have a riding which has more steelworker jobs than any riding in Canada. I also understand that when it comes to the law of the land we must respect due process.

We have on this side of the debate respected due process throughout. We retained the sovereign right to pass laws to support our culture and we expect to do that in the full light of all international agreements.

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, this minister just does not get it. This is about jobs. She really should get it because it is this type of answer that cost her her job as deputy prime minister in the past.

Bill C-55 is a time bomb waiting to go off. What assurance can this minister give that workers in the steel industry, wool suits, wheat and agriculture will not be threatened just to boost this minister's ego?

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, this issue is about the right of Canadians to protect and to promote our own culture. This is a recognition about Canada. That is why members of parliament on all sides of the House except the Reform Party have supported this legislation.

As a government we retain the right to use fair rules in steel, fair rules in textiles and fair rules in culture. This bill is fair for Canadians and Americans.

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**DEVCO**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, my question is for the Prime Minister. Cape Bretoners have for generations produced coal that helped build this economy and get us through two world wars. Now the federal government is dumping Devco. It is time to recognize that contribution with a real commitment to rebuilding the Cape Breton economy.

Why is the government not offering an adjustment package sufficient to give Devco workers and their communities a real chance to rebuild their lives?

**Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, I am pleased to outline the package.

There have been \$69 million written off in previous Devco obligations; \$41 billion to allow Devco to operate to March 31, 1999; \$40 million to allow Devco to operate through to the end of the year 2000; \$111 million for human resources planning, including pensions, severance arrangements and training; \$68 million for economic development; \$80 million over the next few years through ACOA and the Cape Breton Enterprise Corporation; and \$140 million over the next four years through the normal active measures of Human Resources Development Canada, for a total of \$550 million.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, dumping Devco deals a death blow to \$300 million annually in economic activity. The government's package will not make a dent in that annual loss. The livelihood of Devco employees and their families and the lifeblood of the Cape Breton economy is under assault here.

Will the government make the commitment today and this time keep the commitment that Cape Bretoners have a major say in

developing a better program for pensions, for severance pay, for retraining and for economic diversification?

**Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, Devco has already undertaken to discuss with the unions the human resources development package. I believe some of those discussions have already taken place.

With respect to community development and economic development, those discussions began last Thursday night led by the Hon. Al Graham and along with Senator Sister Peggy Butts. Indeed the community will be intimately involved in the development of these plans and strategies.

\* \* \*

• (1450)

#### EMPLOYMENT INSURANCE

**Mr. Bill Matthews (Burin—St. George's, PC):** Mr. Speaker, this year Canadian employees and employers will pay approximately \$80 billion in EI premiums and unemployed Canadians will receive approximately \$12 billion back in benefits. This leaves government with approximately \$6 billion in EI premiums for the finance minister's slush fund. Employees and employers need protection for their EI fund.

Will the Minister of HRDC take immediate action to protect for employers and employees the unemployment fund for the benefit of unemployed Canadians?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, as I have had the opportunity of mentioning a number of times in the House, the priority of the government is to help Canadians get into the labour market. The employment insurance system has been transformed to be more helpful for Canadians to get into the labour market.

Employment insurance is one of the programs that gives temporary incomes to individuals who have lost their jobs. We also have a number of other programs which we should take into consideration: the youth employment strategy and the Canada jobs fund that creates jobs in areas where unemployment is too high.

**Mr. Bill Matthews (Burin—St. George's, PC):** Mr. Speaker, this year Newfoundlanders and Labradorians will pay \$32 million more into the EI fund than unemployed Newfoundlanders will receive back in benefits: \$107 million paid in premiums and \$75 million back in benefits.

Unemployed workers in rural communities in Newfoundland are being devastated by low EI benefits and the Newfoundland economy is suffering.

#### Oral Questions

In light of the growing surplus in the EI fund, let me ask the minister if he will take immediate action to assist unemployed Canadians and to improve EI client services and benefits to unemployed Canadians.

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, the population of Newfoundland and Labrador is very pleased with the Canada jobs fund which is money that is taken out of the treasury year after year. It is now a permanent fund of over \$100 million a year to create employment opportunities where unemployment is still too high.

We also have the youth employment strategy to help young people to enter the labour market by giving them that first job experience with an internship. That is what Canadians expect, not only passive support.

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#### RAILWAYS

**Mr. Janko Perić (Cambridge, Lib.):** Mr. Speaker, my question is for the Minister of Transport.

The railways tell me that the law required them to blow a train whistle each time they approach a crossing. My constituents tell me they do not appreciate that annoying noise at 3 a.m.

What can be done to reduce loud and annoying train whistles without jeopardizing public safety?

**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, I know the hon. member feels very strongly about the issue. His concern is one that many of us have in our own ridings. However safety is paramount and there are exceptions made to the operating rules as they currently exist.

I am pleased that Bill C-58, which hopefully will get third reading this afternoon in the House, will make it easier for railways to allow whistles not to be blown pending resolutions of various local councils. Councils by resolution could request this and the law will permit the railways to deal with the annoying matter the hon. member is concerned with.

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#### CHILD PORNOGRAPHY

**Mr. John Nunziata (York South—Weston, Ind.):** Mr. Speaker, my question is for the Prime Minister. Canadians across the country are outraged by the B.C. child pornography decision. The Prime Minister knows that his government has the power today to rectify this miscarriage of justice by using the notwithstanding clause.

As minister of justice he was responsible for the notwithstanding clause. Will the Prime Minister do the right thing to protect

*Oral Questions*

Canadian children from pedophiles and perverts by using the notwithstanding clause immediately?

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I have already indicated twice this afternoon that the government has taken immediate action. We have taken the extraordinary step of intervening at the B.C. Court of Appeal to support the B.C. attorney general in defence of this law. We believe the law is constitutional.

**Mr. John Nunziata (York South—Weston, Ind.):** Mr. Speaker, the Minister of Justice has not explained why her government refuses to use the notwithstanding clause.

Why is she simply relying on the courts to do the right thing when she and her government have the power to correct this unconscionable decision? Why does her government not use the notwithstanding clause today?

• (1455)

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, as the hon. member and others know, in our system of justice there are appeal provisions.

The appropriate course of action is to appeal the decision and listen to what the higher courts have to say. After receiving the decisions of higher courts some amendments to the law may be required. To pre-empt that appellant process is silly and wrong headed.

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**ATLANTIC CANADA OPPORTUNITIES AGENCY**

**Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.):** Mr. Speaker, my question is for the Minister of Industry.

In 1994 the government made a deal with Shearwater Development Corporation, a Nova Scotia company owned by a prominent Liberal, Charles Keating, to develop a private industry at the Shearwater naval base. The company is now pulling out and stiffing a creditor for \$500,000.

How many millions of dollars did ACOA contribute to this boondoggle and where did the money go? Will the minister immediately launch an investigation into this sweetheart deal?

**Hon. Fred Mifflin (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.):** Mr. Speaker, the hon. member has his facts half right and half wrong.

What ACOA did was to ameliorate in Atlantic Canada areas in which the defence department reduced its infrastructure in Shearwater as well as in Cornwallis and other areas. ACOA took great interest in developing the management agency as it did in Argentina and in other parts of Atlantic Canada.

We worked with the management association, the management organization which is still in place and is still doing a good job in trying to ameliorate change in—

**The Speaker:** The hon. member for Mercier.

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[Translation]

**COPYRIGHT BOARD**

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, there is concern among authors.

According to section 16 of the Official Languages Act, the five members of the Copyright Board must be bilingual. Yet the Minister of Industry has already appointed two unilingual anglophones to this board and is apparently preparing to make one of these two head of the board.

Can the Prime Minister assure us that his Minister of Industry is going to respect the Official Languages Act by appointing a bilingual person with recognized ability to this position?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, we are in the process of examining appointments to the board, and as soon as we are prepared to name the other candidates, the hon. member can be assured that we will comply with all legislation.

\* \* \*

[English]

**DEVCO**

**Mr. Peter Mancini (Sydney—Victoria, NDP):** Mr. Speaker, earlier today the finance minister boasted about the legacy of the Liberal Party. My question is for the Prime Minister who may remember the legacy of Lester Pearson.

After broken promises of full consultation the government through the Minister of Natural Resources betrayed the people of Cape Breton, betrayed its own legacy. Shame on them. Only a third of the miners who have spent 25 years underground may qualify for a pension.

Will the Prime Minister honour this legacy by guaranteeing a full pension for the majority of the workforce of those people at Devco?

**Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, I invite the hon. gentleman to look at the terms of the human resources package with great care, particularly after the corporation has had the opportunity to discuss some of the details with the unions. The unions may have some suggestions to make for modifications.

He will find that the average severance payment in this case will be in the neighbourhood of \$70,000 per person plus training

allowances on top of that. In comparison to other situations in Atlantic Canada this package compares very favourably.

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### ECONOMIC DEVELOPMENT

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, my question is for the Minister of Natural Resources.

The minister's department has stated that one-third of the \$200 million earmarked for Devco will be spent on an economic development package for Cape Breton. That works out to \$68 million for economic development. This is just not enough.

What guarantee can the minister give that the \$68 million earmarked will not go to companies with Liberal Party connections?

**Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, I have indicated repeatedly long before today that any economic development package would need to be developed in very close collaboration with the local community, including Mayor Muise and others in the Cape Breton community who have vital input to make into the entire package. This one needs to be built from the ground up and shaped by Cape Bretoners.

• (1500)

In addition to the \$68 million referred to in the question, there is \$80 million to be invested by ACOA and Enterprise Cape Breton over the next three to four years.

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### COLUMBIA

**Mr. Sarkis Assadourian (Brampton Centre, Lib.):** Mr. Speaker, my question is to the Minister for International Co-operation.

Following the tragic earthquake that has devastated the city of Armenia in Columbia leaving tens of thousands in need of assistance, can the minister tell the House what the government is doing to help the victims of this earthquake in Columbia?

**Hon. Diane Marleau (Minister for International Cooperation and Minister responsible for Francophonie, Lib.):** Mr. Speaker, Canada is providing \$750,000 in humanitarian assistance. Canada, by the way, was the first country to respond as part of this through the Canada fund.

We will also examine our regular program to see how we can help in the long term reconstruction.

### Points of Order

### POINTS OF ORDER

#### RIGHTS OF CHILDREN

**Ms. Diane St-Jacques (Shefford, PC):** Mr. Speaker, I believe you will find unanimous consent for the following important motion, seconded by the hon. member for Pictou—Antigonish—Guysborough.

I move:

That, in the opinion of this House, section 163.1(4) of the Criminal Code continues as a positive instrument protecting the rights of children to be free from all forms of sexual abuse and exploitation.

**The Speaker:** I take it the hon. member is asking for unanimous consent to put the motion. We have a motion to proceed without debate, as I understand, waive notice of motion.

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, while we agree with this statement, before I give unanimous consent, the House cannot allow more lawyers and judges to decide on our behalf. Tomorrow we will force debate and a vote on this issue. Could we not further debate this today seeing that—

• (1505)

**The Speaker:** We are getting into debate. The motion is very simple, to waive debate today and go directly to the motion.

Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

[Translation]

MR. JUSTICE ROBERT FLAHIFF

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, I am seeking the unanimous consent of the House to introduce a motion seconded by the hon. member for West Vancouver—Sunshine Coast, which reads as follows:

That this House, barring a decision in appeal quashing the decision at trial level, recommend the removal of Mr. Justice Robert Flahiff, judge of the Quebec Superior Court, because of his inability to properly perform his duties due to

- (a) a lack of honour and dignity;
- (b) failure to perform his duties as judge under the Judges Act; and
- (c) a lack of integrity as set forth in the Ethical Principles for Judges of the Canadian Judicial Council;

And that this removal have as its immediate consequence the revocation of the current salary and the right of the said judge to the enjoyment of a pension under the Judges Act.

**The Speaker:** Does the hon. member have the consent of the House to introduce this motion?

**Some hon. members:** Agreed.

*Privilege*

**Some hon. members:** No.

\* \* \*

[*English*]

**BUSINESS OF THE HOUSE**

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I rise on a point of order.

I wish to inform the House that Tuesday and Thursday, February 2 and 4, respectively, shall be allotted days.

\* \* \*

**PRIVILEGE**

DEVCO

**Mr. Peter Mancini (Sydney—Victoria, NDP):** Mr. Speaker, I appreciate the indulgence.

I rise concerning last week's Devco announcement. I was informed by the minister's office on Wednesday that no announcement was forthcoming. Subsequent events led to the announcement the next day in my riding. As part of that announcement there was a lock-up for media and for personnel interested in the matter.

As I had no notice of the announcement I had to change my travel plans and arrived at my riding by 3.30, not in time for the lock-up. I had requested that one of my staff be allowed in that lock-up as I had been given no notice of this most important announcement to the people of my riding. My staff person was not permitted by, I assume, the minister's office. I find that a breach of my own representation and responsibility as a member of parliament.

I could not be there because the minister's office would not be forthcoming with the date of the announcement. My staff was not permitted in to hear the dramatic effects on my community that this announcement would have. I ask that the government make sure that members of parliament or their designated staff be permitted into those types of briefings.

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I have asked for the minister in question to be consulted and hopefully he can address this issue when he is back in the House.

Convention is that when something affects parties in the House usually these points are dealt with under votes. The minister momentarily has stepped out and I am sure he will want to address this issue immediately upon his return. Perhaps the Chair will entertain waiting to adjudicate on this matter at a time when the minister has been able to give his contribution toward the point in question.

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, I wish this were the only situation, but we have had a similar situation with regard to my colleague and our immigration critic which happened over the break.

• (1510)

Before you make a decision on this instance, I ask that you look at the abuse ministers are taking on members in this House of making announcements and not advising members when announcements are being made whether in their own ridings or elsewhere.

I think it behooves this House to give at least some form of credit and credibility to members on this side. This is not just a one sided House of Commons where speeches and announcements can be made throughout the country and not inform everybody else about it, not letting us participate. It is a bigger issue than this.

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, I reiterate the concern of my colleague from Cape Breton, myself and all NDP members of parliament about the behaviour of the government in this instance.

As members know, there have been previous points of order having to do with announcements not being made in the House. That is a separate point and I acknowledge it.

If announcements are not to be made in the House of Commons, where many of them should be made and are not, then at least when the government makes announcements elsewhere it should have the decency to involve at least the members of parliament who are directly affected through participation in the lock-up and through prior notice of when the meeting is to take place and when the announcement is to take place.

At the very least the government should not indicate the day before the announcement is made that there is not to be an announcement. What happened in this case is that the member from Cape Breton was told in a bare faced way that there would be no announcement. Then there was.

This is totally reprehensible and is something the minister should answer for if not in the context of a question of privilege then at least politically.

**The Speaker:** I will reserve judgment until the minister involved is in the House. With regard to the point raised by the hon. House leader of the Reform Party, perhaps there is a larger issue he wants to bring to the House. If he wants to bring this issue to the House, I invite him to do so.

What I have in front of me right now is a question of privilege raised by the hon. member for Sydney—Victoria. I will reserve judgment on this point until I hear from the minister.



## ROUTINE PROCEEDINGS

[Translation]

### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 40 petitions.

\* \* \*

[English]

### COMMITTEES OF THE HOUSE

#### INDUSTRY

**Ms. Susan Whelan (Essex, Lib.):** Madam Speaker, I have the honour to present, in both official languages, the 12th report of the Standing Committee on Industry. In accordance with Standing Order 109, the committee requests the government table a comprehensive response to this report.

#### PROCEDURE AND HOUSE AFFAIRS

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Madam Speaker, I have the honour to present the 52nd report of the Standing Committee on Procedure and House Affairs regarding the membership and associate membership of some committees.

• (1515)

Madam Speaker, if the House gives its consent, I move that the 52nd report of the Standing Committee on Procedure and House Affairs be concurred in.

**The Acting Speaker (Ms. Thibeault):** Does the hon. parliamentary secretary have the unanimous consent of the House to move the motion?

**Some hon. members:** Agreed.

**The Acting Speaker (Ms. Thibeault):** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

### PETITIONS

#### FINANCIAL SERVICES SECTOR

**Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.):** Madam Speaker, I have two petitions to present pursuant to Standing Order 36.

### Routine Proceedings

The first petition bears the signatures of 228 residents of the Mankota, Riverhurst and Swift Current districts in my riding.

The petitioners point out that the MacKay task force on Canada's financial services sector has made recommendations that will enable banks to retail property and casualty insurance from their branches. This would have a drastically negative impact on Canada's independent insurance dealers and would result in the loss of thousands of jobs. The petitioners therefore call upon parliament to totally reject the recommendations of the MacKay task force report pertaining to the entry of banks into the casualty and property insurance markets and not to give in to the pressure of the banks on this matter.

#### FIREARMS

**Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.):** Madam Speaker, the second petition is another in the never ending series of petitions I get from people who are opposed to the new Firearms Act. This petition is from citizens of the Annaheim district in Saskatchewan.

The petitioners point out that there is no evidence that the criminal use of firearms is impeded by restrictive firearms legislation. They state that the enforcement of regulations associated with Bill C-68 would place an unnecessary burden on law enforcement officers and that the search and seizure provisions of Bill C-68 would constitute a breach of traditional civil liberties and be an affront to law-abiding Canadians. Therefore they call upon parliament to repeal Bill C-68 and all associated regulations with respect to firearms or ammunition and to pass new legislation designed to severely penalize the criminal use of any weapon. This brings the total number of signatures I have received on petitions on this subject to 4,571.

#### MULTILATERAL AGREEMENT ON INVESTMENT

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Madam Speaker, I have a great many petitions here, the first bunch having to do with the multilateral agreement on investment.

The multilateral agreement on investment has now died a well deserved death at the OECD. Nevertheless, petitions continue to flow in from Canadians who were concerned about the multilateral agreement and who were calling upon parliament to reject the MAI as fundamentally flawed and to recognize that Canadians reject the MAI approach to globalization.

The petitioners instruct the government to seek an entirely different kind of agreement by which the world might achieve a rules based global economy that protects workers, the environment and the ability of governments to act in the public interest. I imagine that they would certainly urge the government not to stubbornly persist in pursuing an MAI type agreement either at the FTAA or at the WTO.

*Routine Proceedings*

## MARRIAGE

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Madam Speaker, this petition calls upon parliament to enact Bill C-225, an act to amend the Marriage (Prohibited Degrees) Act and the Interpretation Act.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Madam Speaker, I have a petition signed by members of my constituency of Calgary—Nose Hill. They are asking that parliament ensure that marriage as it has always been known and understood in Canada be preserved and protected.

• (1520)

## HOUSING

**Mr. Svend J. Robinson (Burnaby—Douglas, NDP):** Madam Speaker, I have the honour to present a petition today signed by thousands of residents of British Columbia, including my own constituency of Burnaby—Douglas, homeowners affected by the leaky condominium crisis.

The petitioners urge the Government of Canada to provide a significant contribution toward homeowners affected by the residential construction crisis to ensure that the cost of all qualified repairs are deductible from income retroactively and in the future; to repeal and refund all GST on qualified repairs; and finally, to permit RRSP funds to be used to undertake qualified repairs without penalty and to permit previously withdrawn RRSP funds used to pay repair special assessments to be income tax rebated.

In presenting this petition, I want to acknowledge the work of Carmen Maretic, housing advocate, and Nona Saunders, president of the Condominium Home Owners Association of British Columbia, who have done an outstanding job in drawing this very serious issue to the attention of the Government of Canada.

## NUCLEAR REACTORS

**Mr. John Cannis (Scarborough Centre, Lib.):** Madam Speaker, I am presenting a petition today signed by well over 300 residents of Scarborough Centre and surrounding areas.

These concerned petitioners call upon parliament to oppose the potential sale of the Candu nuclear reactor to Turkey and to take all possible measures to prevent this potential sale. They are concerned that the area in which it will potentially be built is a seismic area, but more so the petitioners are concerned that whatever conditions are put on the potential sale Turkey might not comply with these conditions in the future.

## MARRIAGE

**Mr. Bob Mills (Red Deer, Ref.):** Madam Speaker, today I would like to present a petition from 271 people in my riding of Red Deer.

These citizens request that parliament enact legislation such as Bill C-225 so as to define in statute that marriage can only be entered into between a single male and a single female.

[Translation]

## STE. ANNE'S HOSPITAL

**Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.):** Madam Speaker, I have a petition by the students and staff of Beaconsfield high school in my riding, which says:

[English]

There is a plan to transfer control of Ste. Anne's Hospital for veterans located in Sainte Anne de Bellevue, Quebec from the federal government to that of the provincial Government of Quebec.

The petitioners request that parliament refrain from changing the control of and responsibility for Ste. Anne's Hospital to the provincial Government of Quebec from the federal government.

[Translation]

It is signed by 180 students and staff members.

[English]

## GASOLINE PRICES

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Madam Speaker, pursuant to Standing Order 36 I have before me a petition signed by a great number of constituents from my riding of Huron—Bruce and other points in southwestern Ontario.

The petitioners are concerned that companies are not explaining in greater detail to the public why gasoline prices are increasing so dramatically at certain times, in particular before holidays and long weekends.

They call upon the Parliament of Canada to adopt legislation which would require gasoline companies to give 30 days written notice to the Minister of Natural Resources of an impending significant increase in the price of gasoline, over 1% of the current pump price per litre that is, and that such notice also contain the reason or reasons for the increase and when it will take effect.

## MARRIAGE

**Mr. Randy White (Langley—Abbotsford, Ref.):** Madam Speaker, today I bring yet two more petitions on the same issue from my riding.

The petitioners speak to the majority of Canadians who understand the concept of marriage as only the voluntary union of a single male and a single female. Whereas it is the duty of parliament to ensure that marriage as it has always been known and understood in Canada be preserved and be protected, the petitioners therefore ask parliament to enact legislation such as Bill C-225 so as to define in statute that a marriage can only be entered into between a single male and a single female.

## BIOARTIFICIAL KIDNEY

**Mr. Peter Adams (Peterborough, Lib.):** Madam Speaker, I am pleased to present another petition on behalf of the 18,000 Canadians suffering from end stage kidney disease.

The petition is signed by 600 people from the Peterborough area and beyond who support the development of a bioartificial kidney as a replacement for dialysis or kidney transplants.

• (1525)

The petitioners point out that those on kidney dialysis and those successfully transplanted recognize the importance of this life saving treatment.

Ministries of health across Canada have difficulties providing dialysis treatment and accessibility to dialysis treatment and rates of organ donation are not sufficient for that need. Therefore the petitioners call upon parliament to support the development of the bioartificial kidney that will eventually eliminate the need for dialysis or transplantation for those suffering from kidney disease.

## MARRIAGE

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Madam Speaker, I have two petitions that I would like to present pursuant to Standing Order 36. The first petition is among many which I have previously presented from my constituency and other constituencies. The petitioners are enraged about the decision to change the definition of the term "spouse" which will eventually change the Marriage Act.

## FINANCIAL SERVICES SECTOR

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Madam Speaker, I have a large number of petitions from my constituents. They urge members of parliament not to give in to the banks as it relates to the extension of the banks' privilege to get into the insurance business. I am pleased to present these petitions.

## HUMAN RIGHTS

**Mr. Paul Szabo (Mississauga South, Lib.):** Madam Speaker, I am pleased to present a petition signed by a number of Canadians including some from my constituency of Mississauga South. It concerns the issue of human rights.

The petitioners would like to draw to the attention of the House that violation of universal human rights continues in many countries around the world, including Indonesia. The petitioners also point out that Canada continues to be recognized as a champion of human rights.

The petitioners call upon parliament to continue to condemn human rights violations around the world and to work to bring to justice those responsible for such violations.

## Routine Proceedings

## QUESTIONS ON THE ORDER PAPER

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Madam Speaker, the following questions will be answered today: Nos. 134, 152, 157, 174, 178 and 179.

[Text]

Question No. 134—**Mr. Jean-Guy Chrétien:**

With respect to Ms. Nathalie Lecours, Chair of the Board of Referees at Human Resources Development Canada's employment insurance office in Thetford Mines: (a) on what date was she appointed to this position; (b) over how many cases has she presided; (c) how many of these cases were resolved in favour of the employment-insurance beneficiary; and (d) what remuneration has she received since her appointment?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** a) Mrs. Nathalie Lecours, Chairperson of the Board of Referees in Thetford Mines, was first appointed on October 18, 1994.

b) During her period of office, she has presided over 466 cases.

c) Of the 466 appeals considered, 139 were decided in the claimants favour.

d) The applicable per diem for employment insurance chairpersons is \$280.00. However, the exact amount received cannot be released due to privacy considerations under the Privacy Act.

Question No. 152—**Mr. Eric Lowther:**

With reference to the Criminal Records Act provisions enabling the Solicitor General of Canada to grant approval for the disclosure of any record of a conviction in respect of which a pardon has been issued or granted (section 6 of the Act): how many times has the Solicitor General of Canada given approval for such disclosure from November 1993 to the present?

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** 1993-94—Not available; 1994-95—Not available; 1995-96—12; 1996-97—8; 1997-98—10; 1998-99—4 to date.

Question No. 157—**Mr. Jason Kenney:**

What was the total value of payments in lieu made by the government to the regional municipal government of Ottawa-Carleton in the years 1997 and 1998?

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Payments are not paid directly to the region of Ottawa-Carleton.

As per the federal Municipal Grants Act, payments in lieu of taxes, PILT, are paid to the body who collects a real property tax pursuant to an act of the legislature of a province. In this situation, the area municipalities within the ROC are the collectors of real property tax, the grant is therefore paid to these municipalities and not the regional government. The payments to the area municipalities located in the ROC are as follows:

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	1997	1998 (Est.)
City of Ottawa	\$80,200,000	\$86,000,000
City of Nepean	\$3,242,000	\$3,600,000
City of Gloucester	\$7,250,000	\$7,300,000
City of Kanata	\$110,000	\$120,000
Goulbourn Twp	\$129,000	\$140,000
Cumberland Twp	\$1,000	\$1,000
Osgoode Twp	\$4,600	\$5,000
Rideau Twp	\$17,900	\$19,000
West Carleton Twp	\$28,800	\$31,000
Total	\$90,983,300	\$97,216,000

The 1998 estimate takes into consideration the latest changes to the Ontario tax reform concerning the cap of 10% on all commercial and industrial properties.

Question No. 174—**Mr. Gurmant Grewal:**

What is the total amount owed by third world countries to the government of Canada and its agencies?

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** The total amount owed to Canada and its agencies by third world, i.e., low and middle income countries as defined by the World Bank, was \$17.7 billion as of March 31, 1998.

Question No. 178—**Mr. Leon E. Benoit:**

What was the total number of skilled workers allowed into Canada in 1997?

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** Total landings under the skilled worker category in 1997 were 105,569. Of these landings, 44,913 were principal applicants with the remaining 60,656 accompanying dependants or family members.

Question No. 179—**Mr. Leon E. Benoit:**

For the years 1997 and 1998, what was the total number of full time equivalent positions needed in the skilled worker class under the economic immigrant category in Canada?

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** A full time equivalent is not a measure used in the determination of the range for skilled workers. The determination of the number of arrivals under the skilled worker category is based on factors such as labour market or occupational demand and trends in international migration.

\* \* \*

[English]

**QUESTIONS PASSED AS ORDERS FOR RETURNS**

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Madam Speaker,

if Questions Nos. 160 and 161 could be made orders for return, these returns would be tabled immediately.

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

**Some hon. members:** Agreed.

[Text]

Question No. 160—**Mrs. Michelle Dockrill:**

What projects in the Nova Scotia Regional Municipalities of Cape Breton, the Town of Port Hawkesbury, and the counties of Inverness, Richmond, and Victoria received assistance through the Canada—Nova Scotia Infrastructure Program?

Return tabled.

Question No. 161—**Mrs. Michelle Dockrill:**

What groups, organizations or projects received funding and in what amount from the Enterprise Cape Breton Corporation in the period from 1993/94 to 1998/99?

Return tabled.

[English]

**Mr. Peter Adams:** Madam Speaker, I ask that the remaining questions stand.

**The Acting Speaker (Ms. Thibeault):** Shall the remaining questions stand?

**Some hon. members:** Agreed.

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**GOVERNMENT ORDERS**

[English]

**FINANCE**

The House resumed consideration of the motion.

**Mr. Scott Brison (Kings—Hants, PC):** Madam Speaker, it is with pleasure that I rise today to speak on the prebudget report.

We are going to see in the not too distant future in the upcoming budget the clear direction of the government on the very important financial matters facing our country. Members of the opposition and all Canadians are waiting with some degree of suspense.

The world is changing at an unprecedented rate. Globalization and the forces of technology create change on a daily basis. Governments have to lead and it is going to take significantly more response from the current government than what we have been used to over the past five years.

This is a government without a real agenda, without a firm vision. It is government by cruise control. The government instead of looking well into the next century in terms of where it wants to take the country is focused solely on the next election.

The Organization for Economic Cooperation and Development recently said that current trends in Canada could lead to a substantial decline in Canada's per capita income relative to the OECD average. I repeat that there could be a substantial decline in our per capita income unless significant changes are made to the direction in which we are going as a country.

• (1530)

The only economic policy that this government has had has been in fighting the deficit. Our party and our members are as pleased as any party or any member with the fact that we have eliminated the deficit.

If we go back to 1979, it was the Conservative Party under the leadership of Joe Clark that introduced a budget which was the first fiscally responsible budget of a generation. At that time, had that budget been implemented, instead of being defeated for purely partisan purposes, Canadians would have been better served and the deficit quite possibly would have been eliminated far earlier than it was.

Canadians are responsible for the elimination of the deficit. Canadians have borne the brunt of deficit reduction. We have seen taxes in Canada increase from \$114 billion in 1993 to \$151 billion last year. That is a 23% increase. At the same time we have seen transfers to the provinces cut by 35%. Health care and education is reeling across Canada.

Our health care system is in tremendous shock, not just in my province of Nova Scotia but across Canada. Every province is reeling under the effects of the unilateral cuts to the transfers made by this government.

The government tells us to look at the fundamentals. The Minister of Finance and the Prime Minister tell us that the fundamentals are sound. We have, as part of those fundamentals, the highest personal bankruptcy rate in the history of our country. Currently we have a negative savings rate. We have the highest taxes of any of the G-7 countries.

The Liberals have cut the deficit by increasing taxes significantly, by cutting and by offloading responsibilities to the provinces. Canadians have the highest personal debt rate in the history of our country. While the government can pontificate about being in the black, Canadians are at an unprecedented rate of being in the red.

*The Economist* magazine has published articles on the Canadian situation. At one point it reported that it was a miracle we were able to eliminate the deficit. It gave credit not to the current government but to the previous government. *The Economist* magazine specifically stated that the credit for deficit reduction in Canada goes to the passage of time and the successful reforms earlier this decade made by the previous government.

### *Government Orders*

I will remind members opposite of those structural changes in the Canadian economy. Quite possibly they are wallowing in their own hypocrisy today because they fought these changes vociferously during election campaigns. The changes were: free trade, the GST, and the deregulation of financial services, transportation and energy. These were the tough visionary policies that were required then to provide benefits to Canadians today. I would posit that those are the types of tough visionary decisions that are required today to lead us into the 21st century.

Unfortunately, this government, a government of caretakership and cruise control, refuses to provide the type of visionary leadership that Canadians need.

The Minister of Finance and the Prime Minister keep saying that the fundamentals are strong. These are some of those fundamentals. We have an unemployment rate that is twice that of the U.S. The dollar hit record lows throughout the summer. Our productivity is lagging our G-7 partners. Our percentage of global foreign direct investment has dropped from 8.9% to 4% in recent years. The IMF and the OECD are both saying that taxes are too high. Our comparative tax burden in Canada relative to the U.S. continues to pummel initiative, productivity and success for Canadians.

Canadian families making \$30,000 a year are paying out a marginal tax rate of approximately 40% in combined federal and provincial taxes. In nine of our ten provinces our top marginal tax rate is more than 50%.

• (1535)

We hit that top marginal rate at approximately \$60,000. In the U.S. the top rate, federal and state combined, is in the mid to upper 40% range. Americans do not hit that marginal tax rate until they have an income of \$271,000 U.S. or \$410,000 Canadian. This type of disparity, this type of spread between our tax rates and the tax rates of our largest trading partner, is simply not sustainable. It is one of the reasons that an unprecedented number of our brightest and best young people are going to the U.S., what is frequently referred to as the brain drain.

Since 1973 productivity in this country has been lagging behind our competitors. We have seen a secular decline in the Canadian dollar, which is closely linked with productivity. The Prime Minister's erudite response this summer was that somehow the dollar was not such a big problem and that it would help tourism. The finance minister, the Prime Minister and other members opposite seem to believe that Canada can devalue its way to prosperity.

In fact it is quite the opposite. The contrary is true. If these low dollar and low productivity policies continue we will have a self-fulfilling prophecy in that many Canadian manufacturers and employers will put off investing in the types of capital investments and productivity enhancement infrastructure they need to become better, more productive and more competitive in a global environ-

*Government Orders*

ment. This will happen for two reasons. First, many of these productivity enhancement items, such as equipment or software, are imported and are more expensive because of the low dollar. Second, the companies feel that they do not have to become more productive and more competitive because they are hiding behind a non-tariff trade barrier, also known as a low dollar policy. When that changes it is going to be a significantly difficult time for Canadian employers and employees as we see the effects of current government policies and inactivity in addressing the issues of productivity.

The issues the government should be dealing with are lowering taxes, reducing the regulatory burden, working with the provinces to eliminate interprovincial trade barriers and working to address labour market flexibility. Those are the types of issues that need to be addressed. But the government has focused on one thing and one thing only. It has forgotten the fundamentals of building a strong economy and making the types of investments required to lead Canadians effectively in a very competitive environment.

We are hoping that in the upcoming budget we do not see more Liberal focus group economics. We are looking for leadership, not politics. In the last budget, when there was a vague whiff of a surplus, the Liberals brought forward a millennium scholarship program which will only benefit about 5% of students seeking higher education. Even then, it will only kick in in 2000. It is a scholarship program which is not even available to students pursuing education in private career colleges.

There is a global trend toward private post-secondary education. It is part of the labour market flexibility that will be very important if we are going to compete. But this new scholarship program does not recognize a global trend in education. In the last budget debate we suggested an amendment that students attending career colleges and private colleges, which are the wave of the future, could receive benefits from the millennium scholarship fund. Instead the Liberals did what was politically expedient and not what was sound from a public policy perspective.

We are concerned with a government that would spend \$2.5 billion before it knew the degree of the surplus. There is nothing like the smell of hard currency around the snouts of Liberal backbenchers to incite a feeding frenzy.

• (1540)

The Liberals know a great deal about spending. It was the Liberal Party in the late 1960s which was able to take a zero deficit to \$38 billion by 1984. The Liberals deserve some credit for having developed a certain proficiency in spending. However, we hope they do not revert to their old ways.

There is a concern on this side of the House and certainly in our party that the Liberals are practising the politics of signalling right and then turning left. We know in their own heart of hearts that they

have had to pinch their noses and pursue policies of the previous government, which they knew were right, over the last several years. We are somewhat happy that they have done that. The only thing worse than the Liberals stealing Conservative policies would be for them to implement their own, which would be far more deleterious to Canadians in the end.

If we are going to be proactive in this country, if we are going to be successful in the 21st century, I would hope that the finance minister would spend a significant amount of time reviewing the prebudget report, and particularly the Progressive Conservative dissenting report within which he will find some very sound and forward thinking policy initiatives, such as the reduction of EI premiums.

Payroll taxes are one of the single biggest impediments to job growth in our country. The Minister of Finance has said in the past that payroll taxes kill jobs. Now we are asking that he actually live up to his rhetoric, reduce payroll taxes and put the money back into the hands of employers and employees. Employers can create jobs if we give them the tools. One of the things we are putting in the way are payroll taxes which are unnecessarily high.

Any Liberal opposite who would argue that high payroll taxes do not kill jobs would have to prove to me that the law of supply and demand is no longer relevant. When the cost of input is increased, whether it is for labour or anything else, the demand for that input is reduced.

Unless the Liberals are proposing that we repeal the law of supply and demand, I would suggest that we need to reduce EI premiums. We are proposing that EI premiums be reduced to \$2 per \$100 of insurable earnings.

We are calling for a full indexation of income tax brackets. Now is the time, particularly in a post-deficit period, to eliminate the bracket creep and reverse the trend. There have been 1.4 million low income Canadians who have been pushed onto the tax rolls and another 2.5 million Canadians who have been moved into higher tax brackets due to partial indexing. We are calling for full indexation of the tax brackets and we are hoping that the minister will provide this in the upcoming budget.

We are calling for an increase in the basic personal exemption to \$10,000. In the U.S. a low income American does not begin to pay taxes until reaching an income equivalent to \$11,000 Canadian. In Canada, supposedly a kinder and gentler nation, we start taxing Canadians at \$7,000.

In the last federal budget the Liberals said that they provided tax relief for low income Canadians. In fact somebody making \$10,000 per year received a tax benefit of approximately \$78 per year in the last federal budget. That is about one coffee per week at Tim Horton's. If they go to Starbucks it is one per month. That was the pittance, the insult, that the Liberals threw at low income Canadians in the last budget.

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We are calling for an increase in the capital gains exemption. Throughout Canada we are seeing growth in high tech industries and in small businesses, particularly in the area of technology. The current amount of \$500,000 simply does not reflect the values of these businesses. We must keep in mind that for many small business owners, really their complete life, their entire capital accumulation is within their small business. If we are to encourage small business people and create an environment within which Canadians want to grow and succeed in entrepreneurial ventures, increasing the capital gains tax exemption makes sense and makes sense now.

• (1545)

We are calling for an increase in the health and social transfers to the provinces. The Liberals have cut significantly since 1993, some 35%, in their transfers to the provinces. What is interesting is on the health care issue now the Liberals, after having unilaterally cut the health care system across Canada, forcing Canadians to face significant losses in the quality of our health care system, they are saying they want to reinvest but they want to ensure they can protect Canadians against the provinces.

They are saying they want to make sure they can have some control because they do not want the provinces making the wrong decisions. It was not the provinces' fault what happened since 1993, it was the federal government's fault. The provinces did not reduce their transfers from the federal government. It was the federal government that reduced those transfers that set the provinces and our health care system reeling across Canada. Now we have the patriarchal big brother approach by the federal government and the unbridled hypocrisy of federal government members when they say they want increased accountability from the provinces when in fact when given the opportunity to be responsible with health care they blew it since 1993.

We are calling for indexing the child tax benefit. There was a private member's bill by one of our members which was passed by the House. We are calling for the government to follow up and index the child tax benefit to ensure that inflation, even at a very low rate, does not reduce and eliminate this benefit for low income Canadians.

We are calling for real and measurable debt reduction targets. It is very important for our international markets to see that the commitments Canada is making or is willing to make to debt reduction are not simply going to disappear amidst new Liberal spending. We need to see firm debt reduction targets with the goal of reducing our debt to GDP ratio to the G-7 average of 55% over the next five years.

We are calling for an increase in the RRSP foreign content limit to 50%. It is inconsistent with asking Canadians to invest to protect their future, invest and save for their own future, and then denying

them the opportunity to achieve geographic diversification in their portfolios. The Canadian equities market represents only about 1% to 1.5% of global equities markets, yet we are forcing Canadians to invest in one small equities market. That is simply not consistent with maximization of the returns.

We are also calling for parliamentary control—

**The Acting Speaker (Ms. Thibeault):** I am afraid the hon. member's time has expired.

**Mr. Paul Szabo (Mississauga South, Lib.):** Madam Speaker, the member referred in a number of instances to the effective tax rates in Canada. He was talking about someone making \$30,000 a year as an example. I think he is mistaken and I would like to set the record straight.

If a taxpayer has \$30,000 of taxable income they are just at the first, lowest effective rate federally, which is 17%. Provinces have a variety of rates but they are roughly equivalent to about 50% of the federal taxes. So that someone in Ontario, for instance on \$30,000, would pay 50% of the federal rate overall. That means an effective rate of 25%.

What the member failed to include in his calculation was that all Canadians get a non-refundable basic personal amount of about \$6,500 which reduces the taxes otherwise payable. Therefore the real tax out of pocket of a single person making \$30,000 is only 19.6%, not the numbers the member was giving.

• (1550)

The second matter the member spent some time on was with regard to the comparative brackets between Canada and the U.S. Clearly there are some differences there. If all the member wants to do is have a comparable bracket for someone in the \$250,000 range to be equivalent to the U.S., I suggest we establish a rate of 29.01% which is the highest federal rate plus .01% more and set it at \$.5 million and then we will be better than them. It is really a frivolous argument.

The question I want to ask the member is on the CHST issue. As the member knows, there is a lot of misinformation concerning that. In Ontario the actual cuts in CHST were less than \$1 billion and yet at the same time Ontario had tax cuts of \$4.3 billion. It is clear that although there was an equitable reduction across the country with regard to the transfers related to health, the provincial governments themselves have to make decisions. One of the decisions the province of Ontario made was to reduce taxes and to cut health services at the same time. These choices are provincial choices. They are not federal choices.

I ask the member whether he had the same situation in his province.

**Mr. Scott Brison:** Mr. Speaker, I thank the hon. member for his question.

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The member calls it a frivolous argument that the top marginal tax rate in the U.S. does not kick in until the threshold of \$271,000. In Canada it kicks in at approximately \$60,000. He calls it frivolous that we actually tax at a higher rate at the top marginal tax rate and we start at \$60,000 and in the U.S. it does not start until the equivalent of \$410,000. How can the member justify his assertion that this is frivolous?

In last year's prebudget debate the hon. member opposite when I was speaking about the brain drain said that Canadians should not want to leave this country because of our great health care system and because of all the social niceties. He listed various reasons why Canadians would not want to leave the country.

My response is that perhaps his time would be better spent standing at the border explaining to Canadians who are voting with their feet and choosing to go to the lower tax, higher opportunity environment why they should not leave, because they are leaving. They are leaving because the government continues to tax at all levels of income far too high.

The hon. member still obviously does not understand the impediment to economic growth that high taxes are. When he mentions Ontario he forgets to mention that Ontario actually increased its investment in health care. While the federal government cut its investments in health care, the province of Ontario and many other provinces increased their investments in health care.

The member is right to identify there was a tax cut in Ontario. This tax cut led to one of the strongest levels of economic growth in our country. It led to one of the strongest levels of job growth in our country. Perhaps the member should learn from the evidence and the example of Ontario that tax cuts can create economic growth and that governments can make the right choices and cut taxes and invest more in health care.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Madam Speaker, the comments from the member for Mississauga South indicate once more that Liberal accountants may know how to count beans but they do not understand how to grow the economy.

The hon. member opposite said that it really is not consequential whether we have the highest marginal rate kick in at \$60,000 or a quarter of a million or a half a million dollars. This really does suggest he does not understand the disincentives to work, save and invest among the most productive segment of the economy. I am offended when I hear a member from Ontario, who stood in this place and voted to cut billions of dollars in health transfers from his own people and his own province, turn around and blame the Ontario government for cutting taxes. Yes, the Ontario government cut taxes but its income tax revenues went up by \$5 billion because more people are working, saving and investing, something a Liberal could not possibly understand as a rational response to tax relief.

• (1555)

Does the member for Kings—Hants agree with me that the member opposite does not understand the supply side dynamic that tax relief provides as demonstrated in the crucible of Ontario in the past three years?

**Mr. Scott Brison:** Madam Speaker, I do not always agree with the hon. Reform member and this is not a message from the united alternative. That being the case, I agree with him completely in his assertion that the Liberals simply do not understand supply side economics.

Liberals believe Canadians will not be bothered by being taxed more and more and that the economy will not be stalled by this. They believe employment insurance premiums and payroll taxes do not kill jobs. They do not even believe in the law of supply and demand. The Liberals believe in Liberal focus group economics. They have no understanding of the types of economic principles that are leading even their counterparts in social democrat governments elsewhere to produce more tax relief, jobs and growth than they are capable of producing.

The previous government gave the Liberals a great start on the road to economic success with free trade, the GST, deregulation of financial services, transportation and energy. We really gave them every opportunity to succeed and yet they still do not recognize what Canadians need now. More than anything else Canadians need lower taxes, less regulation, more jobs, more economic growth. We want Canadians to succeed here. We do not want them to have to succeed in the U.S. or in other countries where opportunities are growing faster because taxes are lower.

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Madam Speaker, I will be sharing my time with the hon. member for Scarborough—Rouge River. I had the distinct privilege this year to be part of the Standing Committee on Finance and to have toured across Canada. We heard that Canadians want and expect from this government integrity, accountability, consistency and above all that their voices be heard as part of this budget process.

The finance committee met with Canadians from all walks of life. While it is important that we meet from time to time with the leaders of national organizations, we also met with grassroots Canadians across the country. One of the things they said loudly and clearly is that they do not want quick fixes. Canadians want us to operate on prudent estimates. They want us to use realistic targets which are reflected in the finance committee's recommendation that the government continue to employ a contingency reserve by setting aside \$3 billion per year. As at present, the contingency reserve should be used to fund neither increased program spending nor tax cuts but that it should go toward the debt.



I did a survey in my constituency of Kitchener Centre. Eighty per cent of respondents indicated that the government needs to work on paying down our national debt. We must be attentive to this issue. Our committee also recommended that the government establish a long term target for a sustainable debt to GDP ratio.

• (1600 )

Again we heard Canadians say “Give us realistic targets so that we can move forward in a measured pace”. This government has demonstrated its ability to do that by paying down the deficit and we are now ready to take on the debt.

Our committee also recommended the establishment of an interim debt to GDP ratio, a target of 50% to 60%, that should be achieved in this mandate.

Another issue I heard about from my constituents in Kitchener Centre was the lowering of personal income taxes.

Last spring the finance committee had the opportunity to deal with the Mintz report which looked at Canada’s corporate tax structure as compared to the other G-8 countries. While the report did make some recommendations, it also pointed out that our corporate tax system is in the mid-range of other G-8 countries, roughly where we would hope to target.

Our payroll taxes in comparison to other G-8 countries, despite what we read in the media, are on the low side. As a matter of fact this government has in four consecutive moves lowered EI premiums to the point where as of January 1 of this year they were lowered to \$2.55.

One of the areas where we need to be attentive is in our personal income taxes. That is something the finance committee suggested we look at as we can afford to do it. Again, it has to be a change that is sustainable and one that Canadians can count on.

Across this country in every province we heard concerns regarding health care, the universality of our health care system as well as the standards of our health care system. It is that message that the finance committee carried forward in recommendation 17, recommending that the government strengthen its involvement in health care by further increasing the cash floor by \$1 billion starting in 1999 to the year 2000.

It is important that we add money and help to give a federal presence and federal leadership in health care. But the problems facing health care are far greater than merely money.

Previously I served at other levels of government as well as on a district health council. I know that health care, not only in Ontario, in Kitchener Centre, but across this nation is changing. It is evolving from an institutionally based health care system to a

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preventive health care system. We need to look at how we fund health care. It is not just a matter of dollars.

We also heard in many communities, my own included, that we need to be attentive to the issues of both home care and pharmaceutical. But again I hear the people of Canada asking for a vision, for a strategic plan, not just merely dumping money on problems.

Recommendation 19 recommends that the federal government fund health care research and that this research money be doubled. This should be achieved within five years.

The issue of standards of reporting in health care is very popular and certainly something which Canadians are interested in seeing. A demonstration that has benchmarks so that we can measure the kind of health care we as Canadians enjoy needs to have the kind of research and statistics behind it in order to make those yardsticks meaningful. Funding to medical research will help to get us halfway there.

The finance committee also heard that research, not only on behalf of government but to encourage the Canadian private sector to enter this important industry, needs to be encouraged. It is on that note that we suggested the networks of centres of excellence program have their funding raised as well as technology partnerships.

The community that I represent was largely manufacturing in its historic base. I see that base evolving. My community is looking for highly skilled technical workers. These are the workers who will be needed to partner with business in the next millennium.

The committee also recommended that the government enhance its financial support for the National Research Council. There are two universities and community colleges in my riding. There is talk about the brain drain. Giving funding to research and especially the granting councils because of the peer review aspect is the way not only to enhance research and the end product, but also the way to create a milieu where we will keep the best and brightest in Canada.

Poverty is an issue that I heard about across Canada. It is an issue I care about deeply and certainly one that I have heard about in my community. We are trying to address this issue through some of the recommendations in the budget.

• (1605 )

The committee recommended that we build on the 1998 measures which increased the basic personal amount and spousal amount by \$500 to again increase it this year by a further \$200, bringing the amount to \$700 of additional income that can be earned tax free.

The committee also recommended that we increase the basic personal and spousal amount by \$500 for lower income people.

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We also suggested that we continue to take away the 3% surcharge which was partially taken off in last year's budget, and it is an issue of credibility that we now do it for earners above the \$30,000 level.

The committee recommended that the government reintroduce indexation when the fiscal situation improves. In the meantime, measures should be taken to offset the impact of deindexation.

Measurable, predictable actions of this government are what has put this nation on a stable footing. It is essential that we continue down the path that looks at the impacts of global and domestic trends and that we respond to the evolution of health care and our social system.

I am very proud to be a member of the finance committee that brought forward what I think is a very thoughtful, forward-looking prebudget document.

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Madam Speaker, I am pleased to participate with colleagues on both sides of the House today in this prelude to the upcoming 1999 federal budget.

As I lead into my remarks, which will be made within the shared time, I cannot help but think back to the way things were just a few years ago when I was first elected to this House in 1988. The backdrop of how we got here from there is still important to Canadians. It is still important to all of us who understand how we got here from there as we try to lay out some kind of framework, some kind of direction on where we will go from here, what kind of leadership we will exhibit and where we will try to lead our Canadian economy within the ability that a federal budget can offer.

One concedes of course that a government budget will not always be able to provide leadership and direction in all elements of the economy. We do not run the entire economy from our desks here in the House of Commons, nor does the ministry of finance run the entire economy from its ministerial offices.

Approximately seven years ago we had the recession of 1992. I remember that it was supposed to be a difficult year. It turned out to be for Canadians a very difficult three years. It was not a one-year cyclical recession.

There were reasons for that. The cyclical recession of 1992 was exacerbated by several other economic circumstances, each of which was chosen by the government of the day as part of a policy option.

I know they were not selected to exacerbate the recession. They were selected because they were seen as necessary. Some of it was necessary medicine. Some of it was just the right time to implement policy. However, it turns out to have been poor timing.

I notice that our colleague from the Progressive Conservative Party made reference to choices made by the Progressive Conservative government in the very early nineties which perhaps in some way laid some of the groundwork for our economy. Some of those decisions that were taken did lay the groundwork. As I say this, one has to remember that the timing was actually atrocious.

In opposition I and my colleagues did not spare the government at all in our criticism, as much because of the timing as for its effect on Canadians.

• (1610)

High interest rate policies were pursued by the Bank of Canada. The timing was awful. High interest rates mean high unemployment. At the time of the recession the bank decided it would squeeze and crush inflation out of the Canadian economy. The timing was all wrong. It succeeded ultimately, but at a very high cost to Canadians.

The government decided to implement a new GST, replacing the earlier MST. However, there are economic costs in implementing a new tax like that.

There were adjustments to the free trade agreement. Those adjustments would have to have been paid in any event, but those adjustments, in terms of employment losses, occurred right at the time of the recession.

Then there was the hopelessly out of control government spending of the day that ran deficits from \$25 billion to \$42 billion.

All of these factors exacerbated that very difficult recession year.

I remember talking to constituents. Most of us in this House have dealt with constituents who have been in difficult personal situations. Some were unemployed. I remember saying "This is just a cyclical recession. It will be over in a few months or a year. Don't worry, the jobs will come back". However, that situation persisted for several years at a very high cost to Canadians.

When it all ended, sometime in 1993, 1994 or 1995, as fate would have it Canadians elected Liberals in October 1993. Our first order of business was to deal with the deficit. We adopted a plan, a process which was called a program review.

There were tax adjustments. There were effective tax increases at the time. They were modest, but nonetheless they were increases. The revenues increased, expenditures went down and we ended up balancing our Canadian budget approximately one year ahead of schedule.

We are now entering a second or third year in which we will have a surplus. The result of that backdrop has produced a situation that is described as "good fundamentals".

Who can take the credit for it? Certainly those who were in government. As a government member I will ask Canadians to give us credit for dealing with the deficit. I think they have given us

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credit for that, notwithstanding the desire of members opposite to discount that fact.

Other things occurred. Interest rates came down, in part because of government action, but in part as well because of market reaction to other economic factors.

Our interest rates now are the lowest in 25 or 30 years. Our inflation is down to the lowest it has been in 25 or 30 years. That is very positive.

The free trade agreement then became the North American Free Trade Agreement. We have adjusted to that and we are now seeing the benefits of jobs and exports.

Our balance of trade has been in positive territory for a long time. Our current account, which moved into positive territory a couple of years ago, is now slightly under and is heading back toward positive territory. That is all very healthy.

The deficit is gone. We are now faced with the difficult problem of how high taxes should be and what kind of a surplus there should be. Certainly we want balanced books. Maybe there should not be a surplus. Maybe there should just be a balance. Then we would not need to argue about a surplus.

Because of the finance minister's prudent planning we are facing small surpluses this year and next year. That allows all of us to happily debate over what targets the surplus should be directed to.

This government has undertaken to use the surplus in three areas. It will use it to pay down the debt, which was sitting at around \$583 billion and has now been paid down in modest amounts to \$570-some billion. That may be small progress with a billion here and a billion there but pretty soon it adds up.

• (1615)

Our economy is growing at the same time, which means that our national debt to GDP ratio is dropping. This is the measuring stick most economists use in looking at our ability to sustain and carry a debt. That ratio is now poised to drop below 50%. It was riding up toward 60% at one point. We are now headed below 50%, which is positive territory for us. We have to deal with debt management. Like it or not it is there and we have some bills to pay.

Second, we will have to restore the effectiveness of our social programs. There is more than one way to do that. Spending money properly is one way as well as sustaining them and making sure there is enough money to deliver on our objectives.

Third is tax reduction. In the last budget the government began to deliver tax reductions in modest amounts. These reductions are showing up at the low end of the income scale. This time I as one member of parliament would like to see tax reductions spread right through the economic spectrum. In its report the finance commit-

tee mentioned the surtax which is still a part of income taxation at the federal level. My constituents and I would like to see that addressed seriously.

**Mr. Grant Hill (MacLeod, Ref.):** Madam Speaker, this is my opportunity to speak to the prebudget debate. I will be splitting my time with the member for Prince George—Bulkley Valley.

It is easy to criticize a government in power on a big issue like health. I intend not to do too much of that today. I will go over the record of the Liberal government on health and then I will go to the comments of some people in the country as to what they think rather than what I think on this issue.

I was around for the red book. I saw the promises in the red book. The red book promised to preserve and protect medicare and to have a national forum on this issue to be chaired by the Prime Minister. The public took those promises at face value and I expected those promises would be kept.

What have preserve and protect ended up meaning? Over the last three years it has meant \$16.5 billion in cumulative cuts. It has meant 188,000 people today on a waiting list for surgical procedures. Over the last two years 1,400 of my colleagues who were trained in Canada and who practised in Canada have left this country never to return. My latest information is that half the medical school students in Canada are now being trained to replace those who are leaving. Those are straightforward facts.

I will go over what a couple of Canadians have said to me recently on this issue. This letter is from somebody who lives in the town in which I practised medicine for over 20 years, a hospital in which I gave this kind of care. She wrote to me saying that on December 15, 1998 she slipped on the ice in front of her home, a fall that caused multiple fractures to her right ankle. She immediately went to the emergency ward at the High River hospital where she received quick, caring and responsive attention. As the break was significant the decision was made to transport her to the Rockyview hospital in Calgary where she, as well as the High River hospital personnel, were under the impression that the surgery would be performed that evening as arrangements had been made by telephone.

She went to Rockyview. The surgery was not performed on the Tuesday. She was reassured the surgery would likely be performed on the Wednesday. This was not the case. She was kept on morphine without seeing a doctor until Friday.

• (1620)

On Friday she asked "Where is my doctor?" He came and told her that he would try to do the surgery that day but that some people in her condition had waited up to two weeks before they could find

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the time and operating space to perform this operation. She went on to say that luckily she had the surgery that day.

That is absolutely unacceptable in a country like Canada. That would have been so unheard of when I started my practice that the patient would have come to me and said "Grant, that is malpractice".

Let us think of what she did for those four days. She lay there with the swelling in her ankle worse. She lay in pain on morphine. She did not see a clinician. She saw only the nurses, nurses doing wonderful work. It was unacceptable. She asked me why this was happening in a country like Canada. I leave that to my colleagues across the way.

I also have a letter from somebody in Qualicum Beach, B.C. I picked two letters from the west because they were closest to my home. I get letters like these from every part of the country, from every province and every jurisdiction.

This individual addressed the letter to the Minister of Health. He watched an interview with the minister on January 17 on the CTV program *Sunday Edition*. He stated that the minister's comments had generated a few questions. I will not go through them all. I will go to the last and the main question. It is the individual's understanding that the federal government contributions toward health care in Canada had been reduced \$6 billion per year. He asked if this correct was correct. If so, he asked, why has the government seen fit to increase taxes in over 35 areas during this same period?

He indicated that it appeared the finance minister's so-called balanced budget had been to a large extent achieved through reductions to health care and through increased taxes, not through what he wanted them to do, which was to decrease government waste and a severely bloated bureaucracy. He went on to bemoan the fact that health care would be the place that the Liberals chose to cut.

This is not a politician. This is not somebody with a vested interest other than the fact that some day he may be sick. These letters are coming like a blizzard to my office.

What do the nurses say? They are writing to me and asking me to put questions on the floor of the House of Commons in question period. The first question from RNs in Alberta was: Is the government aware that Canadians' health and well-being are being affected by an impending shortage of registered nurses? They await an answer.

The supplementary question was: Is the government prepared to invest in the future health of Canadians by investing in nurses. They are saying that the percentage of money going to nurses has dropped, that there is a recruitment problem, and that nurses will not go to college to become nurses any more because of these horror stories. They ask whether the health minister knows that

qualified RNs are no longer able to deliver safe health care for Canadians.

What do Canada's physicians say? I am just one lone voice. They have an association that involves all health care workers in Canada. I have never seen such unanimity on an issue. They are saying the federal Liberal health care cuts are dreadfully wrong. I will not read what they say. It is very obvious what they say.

It is easy to criticize, is it not? An opposition politicians can stand over here and berate the government for what it has done. I would like to take a bit of a constructive approach then and say what the government should do.

First, we need stable funding for medicare. The health minister said today Reform would not put any more money into medicare. I do not know where he has been. I would like to give his head a shake. Let me give him the information: \$6 billion over the next three years is our proposal, to be reinfused directly into medicare. New spending, not a chance; repriorized old spending. That is the difference. These guys only look for new spending. We do not need new spending. They are spending on areas they should never be spending on.

We also need a thorough review of medicare. I had someone on the phone just a few moments ago who said the wagon needed to be stopped and looked at, that funding alone would not fix medicare problems. That is true. We need to put the patient first. Today the bureaucrat, the politician and the medical profession are first in medicare. The patient is not first, and that must change. We need to put more accent on prevention. Also, the government has been very harsh on natural health products.

● (1625)

Reformers have talked a lot about hepatitis C. We need to have, and this is a commitment, a billion dollars of new money put into hepatitis C compensation. I want to spend a moment on hepatitis C, a topic which is very timely. Parliament has not been sitting for a couple of months and there have been some real significant developments in the hepatitis C area.

First is the Arkansas prison connection. Many of us in the country watched a TV show which showed a direct connection between Canadian regulators and dirty prison blood from Arkansas and Louisiana. The RCMP should be looking at that information. There was criminal activity in the hepatitis C issue in Canada.

A big compensation package has just been announced for one small group of infected Canadians. The Hepatitis C Society says it is unacceptable and inadequate. It has major problems with it. It is advising the public not to accept it.

It is very healthy to look at what is happening in other countries on hepatitis C. This is brand new information. Switzerland has just charged the Swiss blood agency with endangering the lives of hemophiliacs. It looks like people will go to jail in Switzerland.

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Italy has just ruled that the ministry of health must pay compensation to everyone infected by hepatitis C, not just a few. In France people are in jail. The prime minister and health minister in France have both been charged. In Canada we have zip. We do not have anything going on except a few dollars being offered to a few.

The prebudget debate on health care is not over. The government says it will reinvest the pittance it will put in of \$1 billion, \$2 billion or \$3 billion, until just before the next election when it will say it is okay to have angina and give back the money it took. That is not acceptable.

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Madam Speaker, I listened this morning as the chairman of the finance committee delivered his prebudget speech. Once I had listened for awhile I had no doubt that it was written by the finance minister's office, much in the same way as the activities of the finance committee and the witnesses that were called were organized by the finance minister's office.

As I listened to his report I wondered what finance committee he was travelling with. I was also on that finance committee and on most of the things that he was saying this morning I was hearing quite the opposite. As we travelled across the country we heard a loud and fervent cry for tax relief from average working Canadians, small businesses, professionals and large businesses. Everyone out there wants tax relief. The government has been the instrument that has led them to seek tax relief because over the last five and a half years the government has increased taxes somewhere in the range of 36, 37 or 38 times in the billions of dollars.

While the Minister of Finance stands and crows about balancing the budget which is not true, and I will talk about that next, for any increase in revenue he has just pulled his magic tax lever and the money has just flowed out of the pockets of working Canadians. The average Canadian family has seen their household disposable income decrease by over \$3,000 since 1993. What kind of treatment is that for hardworking Canadians who are trying to have a better standard of living for themselves?

I want to set the tone by laying out exactly where we stand as Canadians in the tax system with which the government has burdened us compared with some of our neighbours, in particular our G-7 partners.

• (1630)

The personal income tax burden on Canadians is a full 56% higher than the other members of the G-7 countries. The corporate income tax burden in Canada is 9% higher than the average of our G-7 partners. These are countries that we compete with. Canada

also has the highest property tax burden in all the OECD countries. Of the 33 countries, Canada ranks highest in property taxes.

In 1996 the average Canadian family paid a total tax bill of \$21,242, 46% of their gross income. This is more than they pay for food, shelter and clothing combined which is around \$17,000. Picture it. The average Canadian family with a couple of kids, a house, a mortgage, a steady job sees \$21,000 a year go out in taxes and about \$17,000 go out in shelter, food and the basics of life. That is disgusting for a country with the potential that Canada has.

Over the last five and a half years there have been wage increases for Canadian workers. They have worked hard for them. Their companies have worked hard to improve their bottom line and they have rewarded their employees.

What happened to those wage increases because of the Liberal government's tax policies? The government has taxed back over 150% of any wage increases that the average Canadian worker got. Imagine. If workers got a \$100 increase, the government taxed back \$150. If they got \$1,000 increase over the last five and a half years, the Liberal government taxed back \$1,500. If they got a \$10,000 increase over the last five and a half years, the government taxed back \$15,000. How do we get ahead in this country when we have a government that wants to rip out of our pockets not only what we get in a wage increase but more. It is a sad situation.

It is clear that Canadians need tax relief. There is no doubt about it. As the committee travelled across the country we heard the call for real tax relief, not just tinkering around with the surtax like the Liberals have done in the past. Canadians want real tax relief, something they can hold in their hands.

I said earlier that we should not believe the finance minister when he talks about balancing the budget. The fact is that this finance minister may say he has a balanced budget but the money he has used to make up that budget is the EI surplus which he has taken out of the pockets of working Canadians. He has used the pension funds of the federal civil service. He has taken that and has put that against the deficit. All he has done is borrowed within the family and he says he has a balanced budget. He does not have a balanced budget. He is still about \$16 billion or \$17 billion short.

If the economy takes a downturn in the next couple of years, those EI funds are going to be needed. Where are they? They are in new spending programs the government has introduced, \$3 billion last year and another \$3 billion this year. What ever happened to the promise by the government and the finance minister to hold the line on spending? No new spending. It just ain't true.

Let us talk about the EI fund. There is about \$20 billion in EI surplus. Before the Christmas break we talked about how the EI commission has said that a \$15 billion surplus would be fine. It

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would provide not only sustainability for the fund but also a rainy day fund in case the economy took a dramatic downturn.

• (1635)

It was also said that any finance minister who really cared would probably want to return the \$5 billion or \$6 billion excess in the form of premium reductions to the people who were paying it. Has that happened? I do not think so.

The finance minister continues to rape and pillage the EI surplus fund, to build his surplus to fund his increased spending programs, to enhance his opportunity to become the leader of the Liberal Party. One has to wonder whether the finance minister has the best interests of Canadians at heart or his own best interests at heart.

Earlier my colleague from Macleod talked about the crisis in health care. We have a crisis. Over 180,000 people are on waiting lists.

This is a true story from my riding. A neighbour of mine had been experiencing some severe chest pains and shortage of breath for a number of months. He went to his doctor who tried to get him to a specialist in Vancouver. Of course there are no specialists in Prince George, we cannot afford it. He went to a specialist in Vancouver and had an angiogram. It was determined that he has one artery completely blocked so an angioplasty cannot be done.

The next option is a bypass. In the old days a single bypass was a routine procedure. These days there is no money for a single bypass. Two, three or four bypasses are needed before someone can get into the operating room. That man was sent home in pain, in the same situation he was in when he went to Vancouver. He was told "We cannot do anything for you. Get another artery clogged and maybe we can look at you".

That is the state of health care in this country. It is because the Liberal government has ripped the heart out of health care. Since 1993 it has taken out over \$7 billion. When is it going to put something substantial back and help Canadians who have serious health problems?

**Mr. Alex Shepherd (Durham, Lib.):** Madam Speaker, I will be sharing my time with the member for Mississauga South.

Throughout this debate there has been the odd mention from time to time of the issue of bracket creep. This issue is close to my heart and is something I would like to use my time to discuss. I do not think many people really understand this issue. This is a cancer which exists within our taxation system. It is as deadly as a cancer because it has crept through our taxation system in a slow and insidious way. It was ironic to hear the Conservative member talk about going back to our old ways because we have to go far back to

understand how this insidious cancer became part of our taxation system.

Back in 1984 the then Conservative government stated that it would not allow indexation of tax credits and tax exemptions to occur unless inflation exceeded 3%. Back in 1984 the rate of inflation was 10%, so obviously people were getting a degree of relief, that is that portion which exceeded 3% at that time. There was very little debate about the issue of bracket creep.

However, today we note that it is the stated policy of the Bank of Canada to keep our inflation rate within a narrow band between one and two percentage points. Needless to say because inflation is less than 3%, there is no indexation.

• (1640)

What does this all mean to the average taxpayer? Let us say that someone earned about \$2,000 a month in 1992 and that person paid \$800 in rent. By 1998, assuming they had kept up with inflation and indeed a lot of people have not been able to do even that, their income would have risen to \$2,360 and their rent would have been \$944. The reality is of course that that person is no better off. The dollars they bring into their household buy less goods.

Revenue Canada taxes this incremental increase as if it were real income. In this case the tax may be as much as 50% or \$180 per month for something that quite frankly has never happened. In real terms their income did not rise and the dollars will not buy even the same amount of goods because we have implemented a tax on them.

To give another example which is a practical one, a family with two dependants from 1992 to 1997 saw their income rise by \$900, but their income taxes actually went up \$1,400. This is the double compound effect which is known as bracket creep. These are not wealthy people. They are not the idle rich. They are in fact middle to low income earners. We should be ashamed of what we are doing to them.

The impact on the truly high income earner is almost negligible. As one's income gets very high, personal exemptions are less and less of concern because they represent such a small quantum of deduction.

I have done a number of graphs on this. They show that there is about \$840 million worth of revenue we bring in to our coffers from this insidious tax called the bracket creep.

The other aspect of bracket creep is that it creates a burden for people. Indeed we can look at marginal rates of tax. I will give a quick explanation of what a marginal tax rate is. It is that tax on an extra dollar of income, not on the dollars that one has already paid or may have been eligible for, but the extra dollar that one pays tax on.

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With respect to bracket creep, over the years we have slowly amplified this marginal tax bracket on low income earners who go from basically paying no tax—people who earn under \$8,000 a year are not taxed—to paying some tax. Suddenly, not only do we get the normal taxation coming into effect but we also have the problem of bracket creep. As a consequence income earners earning approximately \$20,000 suddenly find themselves earning an extra dollar which costs them 50 cents on the dollar.

Imagine the impact this has on many low income families. The reality is that it is very difficult for them to get out of their so-called poverty trap. I do not have to remind the House that Statistics Canada regards the low income cutoff of \$20,000 to be poverty.

I had a phone call from a constituent the other day. He told me how he had become disabled and earned only \$12,000 a year. Miraculously he was able to get a part time job and double his income to \$24,000. When he looked at his take home pay, he quickly came to the realization that he had hardly progressed at all. I told him that he suffered from bracket creep but I had not been able to come up with a cure.

The people are not versed on the virtues of fundamental economics but they know something is terribly wrong. From low income seniors to the working poor we are fleecing them to the tune of \$840 million a year, \$840 million of tax money on income that never happened. It is a tax illusion.

● (1645)

I remind this House that a voluntary tax compliance system is operable only when people believe the system is fair.

Some have suggested a piecemeal approach to this such as giving increased child tax credits and other benefits directed at this group. This is just what it entails, a piecemeal approach, a band-aid to cover a cut when the wound is still infected. Put them back on the treadmill for a few more years and this insidious aspect of bracket creep will catch up to them again. This may be the expedient solution but it is certainly not the right solution.

Last month we read of the survey on Canada as reported by the OECD. It had some alarming conclusions about the Canadian economy. It stated that our standard of living would likely decline so much so that by 2015 Canada's standard of living would be lower than the average of all OECD countries.

There are many reasons for this but I would like to read one of them, which is that indexation has pushed 1.4 million low income individuals on to the tax rolls over the 10 year period ending in 1998. Over 1.9 million individuals have been pushed from the lowest marginal tax bracket to the middle bracket while 600,000 were pushed from the middle to the higher income brackets.

We live in a remarkable time. People's income is not increasing. Indeed it is declining. Taxes are going up. Savings are being reduced and people are turning more and more to consumer credit just to stay afloat.

Personal credit is reaching alarming levels made only possible by lower interest rates. One hundred and sixteen per cent of disposable income now goes toward personal debt. This is unhealthy. A country that cannot save and maintain its level of disposable income is a country that is not progressing but on the decline.

Some have suggested other methods to reduce taxes, for instance the 3% surtax. This will affect people with incomes in excess of \$50,000. One of my dreams for our budgetary process is to adequately address the issue of bracket creep.

I hope in the short period of time I have had I have been able to enlighten if not all at least some of our members of parliament and some of the people watching us of what is meant by bracket creep and how it affects the average income earner.

I hope that one of the things we will be able to address in this budget is some move to eliminating the whole concept of bracket creep.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I am pleased to rise on this pre-budget debate. As a member of the finance committee I have had the opportunity to travel across Canada with the committee to consult with Canadians and to hear from a broad cross-section of groups.

The finance committee invited many of the groups to come before it to discuss the application of our budget surplus. The groups were asked in all cases to come to the finance committee with their national priorities so we could report to the House and the finance minister how we should approach Canada's fiscal situation.

It was clear that notwithstanding the request, many of the groups that came before the finance committee preferred to deal with their own priorities in isolation rather than the overall national interest. It does pose some difficulty to the finance committee in terms of forming a consensus as to what Canadians believe when so many groups come before the finance committee and speak on behalf of their special interest.

One which concerned me at the time and still does was the intervention by the Canadian Chamber of Commerce. This group obviously represents major business and industry across the country. It came before us with some scenarios of how that surplus should be applied.

I want to share with the House what the Canadian Chamber of Commerce felt we should do with the surplus, the so-called fiscal dividend.

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• (1650)

The first item was that 50% of any total surplus should be applied against the national debt. The second was to reduce EI premiums by 15 cents. The third was to eliminate the 3% general surtax completely. The fourth was to increase basic personal exemptions by \$500 for all taxpayers. The fifth was to increase RRSP contribution limits by an additional \$1,000 bringing it up to \$14,500.

The sixth item was to introduce indexing of RRSP contributions so that the amount of contributions could rise over time. The seventh was to fully index personal income tax brackets and credits to the CPI over the medium term. The eighth item was to increase the foreign content of RRSPs to 30% from the current 20% and the last item was that there should be no new government spending.

In the written submissions and oral testimony given by the Canadian Chamber of Commerce there was not one mention of health care. This concerned me. It is reflective of the kinds of things the finance committee dealt with. It had to segregate those narrow interests of the wish list of particular groups and try to put them in the context of a national interest.

This was of concern to me and I raised it at the time at the finance committee. I referred to it as the presentation from Oz. This was a presentation that demonstrated that they had the brain to figure out all these details.

It also had the courage to list nine items, each of which would benefit the highest income earners of Canada but not every taxpayer in Canada. It was skewed or biased on behalf of the highest income earners in Canada.

It had brains. It had courage. But what this proposal did not have was a heart. We need a budget that has heart. We need a budget from the finance minister that has the brains to figure out the priorities, to make sure the important priorities of health care, debt reduction, income tax reduction and social conscience are reflected in the budget.

Much has been said before the finance committee about a subject near and dear to my heart, child poverty. Child poverty is a convenient political synonym for the broader issue of family poverty.

We have through Statistics Canada an instrument called LICO, low income cut off. It establishes levels of income given population areas, whether urban or rural, and the number of persons within a family. That has been used from time to time to be the measure of poverty in Canada.

Statistics Canada will clearly state that we do not have a poverty level established in Canada. It is something that we have refused to do and I find it really important.

In 1989 the House of Commons dealt with a motion to deal with the elimination of so-called child poverty by 2000, a motion tabled by Ed Broadbent.

Mr. Broadbent was in the House on his last day as a member of parliament. He was leaving the place. Most of the dialogue was giving tribute to Mr. Broadbent. Those who had the guts to talk about child poverty were talking about food, shelter and clothing.

Today we talk about child poverty and listen to advocacy groups talking about child poverty. One person, when asked for a symptom of child poverty, cited as an example a case where a child would not be able to go to a birthday party because they could not afford a good enough gift.

• (1655)

It was at that point that I recognized child poverty had become defined in a way that is much different from the perception and concerns of Canadians. I raised the point with the finance minister that a measure of poverty in Canada is important, not relative poverty which is what LICO is, but real poverty. If Canadians understood there are people who do not have the food, the shelter or the clothing they need then we would not be so desensitized to the seriousness of this problem in Canada.

The numbers have become so large and so fuzzy in terms of what constitutes poverty in Canada, I believe Canadians have become desensitized. I also believe that groups like the Canadian Chamber of Commerce have become desensitized to the seriousness of that issue simply because of definitions and soft numbers.

Under the health regime we have concerns about social poverty. In Canada 25% of children enter adult life with significant social or behavioural problems.

I have had many initiatives suggesting that we have to address these from the standpoint of prevention because each and every Canadian must pay for the cost of dealing with children with problems after they have them. If we can get a better balance between prevention and remedial action all Canadians stand to benefit.

Under the current Income Tax Act we have the child care expense deduction which is up to \$7,000 for a preschool child. As all members know, the deduction is worth more to high income earners versus low. It is my recommendation that the finance minister convert the child care expense deduction to a refundable tax credit and make it available to all families with children regardless of whether they are working at home or in the paid labour force.

I believe there are some issues beyond basic fiscal issues. It is the health of our children and the social deficit in Canada that we also have to address. We must have a budget with brains, courage and, most important, a heart.



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**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, I was very interested in the member's comments about people in the lower income area. He would be aware that this government in its wisdom chooses to tax at a very high rate, for example, a family of four earning \$30,000 a year. Those people are still paying at least \$4,000 a year in federal taxes. He should know that under the Reform proposal we would fundamentally eliminate those taxes at that level.

Why does the member not understand the simple mathematics in this case? If the government is to continue to extract these kinds of taxes from people at the low end and then turn around and give them back meagre pittances, meagre portions, meagre initiatives, why does he not understand that dollars left in the hands of those people, where those people at the low end of the scale get to make the decisions for their family, are far more productive than taking those dollars away and in turn turning around and giving them back?

The reality is that since the Liberals came to power in 1993 they have taxed back 155% of all wage increases. It has not paid to have a wage increase under the Liberals. Why does he not recommend to his finance minister to leave the money in the hands of the people who need the money rather than extracting it from them?

**Mr. Paul Szabo:** Mr. Speaker, if the member would broaden his thinking a bit I think he would understand the issue better.

A family of four earning with \$30,000 of taxable income pays 19.26% of income tax. What he has also failed to recognize is that family of four is also eligible to receive non-taxable benefits such as the GST credit, property and sales tax credits, the child tax benefit, the national child benefit and other things.

If he would take all those things into account I think he would see very clearly that for low income people who get non-taxable benefits, if he incorporated those in, the tax burden on a family of four making \$30,000 is less than 10%. I would be happy to sit down with the member and work out the issues.

• (1700)

If we were to raise the non-refundable tax credit to which many refer as the first \$6,500 tax exemption, it would mean that more Canadians would be able to earn income and not be taxed. The member also has to remember that people with means, people with high family incomes who work casually and have some part time or on the side activities, can benefit by increasing that exemption. We cannot target those in need by raising the lowest level at which they start to be taxed. We have to balance the need to target those benefits.

As the member may well know changes in the Tax Act take place very seldom and very slowly, but the philosophy behind it is that it is not just poor people who make \$6,500 a year. It is people who have some investment income because they split income with a spouse who is not working. There are other situations where high

income working families have casual income they transfer to other family members and on which they do not pay taxes in terms of a family situation.

Maybe the point is not to raise it on an across the board basis so that more Canadians get an increase, which is a very expensive proposition. Why do we not simply look for ways to target tax benefits to those in most need. I believe that is what the member has in mind.

**Mr. Jim Abbott:** Mr. Speaker, the member has unwittingly made my point. He is an accountant. His explanation, as eloquent as it is, is proof positive of how totally mixed up, convoluted, thick and unworkable the Tax Act is presently.

We are talking about putting money back into the hands of low income people. From the point of view of the sheer volume of the words that he just gave us, I do not understand his answer.

**Mr. Paul Szabo:** Mr. Speaker, the member should listen once again. If we were to raise the non-refundable tax credit by \$1,000, that \$1,000 tax credit would be equivalent to \$250 in the pocket. He does not understand that an additional \$250 in the pocket would be for each and every taxpayer in Canada regardless of their level of income because every Canadian is entitled to the non-refundable tax credit.

If the member understands that it costs a lot to give every taxpayer \$250, would it not be better to find a way to give those in need, the lowest income Canadian, the benefit of \$500 by not giving it to everybody across the board? That is the point I do not think the member has understood.

[*Translation*]

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, I am pleased to take part in this debate on the report of the Standing Committee on Finance on pre-budget consultations.

I said I was pleased and I am pleased to take part, but perhaps not happy to enter into the debate to once again try to show the government how wrong it is and how it is building a surplus on the backs of the most disadvantaged, the sick, the poor and the unemployed.

This report marks the start of a new age, that of Liberal arrogance raised to new heights. The Bloc Québécois vigorously dissociates itself from the Liberal report, which is nothing more than a semblance of democracy, than propaganda by the Minister of Finance. The report is centralizing and makes a mockery of the provinces.

From the number of measures announced in health care and education, we are guessing that the secret wish of the Liberals is to govern a province.

The report by the Liberal majority says that only the Liberal government is right and that Quebecers and Canadians appearing before the committee were wrong.

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• (1705)

The report by the Liberal majority distorts reality in a number of respects, in saying that the Canadians consulted wanted the Minister of Finance to voluntarily hide the surpluses under the guise of prudence, surpluses we estimate at \$15 billion for this fiscal year, whereas the Minister of Finance estimates them at a maximum of \$4 billion.

Last week, two female journalists were interviewed at a TV station and they commented on the pre-budget consultations. They are editorial writers very well known in English Canada. These women reported exactly what would appear in the budget. According to them also, the budget surplus was higher than what the Minister of Finance had said.

From one week to the next, his story changes from \$5 billion, to \$3 billion, to \$7 billion, but I think he has led us to believe it is a bit over \$4 billion. These journalists said "We are going to tell you what is in the next budget", whereas normally a budget must be kept secret until its release. They then set out to tell what would be in the budget, and it was totally believable, because there has already been a kind of leak and everyone is talking about it now. So it will be no surprise.

It is known that \$3 billion will be used for debt reduction. Another \$2 billion will go for health, provided the provinces bend to the will of the federal government. There may be \$2 billion, but if the provinces refuse, wishing to respect the Constitution, health being a provincial jurisdiction, the federal government will make it just \$1 billion for the entire health system across Canada. We call that blackmail.

So we have \$3 billion, maybe \$2 billion for health, and another \$2 billion, for they are going to lift the hidden tax on middle-income taxpayers.

Adding these figures together, I get \$7 billion, apart from the billion or so to be invested, or already invested, which will also be in the budget. That makes a little more than what the Minister of Finance tells us, a bit over \$4 billion.

All the problems in the health system across Canada are essentially a result of the brutal cuts by the federal Minister of Finance, the \$6.3 billion yearly since this government has been in power. Page 64 of the Liberal report states, and I quote:

By reducing the health services they provided, the provinces challenged one of Canada's most cherished national symbols.

This is the height of arrogance, when we know that the federal government has dumped its deficit onto the backs of the provinces, the sick and the most disadvantaged.

The Bloc Québécois finds it unfortunate that, when it comes to health, there is no mention of the social union agreement signed by

all Canada's premiers at the meeting in Saskatoon. Provincial premiers are calling on the federal government to return to the provinces the \$6.3 billion in cuts to the Canada social transfer. That is not mentioned in the report. That is not important. The 10 premiers want to see social transfer payments back at what they were when this government came to office in 1994.

• (1710)

This money does not belong to the federal government. It comes out of taxpayers' pockets so that we can have decent social programs, and health care is a provincial responsibility.

So the federal government should give the money back to the provinces. That seems clear to me. But no, cuts are made and the provinces left to deal with the repercussions at their level, while health costs continue to rise because of the ageing of the population and the acquisition of new technologies. The provinces are told that they are running the system badly, that it is their fault they have been cut. They are told that, if they want money, they can have it, but only if they get down on their knees. It is unbelievable.

I hope that those listening will understand the situation, because it is not acceptable. This arrogant government is boasting how well it looks after us. All that matters to them right now is to make it into the history books. Prime Minister Jean Chrétien wants visibility in everything they do. They could care less about the disadvantaged, the unemployed and the ill.

Quebec was cut almost \$2 billion annually, \$1 billion of it in health. In just one term in office, Jean Chrétien's policies have cut federal government health payments by almost half.

Jean Chrétien is going around—

**The Acting Speaker (Mr. McClelland):** Excuse me, but the hon. member knows she must not name another member.

**Mrs. Pauline Picard:** I apologize for this breach of protocol, Mr. Speaker.

Last week, we heard the member for Saint-Maurice, our Prime Minister, say on television "Come and visit Canada, the greatest country in the world." This country is the home of 1.5 million unemployed and another 1.5 million children living in poverty, yet he brags about there being no quarrels, no problems, all being well and harmonious between the provinces. Come on, what planet does he live on?

The number of homeless people is growing, as one can see on the streets of Toronto. I saw it on CPAC last week. It is incredible to see that more and more people are forced to live on the street. And we do not have any program for these people. Yet, when travelling abroad, we claim to be living in the greatest country in the world, when in fact, from coast to coast, our health system is being

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dismantled because we are not getting the money that belongs to us as taxpayers.

That is unacceptable, and I hope that the government and its members will realize what is going on.

**Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ):** Mr. Speaker, I thank my colleague from Drummond for sharing her time with me.

I cannot say that I am pleased to address the report of the Standing Committee on Finance on prebudget consultation.

To give a bit of background, I travelled across Canada in 1997 to listen to people and to their recommendations on what ought to be in the 1997 budget. What happened? Not a thing. People were made to travel, much energy and money was expended to listen to them, but none of their recommendations made it into the last budget.

In the fall of 1998, in the latest consultations, once again people put themselves out to appear and to tell this Minister of Finance what should be in the budget. Still more surprising, what these people had to say did not even make it into the report.

• (1715)

The report tabled before the holidays is one that was created, thought up and written, by the boss, the real boss of the Standing Committee on Finance, the Minister of Finance. If read carefully, this report is there to pat the government on the back, tell the minister what a fine, intelligent fellow he is, what a really great job he is doing.

If the finance minister is going to show off, he should do it properly. His forecast was a surplus of some \$2 or \$3 billion. According to the Bloc Québécois figures, the figure will instead be \$10 billion or more, if not \$15 billion.

What is the source of these surpluses the Minister of Finance boasts about? Where do they come from these billions of dollars saved by the Minister of Finance? It is easy, no academic studies are required to figure out where these billions of dollars come from. They come first from the unwarranted cuts in transfers to the provinces, health care services, social services and education. My colleague from Drummond could talk for hours about the negative effects of these cuts in health in all the provinces of Canada, primarily in Quebec.

Where does the money come from? Quite simply from the fact that over the years the government opposite has been raising income tax on the middle class and the poor by not indexing tax tables. Where do these surpluses come from? They come from this government's shameless siphoning-off of funds from the employment insurance fund, to which workers and employers contribute to create employment insurance intended to help workers in trouble. But they siphon the money off.

Our Minister of Finance is lucky, for the low interest rates of recent years have provided him with lower debt service costs, allowing him to save on income tax. The world economic situation has also provided the government with more revenues than it expected.

No, this Minister of Finance and this government have not kept their promises. They told us "We will put a stop to this shameless wastage". But they have not yet done so. They also said "We will cut useless and outdated programs", but they are creating other useless and outdated programs, such as the millennium scholarships. They are going to spend billions of dollars rather than give the money to the provinces so they can manage it efficiently. They are continuing duplication in areas of provincial jurisdiction.

The report refers to a productivity covenant. Rubbish! This government should start by being effective and productive and by doing a good job of managing taxpayers' money.

This year I did not travel across Canada listening to what people had to say on the budget. I sat down in my riding of Rivière-des-Mille-Îles—I am sure you will not mind, Mr. Speaker, if I say hello to my constituents—and asked members of the general public, bank managers and presidents of chambers of commerce what the government should do with the surpluses. They came up with three or four ideas.

• (1720)

First of all, there was unanimous agreement that the government should return the cuts in provincial transfer payments so that the provinces could do something about the problems caused by the cuts in the health, education and social services sectors.

The second suggestion was to give the middle class and the most disadvantaged a tax break. This could be done by indexing the tax tables.

The third suggestion was to improve the employment situation and reduce the premiums paid by employees and employers.

I suggest that the Minister of Finance pay a little visit to the Gaspé and New Brunswick, that he pay a little visit to seasonal fishers with EI problems. He should get out and see some real people.

Finally, everyone agreed that the government should clean up its act, as it has been promising to do since 1993. Everyone remembers the famous red book of 1993. This government should not establish programs like the millennium scholarships. Instead it should introduce the programs needed to create jobs and get Canadians and Quebecers working.

That is what an intelligent government should be doing, not boasting of its achievements at the expense of the provinces and the poor workers of Quebec and of Canada.

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**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, it is a pleasure to rise in this debate.

It really is not a prebudget 1999 debate. It really is a prebudget year 2000 debate. I think we all know that the budget for this year is pretty well carved in stone, as it were. We really should be directing the government toward what the government should be doing in its budget for the year 2000. Governments need a lot of time to prepare the budget. I think eight to ten months is the normal timeframe that this government works on in preparing its budget.

There are two issues I would like the government to address in the course of this year in preparation for next year.

One pertains to charities. I think I am well known as someone who has advocated very strongly that the government should reform the charitable sector, should create rules of transparency, should create better corporate governance and also should redefine what charities are.

I draw attention to a supreme court ruling which came down just this past week. It called upon the government no longer to rely on the courts to define what a charity is, but to bring the matter before parliament and before all Canadians to look at the whole issue of the not for profit sector. I am confident that the government has taken this issue very seriously. I am aware through my own contacts that various government departments are working on this issue.

The new issue I would like to bring before the House has to do with the government's relationship to the aboriginals and the fact that we are spending a lot of money on trying to help the aboriginals in all parts of the country. There seems to be a problem. We still have a widespread indication of poverty and hardship among aboriginals both on reserve and off reserve.

I sit on the Standing Committee on Aboriginal Affairs and Northern Development. The Assembly of First Nations came before the committee in April this past year. It made the observation in its report that the average income of aboriginals was about \$14,000 and the average income of non-aboriginal Canadians was around \$24,000. The assembly actually made an error which it later corrected in correspondence and noted that the average income of Canadians was actually \$20,000.

• (1725)

I took it upon myself, as sometimes is my wont, to examine these figures in greater depth. I set the Library of Parliament on the problem. I wanted to know not just what the average income of aboriginals versus non-aboriginals was, but the average real economic benefit of society that is accruing to both groups of Canadians.

I do not find it very comfortable to actually look at any group of Canadians based on racial background, but we have this problem in this particular instance where the aboriginals are defined separately in the Constitution and they receive separate treatment by the Government of Canada in many respects. That makes this question one which we should and can address.

Let me give a few of the figures. The first figures I have are the average incomes. The document which the Assembly of First Nations quoted from is a report produced by the Department of Indian Affairs and Northern Development in 1991 or 1992. It deals with per capita incomes of aboriginals and non-aboriginal Canadians as of 1990.

An interesting aside is that one of the things the report notes is that between 1985 and 1990 the income of aboriginal persons rose from \$10,000 to \$14,000. The precise figures are \$10,833 to \$14,198. It is interesting to note that this is an increase over that period of some 31.1%, whereas over the same period the incomes of non-aboriginal Canadians only rose by 6.9% to \$20,264. There are two figures, \$14,198 average income per year per capita for aboriginals and \$20,264 a year per capita for all Canadians including aboriginals.

I have something else here which is part of the Library of Parliament study which it did at my request. It contains Statistics Canada data and various data from other very good sources. It points out that as of 1992-93 total federal government spending on aboriginals was \$6 billion and some change. The provincial and territorial spending was \$5 billion. This totals \$11.628 billion.

This is all very well and good but this chart I have before me averages it out to show that per capita spending on aboriginals both on reserve and off reserve in 1992-93 was \$15,714. Members should hold this figure in their minds because this chart also did the same work to determine how much is spent on all Canadians during the same period. When we talk about spending we are talking about education, income transfers, housing, health care and social services, everything a government does for its people.

The average for all Canadians from the federal and provincial governments is \$10,026 per year per capita. Just to repeat what I said, all governments spend an average of \$15,714 per year for aboriginals and all governments spend an average of \$10,026 per Canadian.

In order to get a picture of the real situation with our aboriginals and with the spending of all governments on aboriginals, we add the figure for spending on aboriginals and all Canadians to the figure for income of aboriginals and all Canadians. The wealth we derive from society is what we can earn with our own labour and what we receive in the form of social services from the government.

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When we add up those figures we find that the total per capita economic benefit per aboriginal is \$29,912. The total per capita spending for all Canadians is \$30,290, a difference of only \$378. Something is terribly wrong. For some reason the total economic benefit going out to all aboriginals and to all Canadians is within \$378. Yet we have problems all across the country on and off reserves with widespread poverty and people living in social conditions that are an embarrassment to the rest of the world. Canada has difficulty holding its head high when we speak of how we treat our aboriginals.

• (1730)

I hope the government is listening. The problem revolves around not how much money we are spending in terms of benefit or how much income the aboriginals are getting per person. What is wrong is that somewhere there is a major glitch. The \$11 billion as of 1993 from this government and the provincial governments is not getting to the people effectively. It revolves around issues of accountability and re-examining the entire structure of how we fund the aboriginal community both on and off reserve.

We have here one of the most crucial and most difficult problems that affects Canadians and that every Canadian should worry about. I hope the government will look at my figures and consider what it should do.

**Mr. Howard Hilstrom (Selkirk—Interlake, Ref.):** Mr. Speaker, the hon. member who just spoke has probably given one of the best accounts of the situation with aboriginal people in Canada today that I have heard in parliament since I came here in September 1997. I cannot speak to the 1992 and 1993 statistics and all those things. Figures can be twisted around so that we are not too sure what they actually reflect.

The fact is that with the wise use of financial resources we can make some immediate impact for poor people both on and off reserve. The accountability issue is something that poor people on reserves across the country have been raising. Accountability is seen by the simplest explanation I have heard: "The chief lives across from me in a \$200,000 house. I am living in a house with no running water, no sewage and very little insulation in some cases". The funding that went into reserves for housing has been well documented over the years. Why do some have so much and some so little? This is the funding the hon. member is talking about.

Will the member keep speaking to the Minister of Indian Affairs and Northern Development and pressing his government along the lines he spoke about today? If he does I would be pleased to support him.

**Mr. John Bryden:** Mr. Speaker, I would like to share my time with the member for Mississauga West. I thank the member for his very kind comment.

Aboriginal affairs issues are very difficult because they involve money and the privacy of individuals. We do not want to interfere and deprive people of the ability to spend money in a way in which they control their destiny. As I see the problem, governments have been far too sensitive about that issue and have not required the sort of performance guarantees we require of other sectors of the community.

I tell the member opposite that I like the government's attempt to bring self-government to various aboriginal communities across the country, provided those self-governments have the same level of transparency and accountability that we expect of every other level of government and organization in the country that is dependent on shareholders or the support of the people.

• (1735)

The government is moving in the right direction. There is a lot of resistance. There is a lot of fear. There is a lot of worry that we will upset the aboriginal community. However we know that it has not been working in the past. In this one area of politics we should all be on side, on all sides of the House, to try to solve the problem in a compassionate and effective way.

**Mr. Howard Hilstrom:** Mr. Speaker, seeing as we have a minute left I would like to ask one more question.

Does the member who just spoke see any opportunity for having an auditor general type of accountability for moneys that go from the federal government to aboriginal reserves to be used in common for everyone?

That is what seems to be lacking at this time. There is the lack of an independent auditor who cannot be controlled by the people who are handling the money, in this case the chiefs and the councils.

**Mr. John Bryden:** Mr. Speaker, the problem is that we would require an auditor general to oversee the spending of the municipalities. Basically aboriginal self-government is the creation of the municipalities by the federal government. They are not really nation states; they are really like municipalities.

The real answer in my mind is to require these organization to have the same type of rules of disclosure that exist in something like the access to information act or freedom of information. It is the elected people who have to determine whether a government at any level is doing its job properly. If we do not have those rules of transparency the people will never know and cannot act responsibly.

**Mr. Steve Mahoney (Mississauga West, Lib.):** Mr. Speaker, it is delightful to be back. I thank my hon. colleague for leaving me some time to discuss some of the issues around what we are calling prebudget.

The member made an interesting point. He said we were debating two things at this stage, given that the actual budget will

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be released in this place on February 16. We are talking about the budget in the year 2000 and we are also explaining to Canadian people the impact the 1998 budget has had on the economy and on our country as a whole.

We heard members opposite calling quite loudly for tax relief. It is my sense that there will be some additional tax relief in the budget. I am hopeful there will be. There was over \$7 billion in tax relief in the 1998 budget, something that members opposite tend to gloss over. The Canadian people know because they can see it. They can see the actual benefits they get.

Just to share some of them with members, for example, there was an increase in the child tax benefit from the \$850 million announced in the 1997 budget. An additional \$850 million was put into that. That will go directly to benefiting low income Canadians who need assistance to go to work and to provide proper care for their children.

In addition a caregiver credit was provided in the 1998 budget. We do not hear members opposite talk about its importance. We can think about health care and the impact on families of providing care giving situations to their parents or other relatives. The government recognized it in 1998 as important. To give the detail, a caregiver credit will reduce federal tax by up to \$400 for Canadians caring for an elderly parent or a family member with disabilities. This is significant tax relief targeted to help people who specifically need it. I hope we will see more of that kind of budgeting in the budget coming up later this month.

In addition there was an exemption on GST and HST for expenses incurred in the provision of temporary care to someone who by reason of infirmity or disability needed the particular care.

• (1740)

Once again we would think we would hear members in this place telling the Canadian people that this is good budgeting, good financing to help the people who need it most.

Also in that budget the Canadian opportunities strategy provided tax assistance for Canadians who wished to advance their learning. It did a number of things. It provided tax relief for interest payments on student loans. We heard from students at various committees and in our offices. They have written letters talking about the incredible burden of graduating from school with a debt burden of \$25,000 or more from student loans. We provided some assistance and even an opportunity, if hardship could be shown, where that particular interest could be written off entirely.

There was an opportunity in the last budget for tax free RRSP withdrawals for lifelong learning. In today's society with the downsizing and the changes that have occurred there are many Canadians, many of them middle income Canadians, who cry for tax relief. Many Canadians have suddenly found themselves going from being middle income to being no income simply because they have been downsized, their company has changed their method of

doing business or whatever. In many instances they are not only middle income but are also middle age.

This allows them an opportunity to tap into an RRSP fund that is available for their retirement to allow them to take courses so they can perhaps readjust and create new employment for themselves. It is tax relief with some sense behind it to say it will directly benefit those people who need the help. There is also an education credit and child care expense deduction for part time students.

In the last two budgets of the government there was a real move toward providing some tax relief that made sense. It was targeted to help people in either adjusting their lifestyle, taking care of dependants who might be ill, infirm or disabled in some way, or helping them provide education for younger members of their families.

When we talk in terms of the next budget perhaps we as parliamentarians will have some access to it. I believe, as my colleague mentioned, this budget has been put to bed. Being only a couple of weeks from now perhaps there are some *i's* to dot and *t's* to cross, but at the end of the day the budget policies have been hashed out in this place. The policies have gone before parliamentary committees. They have been taken to caucus. There has been input from Canadians. This budget is probably done. The next budget will be for the year 2000.

It is interesting that this is really about fighting over the spoils. When the government was first elected in 1993 it walked into a situation where people were describing us in cities like New York, Washington and others around the world as a third world country because of the size of our deficit at \$42 billion. I stress the deficit being the overdraft, the deficit being the shortfall in the operating budget, not the debt. It is a different concept. It is important that Canadians understand that in 1993 the government was spending \$42 billion on an operating basis more than it was bringing in in revenue.

The world was looking at us and saying that for the size of our country of 30 million people, for the size of our GDP, for the entire output of our nation, a \$42 billion debt was unacceptable. We were being referred to as a third world nation.

That does incredible damage. It is not just the psyche and the problem it creates for Canadians who are proud of their country. Canadians continually hear others outside the country saying we are the greatest nation in the world. Canadians know that but were very uncomfortable feeling that no one was properly managing the financial store. I am sad to say that I think it was true. The proof was in the pudding. The reality is that the deficit has been eliminated and the government has retired \$13 billion in marketable debt. For the first time perhaps since the days of Mike Pearson we see in a chart that there is a downward trend in the debt. There is an upward trend in the economy. Canadians are feeling proud not only of being from this great country with a health care system,

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quality of education, our standard of living and being proud of our flag, they are proud that this government has dedicated itself to fiscal restraint and at the same time has put in place opportunities to assist Canadians who need it through our tax relief programs. We are going to see more of the same and the country will continue to grow and prosper. Canadians know that and they speak about it in resounding numbers every day. Things are strong and will get stronger.

• (1745)

**Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP):** Mr. Speaker, I listened with interest to the remarks from the member for Mississauga West when he talked about fighting over the spoils of the surplus budget and resounding numbers of our economy.

As we know if we have watched television or read newspapers lately, we see there are some resounding numbers in our economy. Homelessness, for example, is at a record level. It is almost a national disaster and it is certainly a national embarrassment. This is something the Liberals have been architects of, so I agree with the member for Mississauga West about that resounding number.

The member should look at the resounding numbers of people living in poverty. There are more than half a million children living in poverty and in hunger since 1993 than before the Liberals were elected. Those are resounding numbers and they are resounding in the sense of absolute embarrassment of the Liberal government's policies.

We are hoping that in the coming budget these issues will be addressed. In Regina the employment insurance benefits for people who deserve benefits because they are unemployed and have paid into the system are no longer being provided. The worst record in the country is in Regina where only 19% of unemployed people who have paid into the employment benefit system qualify for benefits. The government arbitrarily has attacked those people who need the insurance help the most from the employment insurance program. These are resounding bad numbers of the government.

I wonder what the member for Mississauga West has to say about these issues which are very disastrous for the Liberal government and what are its plans in the budget to address the issue of homelessness, poverty and the unemployed who are not receiving the benefits they deserve.

**Mr. Steve Mahoney:** Mr. Speaker, the member might find it surprising that I agree with him on a couple of points.

We do have a national housing crisis. However, I separate the issue of housing and homelessness. The problem of homelessness needs to be tied more to health. Anyone who lives on the street in

Canada in February is not a well person and we have to address issues around mental health.

We have seen the cuts. The member talks about his home province. Let me talk about my province. We have seen the cuts that have happened in mental health. We have seen the people who are on the streets because the current Conservative government in the province of Ontario has used its 30% income tax cut and taken that money out of the health care system.

We can blame the federal government for downsizing the transfers to the provinces. We have to accept collective responsibility as a nation for some of that. The reality is that it is the provincial Government of Ontario that has closed mental health beds right across the province and those people find themselves on the street.

• (1750)

I too would like to see a national housing policy. I believe that all levels of government need to get back into providing a social housing framework that makes sense for all Canadians. I will support that and I will work toward that. If it does not all show up in this budget, the government will work toward seeing there is some equity and some housing put back in the marketplace.

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Mr. Speaker, I am sure the hon. member said he was proud of Canada's health system. No matter where we go the health system throughout Canada is a national disgrace. It is a disgrace in my home province. So please do not refer with any degree of pride to the biggest social problem facing Canadians. It will be a problem for some time.

I wanted to make that point. I believe I heard the hon. member say that. If it is not so I will withdraw that statement.

**Mr. Steve Mahoney:** Mr. Speaker, if I did not say it I wish I had said it. I probably did say it. If I recall correctly I said that Canadians are proud of their health care system. Yes, there are problems with it.

It is quite interesting to have a Reform member stand here. We heard Reform's solution that 50% of the surplus would go to tax cuts and 50% would go to debt repayment. I guess the third 50% would go to health care. Maybe that is Reform math.

**Mr. John McKay (Scarborough East, Lib.):** Mr. Speaker, if no one else will pick up the cudgel then certainly I will. I will speak about three things this evening, tax cuts, debt reduction and transfers on the CHST.

First is the issue of debt reduction which in my submission has been ably done by the finance minister. We have gone from a situation where we had about \$42 billion in deficit to a situation where we are now running a surplus estimated at anywhere between \$4 billion and \$8 billion. The question is really one of how

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Canadians want to deal with the surplus which is their own creation, a tribute to Canadian taxpayers.

I am more of a debt hawk than the finance minister. I would allocate more moneys to debt reduction. I consider the debt to be a burden on us and our country. To my mind the \$3.5 billion commitment is a minimal gesture given the size of our national debt. I am something of a minority in this view. This commitment to steady debt reduction is a first step and is something the finance minister needs to be commended for.

I am very impressed by the finance minister's ability to see the gross debt to GDP ratio reduced from something in the order of 73% down to something in the order of 66% to 67%. That is an amazing accomplishment, an accomplishment for which he is to be commended.

When the finance minister presents his budget I urge him to restate the debt so it is somewhat more comparable to our competition. When those people in red suspenders from Switzerland, talked about by our Prime Minister, actually compare our debt to GDP ratio with the ratios of other countries, they will realize this is quite an accomplishment. When we are more comparable we will achieve some savings in absolute terms on interest rates. I hope that will prevent the dead loonie bounce. We have achieved a great deal in absolute terms in the reduction of the debt and I commend the finance minister on his commitments.

I urge the finance minister to make it very public in this Chamber in two weeks that we have reduced or paid off market debt by \$13 billion this year alone.

• (1755)

This is quite an accomplishment and a significant sum of money. This means that Canada, as a government, is no longer on debt reduction. It is no longer in the market for debt.

The direct effect is that we will make the moneys that heretofore had gone for government financing available to the private market.

I was fortunate to have a conversation with Governor Thiessen on this very point. He was saying that because Canada no longer borrows money it therefore has money available to the nation in general and also to private investors for corporate borrowings.

As we all know, borrowing on a bond market or borrowing in debt instruments is a cheaper way of borrowing money than going to the equity markets and borrowing on the equity market.

We have passed on to Canadians generally a tremendous benefit to those who need to borrow in order to carry on the capitalization of their companies.

That in and of itself is probably a bit of an unsung consequence of doing things right in a fiscal fashion. This government in my

view has done it right. We have reduced debt in absolute terms. We have committed ourselves to reducing debt in a steady downward trend.

We have achieved a downward trend from 73% to 66% or 67%, which hopefully by the end of this mandate will be either in the low 60s or the high 50s. That in and of itself is a tremendous accomplishment.

Finally on the issue of debt, I urge on the finance minister two things, that he restate the debt to GDP ratio in a comparative fashion so that it is readily comparable to our competition, and that he celebrate Canadians' accomplishments in the absolute reduction of our national debt by something in the order of \$13 billion this year.

I now to turn to tax cuts. If there is a budget in which to accomplish tax cuts, I would like to suggest this is the budget.

Surely the beleaguered middle class taxpayer deserves something of a break. The surtax can be removed at this stage. This was a tax imposed on Canadian taxpayers in order to fight the deficit. The fight for the deficit is now over. Deficit reduction has been completed and we are now into the realm of debt reduction. The rationale for that tax no longer exists. I urge the finance minister that this should be a priority tax cut.

In addition, 10% of the taxpayers pay 50% of the taxes. As difficult as it may seem, we need to recognize these are the people who carry the financial burdens of the country. When someone is carrying the financial burdens of the country such as this 10% group is they need to be recognized on this level of taxation.

I was somewhat disappointed that the finance minister found himself a little politically boxed in with respect to the EI cut. As members know, 10 cents costs the government \$700 million. This is a shocking figure.

The government found itself in a situation where it had to pass on an EI cut. We ended up cutting 15 cents or just over \$1 billion. That in and of itself uses up room for doing other tax cuts.

There is a good argument to be made that other kinds of tax cuts could have been done in priority to the EI cut.

• (1800)

If we looked at a variety of charts with respect to the taxes that Canadians pay, consumption taxes, corporate taxes, employment taxes and personal taxes, we would note that as a general proposition we are fairly competitive with other G-7 countries in virtually all categories, with the sole exception of personal taxes where we compare somewhat unfavourably with our nearest competitors, the Americans. There is something in the order of a 4% gap between where we would like our competitive taxes to be and where they are presently.



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I for one would have liked that \$1 billion in EI cuts to have been applied to personal income taxes as opposed to employment taxes. A dollar is a dollar is a dollar. However, on the other hand it would have been nice to have spread those dollars over a greater number of Canadians.

The additional cuts that I would like to see are in the area of thresholds. I know there has been a great deal of discussion about bracket creep. I suggest to hon. members opposite and indeed on this side of the House that bracket creep is a little understood concept. However, an area that is easily understood is that of thresholds.

Our tax system, generally speaking, is fairly competitive up to about \$60,000 or \$70,000. After that our competitiveness with respect to our thresholds erodes rather rapidly, in particular as it relates to our nearest competitors, the Americans. While we cannot expect that changing thresholds will in fact solve all problems, the only thing the Government of Canada can control is the area of its taxation systems. We cannot control how much a young engineer from Waterloo University might be paid by Microsoft versus a Toronto or a Regina based company; however, we can have some impact on the taxation system.

Therefore I would have liked to have seen something done in the area of thresholds. My suggestion would be that we move the highest threshold up to around \$70,000 or \$80,000 as the maximum threshold and that we move the middle threshold up from \$29,000 to about \$35,000. That, in and of itself, would provide considerable tax relief so that we would not be taxing Canadians too quickly. If in fact the finance minister has the budgetary room to be able to do that, I would think that is an area which should be seriously explored.

There is also a certain level of hypocrisy in our approach to this. As we see it, we are moving ourselves from a resource based economy to a knowledge based economy. When we move from a resource based economy to a knowledge based economy we can reasonably anticipate that some Canadians will do very well indeed.

How are we going to expect people to put the effort into improving their knowledge base if in fact the tax system takes it out at the other end? We need to address this as a country as we do our budgeting over the course of the next number of years.

The final area I would like to address has to do with the CHST, the Canada health and social transfer. This is of course the big block of cash and tax points which is transferred to the provinces. It is in the order of \$25 billion to \$26 billion.

We will have noticed in the newspapers a great deal of whining on the part of a variety of premiers concerning "reductions in the CHST". The biggest whiner of them all is the premier of my

province who is blaming his entire incompetence and mismanagement of Ontario's economy on a reduction totalling something in the order of \$938 million from the federal government over the course of six years. What he neglects to point out in the course of generating his argument is that Ontario's revenues have actually risen over the past six years to somewhere in the order of \$10.5 billion. Even with what we call Mike Harris math in Ontario, he is ahead by something in the order of \$9 billion. However, when one philosophically commits oneself to tax cuts in priority to all other priorities, one will in fact generate a situation where one has to deal with other areas. One has to make cuts to health care and education and one has to ratchet up the debt.

• (1805)

Surprise, surprise, but that is what has happened in Ontario. The debt has risen under Mr. Harris' stewardship to something in the order of \$20 billion to \$30 billion. Depending on when he calls the election, it may be as high as \$30 billion. Right now it is around \$20 billion. This year alone tax cuts will cost the Ontario treasury something in the order of \$4.5 billion. Those tax cuts alone would wipe out the deficit and provide a small surplus, if properly managed.

As other members opposite have said, there is some disgrace in our health care system. It is not the system that we would wish it to be. Those tax cuts could have been applied to educational priorities, but they have not been applied to educational priorities.

Therefore, when one ideologically commits oneself to tax cuts in priority to all other priorities one necessarily mismanages the government's finances, and when one necessarily mismanages the government's finances one has to blame somebody. Why not blame the federal government which has cut back the CHST to Ontario by a total of \$938 million over the course of six years?

We must not neglect to point out that the effect of proper management at the federal level has brought interest rates down. The interest rate reduction benefit to Ontario alone is something like \$1.3 billion, which more than offsets the minimal reductions to the CHST.

In government management there is always a choice in priorities. What priorities are we going to take? If one looks at the priorities of this government, first of all it gave priority to the reduction and elimination of the deficit. That has been achieved. It is a tremendous accomplishment to go from a deficit of \$42 billion to a surplus of something in the order of \$4 billion to \$8 billion in the course of six budgets.

This government then gave priority to reducing the debt in absolute and real terms. Thirteen billion dollars off in one fiscal year out of the market is an enormous accomplishment.

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It then prioritized tax cuts and last year made a number of tax cuts at the low end. I applaud the government for doing that. Now I would like to see the upper end receive its tax cuts.

Finally, this government has done all of this with a minimalist approach to the reductions in the CHST and it has accomplished it over the course of the six years with a great deal of notice.

Canada is more than ten little fiefdoms with one taxing authority. Canada is a nation. The priorities of our nation have been set by this government and I support those priorities.

I urge this government to continue the absolute reduction of the debt, to provide tax cuts to Canadians who have borne most of the burden and to continue to prioritize the needs of our country in the fashion that I have outlined.

**Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP):** Madam Speaker, I am pleased to be able to raise some questions with the member for Scarborough East. He has stood in this House and has talked about the priorities that he believes the Liberal government has. He also outlined for us, in a surprising fashion, that it actually has health care as a priority. I just want to review that for a moment.

As I recall, in the 1993 federal election the Liberals had three priorities: to abolish, get rid of, cut and eliminate the GST; to re-negotiate and roll back the Canada-U.S. free trade agreement, which they then embraced; and to support our health care system.

• (1810)

I am a member of parliament from Saskatchewan. The hon. member opposite talked about the Ontario experience. In terms of Liberal priorities, the Saskatchewan experience has been interesting to say the least, but they would not be viewed in Saskatchewan terms or in any other terms as priorities.

For example, we used to have a 50% cost sharing arrangement with the federal government for health care. Do members know what it is now? It is not 50%. It is not 40%. It is not 25%. It is not even 15%. The federal share of funding for health care in Saskatchewan has dropped to 14%. That is how the Liberals define priority for health care. They slash, hack and cut medicare so it is bleeding from a thousand cuts. Fourteen per cent means that 86% of the cost of health care is funded by Saskatchewan people for Saskatchewan people. This is a priority that I hope the member will address in the upcoming budget.

In five years we have seen \$1 billion taken out of our health care system by the Liberal government which has prioritized health care. How much would it have taken out if it was not a priority? Maybe it would have been \$5 billion. We are not sure. A billion dollars in Saskatchewan is \$1,000 for every man, woman and

child. That is what we have lost from our health care system. But the NDP government, in its wisdom, found that \$1,000 per man, woman and child and did not pass on the cuts the feds made to the health care system. We backfilled every dollar into health care which those members opposite said was a priority.

We have also seen their wonderful priority in terms of tax cuts for Saskatchewan people and other Canadians. They have eliminated the Crow benefit, which is another \$1 billion that has been taken out of the Saskatchewan economy. On top of that they raised railway transportation costs by between 25% and 33% to every farmer selling and shipping their products by rail. That is a priority.

When we look at the issues of health care, transportation and agriculture, what we see in Saskatchewan is that even the provincial Liberals are saying that health care is a priority and that the NDP in Saskatchewan is not doing its job with respect to health care. The NDP found \$1 billion that this government cut, but the Liberal cousins in Ottawa continue to attack the health care system.

Will the hon. member put his seat on the line? If health care is not the priority that he says it is come the budget, will he resign his seat?

**Mr. John McKay:** Madam Speaker, I cannot speak with any authority on the numbers with respect to Saskatchewan. However, the hon. member forgets, as does Mr. Harris of Ontario, as does almost every premier of Canada, that the CHST, which is the big block transfer, is a combination of cash and tax points. I know that in Ontario the combination of cash and tax points has not amounted to a \$6 billion reduction in moneys, as Mr. Harris would argue, but has been slightly less than \$1 billion. In the process, the government's finances have been put back in order.

I would think that in Saskatchewan, which is arguably in unemployment terms one of our better provinces, the numbers would be similar and that in fact there has been very little reduction in terms of the CHST.

I also note to the hon. member opposite that the equalization payments have not been cut over that period of time, at considerable sacrifice to this particular treasury and to the taxpayers of Canada.

As well, cash reductions in the CHST were stopped at \$12.5 billion, even though all of the provinces had signed on to a cash floor of \$11 billion. As a consequence, \$7 billion was back in the pot for all of the provinces to obtain.

• (1815)

I also note in the last budget \$150 million was put into the health transition fund. There was a further \$50 million for the Canada health information system.

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Over the course of our deliberations the idea of a variety of report cards on how the best health care dollar can be obtained is being floated. I was shocked to learn that Manitoba's system does not compare to Saskatchewan's system which does not compare to Ontario's system.

Canadians spend something in the order of \$80 billion annually on their health care system and they have no idea what they are getting for it. It is something like 9% of the GDP. Comparable health systems in other countries spend something like 7% of their GDP. How is it that they obtain a sophisticated, well managed, accessible system for something in the order of 7% of their GDP when we have to spend 9% of our GDP?

I would applaud the health minister who insists with the premiers and with the respective health ministers that they be accountable for the moneys that are to be put into the CHST.

**Mr. Jim Jones (Markham, PC):** Madam Speaker, it is always interesting to listen to the member for Scarborough East and his sidekick from Mississauga West. The trouble with Liberal members is that we cannot pat them on the back because they are patting themselves on the back.

With respect to the prosperity in Ontario, last year 73% of all the net new jobs in the private sector was created by the province and a high percentage of the remainder was created by the province of Alberta. Is it not ironic that the two provinces with the lowest taxes have created the majority of the jobs and probably have also made the biggest contribution to reducing the deficit.

I heard the member from Scarborough say that the Ontario government had an increase in revenues of almost \$10 billion with a 30% tax increase. Is it not ironic that tax increases or decreases increase the revenue. I would like the hon. member to comment on that.

The hon. member said that he was a debt hawk. Would he then agree that if we had locked the \$3 billion contingency reserve into a repayment schedule with the servicing costs we could pay the debt back in 35 years? Would the hon. member support that type of a lock?

**The Acting Speaker (Ms. Thibeault):** The hon. member has a minute left.

**Mr. John McKay:** Madam Speaker, I do not know whether within a minute I can deal with the simple-minded correlation between the issue of tax cuts and proper management of the economy.

It is true that Ontario at this point is experiencing something of a renaissance and that there is a great deal of job creation. However, there is not a correlation with tax cuts. I respectfully submit to the

hon. member that that is about as simple-minded a correlation as he is going to find.

In fact Ontario's economy is booming because of a great deal of investment in a knowledge based economy and a great deal of investment in other areas of the economy and its location vis-à-vis the United States. The tax cuts do not necessarily correlate as the hon. member thinks they would.

All that it has done over the course of the period of the premiership of Mr. Harris has been to ratchet up the debt by \$20 billion to \$30 billion. That \$20 billion to \$30 billion has to be serviced on an annual basis. Even at the minimal interest rates that we have now achieved by the good management of the federal government, that is still going to add about \$1.5 billion in service costs on to the taxpayers of Ontario.

**Ms. Bev Desjarlais (Churchill, NDP):** Madam Speaker, I am sure when the government releases its budget it will sell it as the answer to everything, the answer to the government's failure to support our health care system, the answer to its failure to improve child poverty. As it has for the past year, the government will talk of the surplus and the need to decrease the debt.

• (1820)

Canadians are tired of the government's doublespeak. Canadians knew with the budget last year that by not going ahead with further cuts the government was not putting dollars back in health care.

Canadians know that dollars paid by workers and employers should not be used for government favours. Canadians know that the finance minister's surplus should not include EI dollars. We do not need to abuse the EI fund to put an armoury in Shawinigan. We do not need to use EI dollars to have a millennium scholarship fund as a golden calf for the Prime Minister. Without those EI dollars, the finance minister's surplus dwindles. His pat on the back should be resulting in a small burp, not the belching we must continually listen to.

In reality there should be no pats on the backs on the government benches. The social deficit in Canada has reached an all-time low. Let us recap a few of the government's wonderful contributions since the Liberals took the helm. All that is missing is the iceberg.

Child poverty has increased by \$500,000. Homelessness is a national disaster. Every province has called on this government to react to the critical state of our health care system and then the member for Scarborough East calls it whining.

Government members have taken a year to clean out their ears, or is it just so bad that even they are feeling the shame and embarrassment of Canada's drop in social standing?

I want to read from a letter that I received over the break:

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It is very tough to survive on old age pensions in present times. My wife and I are trying to do just that. My lady is 70 years old and I am 76. The price of necessities is rising daily and it is so hard to make ends meet.

In 1998 the government raised our medical target \$300, so we now must pay \$600 before we get any discount on the price of drugs. We are both on medication. This is a low blow.

The cost of living in the north is horrific. We pay top dollar to operate our cars. We cannot afford a holiday which we should be entitled to.

The federal government has seen fit to forgive a \$700 million tax bill to people who are already billionaires. This will certainly fall in the laps of the average taxpayer to fill in the void.

This is the Liberal legacy as we enter the new millennium. The government had best make a good showing with the next budget. We cannot afford for conditions to get any worse. Canadians will not tolerate this Prime Minister's lack of vision. This government must make a serious commitment to the people of Canada. What are the options to improve the sorry state of Canada's social condition?

As a bare minimum, \$2.5 billion must be put back into the health care system. The bare minimum. Put the EI payments back into the program. We have all heard the disgusting statistics throughout Canada as to the number of workers no longer able to collect benefits, not because the dollars are not there but because the government changed the rules so less and less can receive benefits. What good is an insurance plan if it is not able to be collected by the people who most need it?

My colleague for Regina—Lumsden—Lake Centre mentioned the deplorable numbers for his riding. Only 19% of the unemployed are able to collect EI benefits. Some employment insurance. In my riding \$16.9 million less is being paid out in EI benefits.

Cut the GST by 1%. This along with dollars put back into EI are the greatest encouragements to job creation and boosting local economies. This way all Canadians benefit: workers, the unemployed, the sick, local businesses, not just the billionaire who got the \$700 million tax write-off.

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Madam Speaker, I would like to direct a comment and a question to the hon. member for Churchill.

I agree with much of what she has said. One thing bothers me with the talk leading up to the transfers, and I am sure the hon. member will agree with this. Somehow with the transfers we now need what this government says is accountability. I have some problems with that because when the government says it needs accountability, what the government is saying is that it has not had it in the past.

• (1825)

Who knows best how to deliver a health care system in my province in my constituency than the people who live there? What

is the point of demanding accountability? Are you going to create an army of people to say this is where your health dollars go, this is where your education dollars go and this is where the welfare dollars go?

I would not have any idea at the present time how to deliver a health care system to a village on the coast of Newfoundland. Does the hon. member agree with the government that says this is how much money you are going to get but you are going to be accountable to us as to how it is going to be spent, as if you are not capable of spending your own tax dollars?

**Ms. Bev Desjarlais:** Madam Speaker, I do not have a problem with accountability. Canadians want accountability for their tax dollars, but reasonable accountability is what we are talking about.

It seems again I am talking of the doublespeak that the government uses. We all read the comments of the transport minister when he talked about certain dollars that were signed away and that the process really was not there to keep track of it and there are toll highways in New Brunswick because things were not accounted for. It is important to recognize that we have to be accountable and the things that happened were wrong in that case.

We did not have a problem within the health care system in Canada. There was not a serious problem until this government took the helm and dollars became so scarce that the government had to get on somebody's case over where the dollars were going. We did not hear Canadians complain about the things they are talking about now, of not getting surgery for six months to a year and of not getting treatment for breast cancer until three, four or five months down the road. That is the legacy of the Liberal government and it is not because of accountability.

**Mr. John McKay (Scarborough East, Lib.):** Madam Speaker, I thought I heard that the member opposite wished to obtain a tax cut in the area of the GST. Does the member know how much the GST raised for the federal government? What was the net effect of the moneys that were raised? How much did that contribute to the federal treasury? Has the member contemplated how much a one point reduction in the GST would cost the federal treasury? Is that one point reduction in the GST a priority the member would put in precedence to all other priorities?

Does the member know whether the consumption taxes set out in this country are comparable to consumption taxes in other jurisdictions?

**Ms. Bev Desjarlais:** Madam Speaker, to get to the end result I am not aware of all the figures regarding consumption taxes in every area.

I for one have never begrudged paying my dues for what I receive. I personally have never begrudged my tax dollars. I have benefited greatly as a Canadian. My family has benefited through

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public schools, through roads and through the health care system. Personally I pay my taxes and I do not begrudge them when I receive the goods but that has not been the case.

With regard to the 1% on the GST, there is no question that the benefits to the local economies and to individuals will be benefits that will reach everybody if we use the 1% GST cut. That is not the case when one person receives a tax break. That is the problem Canadians want to address in the tax system. They want something that is going to be fair for everyone.

[*Translation*]

**The Acting Speaker (Ms. Thibeault):** Order, please. Pursuant to special order made earlier today, the House will continue consideration of Government Orders.

\* \* \*

[*English*]

### RAILWAY SAFETY ACT

**Hon. Fred Mifflin (for the Minister of Transport)** moved that Bill C-58, an act to amend the Railway Safety Act and to make a consequential amendment to another act, be read the third time and passed.

• (1830)

**Mr. Stan Dromisky (Parliamentary Secretary to Minister of Transport, Lib.):** Madam Speaker, I am pleased today to rise and speak in support of Bill C-58 which has received consideration by the Standing Committee on Transport last November and has been finally referred back to the House for third reading. I commend my colleagues for their diligent work on this significant piece of legislation.

Two in depth reviews have been conducted to date by independent and departmental safety experts on the Railway Safety Act. One was in 1994 and more recently another in 1997. These reviews confirm the validity of the underlying principles of the act. In both cases the overall excellent safety record of the Canadian rail industry was clearly acknowledged, and we are very proud of that.

However these reviews also identified opportunities to further enhance the legislation aimed at building and improving on this effective safety framework. The amendments proposed in the legislation were prepared following a thorough consultative process with the railway industry, railway unions, the Federation of Canadian Municipalities, the Canadian Safety Council, Transport 2000, provincial officials and other interested parties, and there was a great number of them.

Consultations were held as late as October of last year. These sessions provided stakeholders with an opportunity to reach a consensus on the intent of these proposed Railway Safety Act

amendments which reflect best practices used in safety regimes from other modes of transportation.

The benefits of full consultation were amply demonstrated by our stakeholder success in seeing their views integrated into the improved legislative package. As a result they expressed to the standing committee their high level of comfort with the bill.

I am pleased to inform the House that the proposed legislative changes in Bill C-58 as approved by the Standing Committee on Transport will enhance our ability to give assurance to Canadians of the continuing health of railway safety in the country.

Some of the most important changes in the bill have been made in order to make our railway system much safer. Among other things these changes include a new policy statement; authority to require railways to implement safety management systems with an auditing process; authority to require railways to report safety critical information, an absolute must; a new safety compliance order targeted at safety management system deficiencies; increased authority for railway safety inspectors which is lacking at the present time; and an improved consultative process with all partners concerned.

We believe that these and other measures proposed in the bill will benefit Canadians greatly through the continuous improvement of all elements of the railway system.

I can assure the House that Transport Canada considers railway safety to be of utmost importance. As the Transportation Safety Board has noted, Canada enjoys a commendable rail safety record. To maintain this record departmental rail safety inspectors will continue to monitor all railway company safety performance across Canada.

Transport Canada will also continue to take action to attend to any safety deficiencies that may arise to ensure that the safety of the Canadian transportation system is not compromised.

The history of this act is characterized by co-operation among concerned parties. Railways and unions, provinces and municipalities and professional associations have all contributed to the development of this act over time.

• (1835)

At the Standing Committee on Transport last year many witnesses came forward to voice their support of what they felt to be a good piece of legislation. Stakeholders, industry and labour commended the process by which the legislation had been developed. In particular, they appreciated the opportunity to fully voice their concerns and to see these concerns being addressed.

For example, as a result of comments made by stakeholders to the Standing Committee on Transport the government was very

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pleased to add a new section to the bill, section 26.2, which states that railway equipment has the right of way at highway crossings. This provision has the wide support of stakeholders and was satisfactory to concerned parties.

It may seem obvious that railway equipment has the right of way when one considers the mass of a train compared to that of a measly motor vehicle. However, setting this out in clear language may help Canadians to realize that railway vehicles, unlike motor vehicles, require long distances to come to a stop. This section will therefore help in raising public awareness and advancing crossing safety.

Technical amendments put forward by members of the standing committee have also been incorporated into the bill. The Standing Committee on Transport has helped through its considerable efforts to improve an already sound piece of legislation.

The bill contains a very innovative approach to the problem of train whistles in our communities. The whistle signals the approach of a train to a crossing. This very simple device has historically been an effective safety warning. Yet it can be very disruptive to people who live close to the railway line, especially if the whistles are blowing at three o'clock or four o'clock in the morning. Over the years railways have ceased whistling at crossings in a number of communities. This was initiated following strict guidelines established by Transport Canada.

The scheme set out in the bill, which was endorsed by municipal representatives and in particular by the Federation of Canadian Municipalities, will require railways to stop whistling where a local government has passed a motion approving whistle cessation and if the location meets Transport Canada's standards as set out in legislation. We believe this will foster a co-operative approach to solving problems between railways and communities.

To conclude, Transport Canada's first priority is the safety of the transportation system in Canada. I believe these amendments to the Railway Safety Act will strengthen the regulatory framework governing safety in this critical mode of transportation and will provide the means to ensure that Canada's railways will continue to improve their safety performance as we head into the 21st century.

I urge all hon. members of the House to give quick passage to the legislation so that it can be considered by the other house.

**Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.):** Madam Speaker, on December 7, 1998 Bill C-58, an act to amend the Railway Safety Act, was passed unanimously at report stage. Because the intent and general terms of the bill are beneficial, my Reform colleagues and I held our noses, gritted our teeth and voted

for a bill that had been pushed forward with indecent haste and had not received full and proper consideration in committee.

Contrary to what the parliamentary secretary has just said, there were stakeholders who were unable to be heard. Moreover, I am unaware of any amendments proposed by the opposition parties having been even seriously debated in committee, much less passed.

If the practice of adapting the committee's schedule to the convenience of the minister's office is the shape of things to come, I can assure the minister and the House that the official opposition will be less indulgent in the future.

• (1840 )

Tonight I bring to the attention of the House a deficiency in the Canada Transportation Act which came to my attention as a result of an alleged breach of safety relating to a level crossing.

In August 1997 Ms. Linda Meyer and a companion were walking across a private railway crossing known locally as the Donatelli Crossing near Mission, B.C. I have seen photographs of the location. The right of way is not fenced and the crossing is marked with a stop sign. From a safety standpoint the amount of brush along the approach is certainly unacceptable, but that is not the issue I wish to raise right now.

The couple were stopped on the crossing by a Canadian Pacific Railway police constable dressed in civilian clothes and driving an unmarked van. They state that the officer informed them without warning or preamble that they were under arrest for trespassing. They further claim that when they protested Ms. Meyer's companion was pepper-sprayed and she was restrained with such force that she required medical attention.

When I heard this story my initial reaction was to wonder if the Prime Minister had been moonlighting as a railway policeman. However, the incident took place a few weeks prior to the APEC summit and it is therefore extremely unlikely that he would have been in western Canada at that time.

The trespassing charges are still before the courts and I understand that criminal charges against the constable are pending. This legal escalation need not have occurred if section 158 of the Canada Transportation Act contained a provision for an independent tribunal to review complaints against railway police officers.

As it stands, citizen complaints are only dealt with internally by other railway employees. In an age where almost every public police force in Canada is subject to some sort of civilian overview, it is an aberration in my view that a private force is exempt from control or is exempt from external scrutiny. Even the RCMP is subject to its actions being reviewed by the allegedly impartial

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public complaints commission. It is unconscionable that the security force of a private corporation does not have this type of public accountability.

When Ms. Meyer's complaint was not dealt with to her satisfaction by the railway company she appealed to government and found herself in a Kafkaesque runaround where nobody seems to be responsible for anything.

The Minister of Transport initially passed the book to the Canada Transportation Agency. The Canada Transportation Agency and the Minister of Justice both directed her to the solicitor general who in turn directed her, correctly I believe, back to the Minister of Transport where the matter rests.

As an aside, I gather from the response by the Minister of Justice that she is not even aware that trespassing on railway property is a breach of federal law under the Railway Safety Act, but nobody is perfect.

In summary, I urge the Minister of Transport to introduce legislation to amend section 158 of the Canada Transportation Act to establish an independent commission to review and adjudicate complaints against railway police constables.

Further, although we are now in the process of passing what is supposed to be the be all and the end all of railway safety, I suggest that the rather nebulous section 26.1 of the Railway Safety Act be further amended in accordance with last year's recommendation by the Transport Canada project team that "the responsibilities of all concerned parties with respect to crossings and trespassing be clarified". This is less important to me than the issue of lack of accountability of the railways for actions of their constables, but it is nevertheless a matter of public interest.

I would add that the potential, no matter how slim, for a trespasser on a railway track to be charged with an indictable offence pursuant to section 41 is overkill which should be addressed in conjunction with the review of section 26.1 of the Railway Safety Act.

• (1845)

If the minister would bring forward the necessary legislation to address the inequities in the Railway Safety Act and in the Canada Transportation Act to which I have drawn the attention of the House, my colleagues and I would be very happy to support the initiative.

**Mr. Greg Thompson (New Brunswick Southwest, PC):** Madam Speaker, I am pleased for the opportunity to take part in third reading of Bill C-58, an act to amend the Railway Safety Act and to make a consequential amendment to another act. This act is basically the same as the previous Bill C-43 introduced during the last parliament. Unfortunately it died on the order paper at the call of the last election.

The bill proposes amendments to the Railway Safety Act which came into effect in January 1998. The statutory review took place after five years. The result was the previous Bill C-43 and now the bill that has replaced it, the one before us, Bill C-58.

The bill will provide the necessary authority to require railways to implement safety management systems. This is a preventive measure that will work to enhance the procedures of railway companies. The bill will also provide greater involvement of the affected organizations in rule making. It will allow communities to become involved in the issue of train whistles.

It does not sound very important but it is. For one living in a community next to a railway track it becomes a disruption. I am being told that this will ensure local communities will have their say on how that is handled, not at the expense of safety but by attempting to eliminate that disruption in certain communities because of rail lines and their crossings. The community and the railway will be able to work together under the legislation to provide for minimal disruption of the community and, as I said earlier, to provide the highest level of safety at crossings.

The bill will now clarify and strengthen the federal powers at road crossings which will allow for safer crossings at a time as speeds and volumes are increasing, which makes safe crossings that much more important. Particularly with the increase of car and truck volumes using our road system and the rail industry competing globally with increased volumes, it is much more important that we become vigilant to support or provide for the safest possible system when these two modes of transportation meet.

Increased crossing safety is the utmost importance considering the circumstances when there is an unfortunate incident at a crossing. Railway crossing safety will become even more critical as volumes increase. The Maersk-Sea Land's post-panamax strategy for North America may and most likely will include Halifax. We are hoping Halifax will be the container port of choice by huge new vessels which will increase traffic volumes immensely. Nova Scotia's economy, indeed the Canadian economy, will benefit greatly if Halifax is chosen.

I take this opportunity to impress upon the federal government the importance of the Halifax bid. My seatmate from Nova Scotia and our transport critic from Cumberland—Colchester have been working very hard to make sure that the bid is given some recognition by the government. Unfortunately the government has been what we call shamefully silent on the issue. It has to be a little more aggressive in that bid if Halifax is to be successful.

• (1850)

I am getting off topic a bit but the Halifax terminal is up against some pretty stiff competitors. It all fits into the safety implications of the bill. The container line coming into Halifax and the super port would increase volumes dramatically on the railways and on

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the highways simply because of the loads super carriers would be bringing into the port of Halifax if it were successful.

One thing that annoys me about the federal government is its lack of support of the Halifax bid for the super port. I have before me an article that was carried in the Halifax *Chronicle Herald* in September 1998 wherein the federal international trade minister was urging New England business leaders to back the bid of Halifax for super port status.

It is interesting that Halifax is looking for \$50 million from the federal government to help with the bid to become the named port in competition with ports along the American seacoast. Yet here we have the Minister for International Trade urging New Englanders or New England business to support our bid but not coming up to the line on behalf of the Government of Canada to support Nova Scotia in that bid.

Halifax is on the short list and it is coming down to a choice between Baltimore, New York, New Jersey and Halifax. It is up against some pretty stiff competition. The federal government has to be a little more active on that file if Halifax is to be successful. We can be sure that the Americans will use everything at their disposal to make sure they are successful.

Just a week or two ago I was listening to a New York radio station and I know hundreds of millions are now being spent to dredge the New York-New Jersey harbour in anticipation of receiving the go ahead; in other words that it will be the favoured port.

The Americans are doing everything they can to secure that bid, and we are sitting in Ottawa doing absolutely nothing. I urge the federal government to talk to the industry minister and the finance minister. It is time we did what our American competitors are doing to ensure success by investing in the future of Nova Scotia, the east coast of Canada and the Canadian economy. This is a big money maker, a big job maker. It is time the government at least acknowledges the writing on the wall and plays hardball with our American counterparts. Otherwise it is like rolling over and playing dead to the elephant. I do not think that we can afford to do that any more.

The transport minister's parliamentary secretary is here. He is a very capable individual. I hope he impresses upon his minister the importance of the bid so that we can move on with it.

Another measure contained in the bill is the authority to regulate railway emissions. Our environment is a valuable asset, one that we cannot replace. It is not as if it is a renewable resource. We have one and we have to take care of it. We support any measures to protect it, and that is included in the bill.

The last feature to which I will speak is the security of the railway system. Bill C-58 will improve safety, not only for the

travelling public who uses the rail system through VIA Rail but also the vital link which has a major impact on the success of the Canadian economy.

● (1855)

The Railway Safety Act which passed in 1988 was a significant change in the way we regulate railways and how railways interact with government. This has proven to be a very good approach, and with the legislation before us today I hope it will become that much better. I might add that I was a member of the government that passed the legislation in 1988.

The member for Cumberland—Colchester examined the bill in detail at the committee stage and was glad to hear the witnesses who appeared before the committee, including CP Rail, Canadian National, the Railway Association of Canada and three groups representing labour. We are also pleased with the exhaustive consultations that took place with the stakeholders involved and their valuable input.

I emphasize that it is a top priority of our party to ensure safe railway operation. In conclusion, I am glad to say that we will be supporting Bill C-58, the Railway Safety Act, as we look forward to the safer railway system which will be a result of the bill.

**Ms. Bev Desjarlais (Churchill, NDP):** Madam Speaker, I am pleased to speak on behalf of the New Democratic Party in support of Bill C-58, an act to amend the Railway Safety Act.

The bill is the product of an inclusive consultation process with representatives of the railway industry, organized labour and other stakeholders. These stakeholders have indicated their satisfaction and support for the bill.

The process of consultation that culminated with the bill is a rare and refreshing change from the autocratic way the government usually operates. Most of the time the government takes its cues from its business friends who are concerned with only their bottom lines and not with what is in the public interest. This obvious bias is most apparent in the way the Liberal government has slashed health and social spending and finagled with EI funds that are supposed to pay for unemployed workers and job training.

Most government bills come to the House from the bureaucratic backrooms like lightning bolts from Mount Olympus with little or no public consultation. When there is consultation it is usually only with high priced lobbyists. That is why the bill is such a rare and refreshing change.

It was a pleasure to see organized labour, municipal governments and the Canada Safety Council consulted in the making of the bill. It was rare to see a balanced process, rather than one skewed by a one dimensional perspective.



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New Democrats and social democratic parties around the world know that business is fundamentally important to the public interest. After all, it is the engine that creates our society. Business is a valid and important contributor to society but it is only one dimension in the multidimensional reality of the public interest. In a healthy democracy business needs must be balanced with the needs of communities, with individual liberty, with compassion for the sick and the disadvantaged, and with other values that its citizens hold dear.

When business interests gain supremacy over others democracy is threatened. We see this in many third world dictatorships where business thrives but the people are denied liberty and most live in poverty.

The consultations that went into the bill are a case in point. Business was well represented by CP Rail, CN, Via and the Railway Association of Canada. Surely they made valuable contributions, but other voices were at the table as well. Labour was there to represent the workers. The Federation of Canadian Municipalities represented communities and the Canada Safety Council represented the general public interest. No wonder this process produced a positive bill that we are pleased to support.

Among other things the bill allows for greater openness and transparency in the making of rules and regulations. It addresses concerns about train noise in communities and the problem of train-car collisions at road crossings. It clarifies jurisdictional issues over road crossings and extends the jurisdiction of railway safety inspectors. It provides the federal government with the authority to mandate safety programs from railway companies and enables the government to regulate railway emissions.

I particularly welcome the provisions for greater openness and transparency in rule making. The bill will ensure that unions and other interested parties have 60 days to review and comment on any new rules, rule changes or proposals for exemption. I know the transportation unions take the safety of the public and the safety of their members very seriously and will take advantage of this opportunity to add their input into the regulatory process.

● (1900)

One of the most difficult issues this bill deals with is noise pollution from train whistles. When these whistles blow at all hours of the day and night they disturb people living near railway crossing and lower property values. At the same time train whistles are important for safety because they serve as a warning to motor vehicles and pedestrians crossing tracks. Over 95% of train fatalities are caused by trespassing on tracks or at crossings. So the challenge in this bill was to balance the need for safety with the quality of life of people living near crossings. After listening to the rather strange story the member from Cypress Hills mentioned, the challenge will also be to ensure that the rights of those people who

are on those tracks are dealt with in a fair manner. It would appear that is an area that will have to be looked at fairly quickly.

The solution found was to turn responsibility over to local governments which, as we know, are more in touch with the needs of their communities than the Ottawa bureaucracy. This bill will enable local governments to pass resolutions to limit train whistling. In order to ensure safety, the municipalities will have to consult with the relevant railway companies and other stakeholders and the crossing will have to meet certain national safety standards. Clearly this solution delegates a great deal of responsibility to local governments and depends on the vitality and good judgement of those democracies. New Democrats and community activists everywhere will closely monitor this new system to make sure it works.

Although I support this bill overall, I would like to note one reservation regarding the section about the medical testing of railway workers designated as critical to railway safety. Without a doubt, the public interest demands that these workers be medically fit to do their important jobs. My concern is with section 35 of the bill which states that these persons shall undergo a medical examination organized by the railway company concerned. Medical records are personal and private and we, as members of parliament, must take care any time we pass a law like this one that violates the privacy of citizens. I am concerned by the fact that this bill specifically states that the medical examinations are to be organized by the railway companies concerned.

I have a great deal of experience with these kinds of issues, having worked for 25 years in the health care field. For many of those years I served as a union representative and I have seen firsthand the kind of abuse that permeates with rules like this one. It is possible that the railway companies will try to abuse this section. Hypothetically they could have a company doctor declare a worker unfit to work in order to get rid of a union leader or to prevent an employee from having enough years of service to qualify for their pension. On the other side of the coin the company could have a doctor overlook some legitimate medical problem to keep an employee on the job when they are shorthanded. These kinds of abuses have happened before and we must ensure that they cannot happen again. This underlines why unions are absolutely essential for protecting the rights of workers and why the railway unions must be vigilant in protecting their members.

In summary, this bill attempts to improve the safety of Canada's railways. It presumes that the railway companies will not put profit before safety. Only time will tell if this confidence in the railway companies is justified. Despite these reservations I reiterate my support for the bill.

**Mr. Stan Dromisky (Parliamentary Secretary to Minister of Transport, Lib.):** Madam Speaker, regarding the presentation made by the member for Cypress Hills—Grasslands he stated correctly that railway property is private property. Therefore anyone trespassing can be arrested if there is an officer of the

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railway or someone representing the law enforcing body of the railway as it was possibly in that case.

However, I would like to point out to the member and to members of the House that this bill is presenting a dynamic innovation in the whole area of railway safety. In the past rules and regulations were made and they were carved in stone. They remained that way for a great number of years. The tools, the processes and the regulations that were imposed in this bill will provide a dynamic model which means that it will continually grow based on concerns and input from all the parties concerned, not only municipalities, not only victims of accidents on the railway but all parties.

• (1905)

Safety will be number one throughout this entire process. Changes will be in essence ongoing because this is a very dynamic model with all parties concerned. I thank the member for New Brunswick Southwest for his comments with regard to the harbour. That issue has not yet been resolved because the Halifax harbour has not been chosen. That issue will be dealt with at the community, municipal and provincial levels before we are notified of any decision. We certainly cannot step into the picture and make declarations. In other words, we only deal with the facts.

I thank the hon. member for Churchill for her comments pertaining to the process we were all involved in devising this bill. I will take into consideration and pass on to the government the kind of concern raised by the member at the very end of her presentation regarding health management problems.

**Ms. Bev Desjarlais:** Madam Speaker, with regard to the ongoing process it is important for the dynamic aspect so talked about to really be there and for it not to be a lot of fluff. There is a concern that might not be the case. I know the railway workers and the municipalities involved will be very vigilant in ensuring this bill really works to improve railway safety.

I know the parliamentary secretary has committed to ensuring that what takes place is up front. We will see how things proceed.

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Madam Speaker, I will comment on what the parliamentary secretary said in terms of private crossings although they are disappearing in my area. Right in the middle of most towns in the prairies are private crossings, since the railway came in. Although they are private crossings they have been used as public crossings that give the railway the right of way.

If the parliamentary secretary had listened carefully to the hon. member for Cypress Hills—Grasslands, he would know that it was an unprovoked, unnecessary approach by someone employed as a railway police officer. If this incident were to happen in my town we would consider it gross indecency on the part of the police. We have to take what he said as true. I know it is true and I know the hon. parliamentary secretary will give credence to what he has to say and that he will give some support to this individual case.

Eventually it will come back. Right now it is laying in the hands of the Minister of Transport. I would ask him to look into that.

**Ms. Bev Desjarlais:** Madam Speaker, there is no question that the story related by the member for Cypress Hills—Grasslands should be of great concern. Without knowing exactly how it is proceeding through the Department of Transport, I am sure most of us here will follow up with the particulars to ensure it will not happen again.

I am sure most Canadians do not realize there are private police and such on the railways and on that New Brunswick toll highway. Authority is given to the companies that run that stretch to police it. I do not think Canadians realize that and I do not think they would be very happy to know that. As the word gets out we might find that more and more comments come back if things are not done in an acceptable manner. In this case it certainly appears it was not.

[*Translation*]

**Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ):** Madam Speaker, I am pleased to rise on behalf of my party to address Bill C-58 on railway safety. From the outset, I would point out that our party intends to vote in favour of this bill at third reading.

• (1910)

Shortly after the accident at Biggar, the Minister of Transport announced he would be postponing the introduction of changes to the Railway Safety Act in Parliament, to give his senior officials time to examine the need for new improvements to the act and develop mechanisms to assess safety and apply regulations.

To this end, as is the practice in all bureaucracies, a task force was set up to examine railway safety that comprised experts in risk management and in regulatory matters.

On January 31, 1998, the senior officials submitted to the minister their report containing a variety of recommendations arising from the work of the committee. On March 18, 1998, the Minister of Transport announced his acceptance of the recommendations and gave his departmental officials the job of carrying out the statutory changes as quickly as possible.

On November 5, the Minister of Transport tabled the proposed changes to the Railway Safety Act in the House of Commons. They included a new statement of policy, the power to require railway companies to report all important information in order to ensure railway safety, the power to require railway companies to

implement safety management systems and, finally, among other things, an increase in the powers of railway safety inspectors.

More specifically, the objectives of the Railway Safety Act as amended by Bill C-58 are as follows: first, promote and provide for the safety of the public and personnel, and the protection of property and the environment, in the operation of railways; second, encourage the collaboration and participation of interested parties in improving railway safety. It could perhaps be mentioned that there is a provision in this bill that unions be consulted, that there be greater co-operation between workers and railways. Our party can only give its hearty approval.

Front line workers are the best judge of optimum safety regulations, not managers in their ivory towers in Montreal, Toronto or Calgary.

We are therefore delighted that this bill makes provision for such participation and co-operation by the various parties concerned.

Third, this bill recognizes the responsibility of railway companies in ensuring the safety of their operations. And finally, this bill facilitates a modern, flexible and efficient regulatory scheme that will ensure the continuing enhancement of railway safety.

Generally speaking, this is a very technical bill, the purpose of which is to improve railway safety, as I have several times mentioned. This bill increases the government's power to have railway companies correct irritants and risk factors with respect to safety and the environment.

We saw a problem, however, when there was a need to improve the safety of level crossings within a municipality. We introduced an amendment at report stage. It read as follows:

That Bill C-58, in Clause 19, be amended by adding after line 7 on page 12 the following:

"Section 24 of the Act is amended by adding the following after subsection (2):

(3) A railway company that operates a line of railway shall reimburse a provincial government, city or municipality for expenses incurred by the provincial government, city or municipality, as the case may be, in respect of the line of railway for the purpose of complying with a regulation made under subsection (1)."

In a fourth paragraph, we said:

(4) For greater certainty, subsection (3) does not limit the scope of subsection (2) with respect to a provincial government, city or municipality.

That was the amendment we introduced at report stage.

• (1915)

It must be pointed out, unfortunately, that, true to form, the government has not made use of the solutions or constructive suggestions offered by the opposition and has decided to do things

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its own way. What we were suggesting were not mere whims, but reflected our desire to reflect the reality of numerous municipalities in Quebec and in Canada, and their ability to pay.

In this connection, I will read a letter over the signature of Mr. Pierre Gaudet, mayor of Aston Junction in the riding of Richelieu. Mayor Gaudet wrote to his MP, my colleague for Richelieu, a most hardworking, serious and conscientious man, who referred the matter to me. Together we discussed the matter and raised it within our party caucus. This is the reason we decided to move an amendment to Bill C-58.

Mayor Gaudet wrote in his letter to his MP:

Sir:

Under this order-in-council, the municipality of Aston Junction now has financial and road maintenance responsibility for the Vigneault Street level crossing.

Referring to order-in-council 1998/R402 of July 15, 1998.

Since 1993, the municipality has been objecting to this responsibility. Now, without our consent, we have become responsible for this level crossing.

We are calling upon your assistance in freeing us of this responsibility. For our small municipality—

I should point out that Aston Junction is not the city of Montreal, Longueuil or Brossard, with their rich property tax base. The same goes for Saint-Lambert. I do not have exact population figures, but—still quoting the mayor—Aston Junction is a "small" municipality.

Resuming the letter:

For our small municipality, such a responsibility represents a very high annual investment, since our role was to pay without any right of review of CN's projected expenditures. We cannot afford such an expense over the long term.

In order to familiarize you with this matter, we enclose a copy of the order-in-council and of the resolution passed by the municipality.

What I want to illustrate with my comments on this is that, concretely, when safety improvements are involved, relating to a railway line which passes through a municipality—trains being unlike planes, this cuts the road in half to let the train pass—it is normal, logical, reasonable for the one responsible for blocking the road traffic to pay for improving the safety of level crossings.

I have tried to raise your awareness of the reasonable character of this, but let us look at the ability of CN and CP to pay. First of all, CN. We are aware of the context in which the Liberal government privatized CN. With passage of the act to privatize CN, something occurred that has never been seen anywhere else in the world. When CN was privatized, it was given the lines as well. In Canada, the railway was an instrument of east-west development. The rail lines, the rights-of-way, were paid for by the taxpayers of Quebec and of Canada.

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I remember very clearly what I had to say in 1994-95 in the House: that the government ought not to hand over the rail lines to the newly privatized CN, headed by that same Paul Tellier who, we will remember, received \$350,000 when president of a non-privatized CN, then a crown corporation. He got an interest-free loan of \$350,000 to purchase a house in Westmount, and then the same Paul Tellier, CN's president, benefited from unbelievable treatment at the time of privatization.

I maintain that the government made a mistake in handing over the railway rights-of-way when it privatized the railway. Today this means that the passenger trains are at the mercy of the freight trains.

• (1920)

This means passengers having to wait two or two and a half hours in the middle of a field in Kamouraska or Mont-Joli, because trains carrying Volvos from Halifax are arriving. There are trains carrying rolls of newsprint. There are trains carrying lumber that pass while passenger trains wait. That is what has been happening since the privatization of Canadian National and its newly acquired power over life and death on the rails.

I know the Parliamentary Secretary to the Minister of Transport is listening to me, and I would remind him that, regarding the whole issue of the future of passenger rail service in Quebec and Canada, a sword of Damocles hangs over the two big companies, CN and CP. I hope the government will stand up.

I am happy the Standing Committee on Transport said, and that the Minister of Transport acknowledged, that freight companies should find ways to facilitate passenger rail service in Canada. There is a sword of Damocles over their heads.

I congratulate the government, but I hope it will stand up. But I hope the lobbies, the bagmen—and I did not say “Batman”, I said bagmen, those who carry bags of money for the Liberals' campaign fund—will this once stay in their place and that the government will respect passengers, because we are talking about the future of passenger transportation. We are talking about lines, about franchising Via Rail.

I see the member for Abitibi—Baie-James—Nunavik is listening carefully to me. He is concerned about the sale of the Montreal-Senneterre line to a private company. My colleagues in the Gaspé are concerned about the Montreal-Gaspé and Montreal-Jonquière lines.

The government will have to give this serious thought. If CN had not been given incredible benefits and unwarranted conditions when it was privatized, we would not be at the mercy of these companies.

Our amendment proposes that small municipalities, and municipalities in general, taxpayers, those who live in small bungalows and pay astronomical municipal taxes because municipalities have had to absorb the costs of other levels of government, not have to pay. The large companies should pay for the cost of making railways safe.

I would also like to congratulate the government in another connection—and I think that is part of our role as a reasonable and responsible opposition. When the government falls short, we stand up and say so, but when it makes an interesting proposal, as it does in this bill, I have no trouble congratulating it.

That is why we were elected. We are trying to fulfil our responsibilities as best we can. When the government does something well, we say so. When it falls short, we would like the government to listen to what we have to say more often, but unfortunately we do not always get our wish.

On several occasions my colleagues, the members for Rimouski—Mitis, Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, and Beauharnois—Salaberry have told me about the problems of whistles being blown at all hours of the day and night. I am happy to see that clause 18 of this bill amends section 23 by adding a section 23.1 that reads as follows:

23.1 No person shall use the whistle on any railway equipment in an area within a municipality if

(a) the area meets the requirements prescribed for the purposes of this section;

I am speaking here particularly to the elected municipal representatives listening to us this evening. I remember the years when I had the joy and pleasure of sitting on the municipal council of Boischatel, which is where I live. The first Monday of the month is always the public meeting, so they may be hearing the debates in replay. Still I am speaking to them most particularly.

• (1925)

It is set out in clause (b) I had started to read you that:

(b) the government of the municipality by resolution declares that it agrees that such whistles should not be used in that area and has, before passing the resolution, consulted the railway company that operates the relevant line of railway, notified each relevant association or organization, and given public notice of its intention to pass the resolution.

(2) The Minister may decide whether the area meets the prescribed requirements and the Minister's decision is final.

(3) Despite subsection (1), the whistle may be used if [ . . . ] there is an emergency

I think this is entirely reasonable.

The message I am sending municipal officials, members of the public and municipal councils is that a municipal council operates by means of regulations or resolutions. A municipal council may therefore, by resolution, regulate use of whistles. It is agreed that the municipal council will consult the railway company and, if

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agreement cannot be reached, that it may forward the matter to the minister, with supporting arguments.

Today, during Oral Question Period, there was a planted question from a Liberal member to the minister. I always find this amusing, and I think that those listening are anxious to see the Standing Orders amended so as to put an end to this masquerade. Opposition members do not plant questions. Ministers do not know in advance what our questions will be.

This is a serious waste of the House's time. There is so much work to be done, and each question period two or three questions come from members on the same side as the ministers. The member reads the question, the minister reads the response and turns the pages. This is a charade from another era that should have disappeared a long time ago.

I invite the parliamentary leaders of the various parties to have this system of planted questions stopped. Nobody believes it anyway. I hope everyone watching knows. When a Liberal member rises to put a question to a minister, the minister knows the question is coming and reads the response, which he had ahead of time.

Today, because Bill C-58 was to be debated tonight in the House, the minister had a question from the member for Cambridge, concerning whistles as a matter of fact.

In conclusion, I would like to say we support the principle behind the bill, because we all want to do the right thing, but there are some interesting provisions. However, we would have preferred that the government be more open-minded and accept our amendment to clause 19.1 on giving municipalities relief from major investments they cannot always afford and for which they are obliged to borrow and tax an already overtaxed public.

We would have liked the government to listen to us, but, despite everything, for all the reasons I have tried my best to enumerate, I must say that our party supports Bill C-58, which aims to increase railway safety.

[English]

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Madam Speaker, that is a pretty hard act to follow.

I have enjoyed listening to this debate. I want to inform hon. members, and some of the members of my party that I really am a railway man. I was born on the prairies where the only source of communication was the mail which came in by train. Passengers came in by train. All goods came in by train and the wheat went out by train. The greatest social event every evening was to go down to meet the train coming in to see what lovely girls were getting off the train.

I am sure the hon. parliamentary secretary does not know that in Saskatchewan we named a fruit after the railway. We called prunes CPR strawberries and it was not meant in a positive way I might add.

• (1930 )

Railways were a part of my life and they still are.

The railway comes through most prairie towns with the station at the end and the crossings on the outside of town. That is not always true in some of the larger centres.

The parliamentary secretary will probably know of the disdain the prairies had for railways, which they still have to some extent. In grade six we had a special class. All students were taught as they got older to hate the railways. That has been part of our vernacular, to be very anti-railway. However, that is coming to a close simply because the railways are disappearing.

I want to pay tribute to the transport committee. I asked for a video. It was a good video, although it was a little long, but it was totally made in the U.S. I suggest once more what to do for the thousands of school children in Canada who still play on railway property. We need a Canadian made safety video, which would be cheap to make nowadays, to send out across Canada. I have tried to research this and as far as I know we do not have a safety railway video available for teaching safety in our schools. That is a must.

I was once present at a scene where the speed of the train was not that great, but it hit a car and there were fatalities. I will never forget that engineer stepping down from the engine. It was impossible for him to stop. He had to live with that for the rest of his life.

This bill is more than just a safety bill. I believe it is to bring to the attention of the Canadian public that we still have railways, we still have crossings, we still have people who trespass and we need more education. I urge the parliamentary secretary to take that message to the Minister of Transport, the Minister of Industry or whoever. Let us design and produce a really good safety video to give to schools across Canada. That would not be a costly venture. One life saved would be worth the cost of the video.

I will present to the House one of my intentions with respect to Bill C-58. I wanted to have a firsthand glimpse of what has become a very unique problem in my constituency. There are two places in my constituency where what I am about to explain takes place.

Each aisle in the House will represent a distance of exactly one mile. That is the way the west was surveyed. Most of the trains currently in operation are unit trains. Both incidents happened on the CPR Soo Line. In the new operation, with newer cars coming on, the length of the train will only increase.

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I want members to picture this centre aisle as being the centre of the city. Half of the city lives on one side and half lives on the other. The fire halls are all on one side. The train approaches and the flashing lights block off that crossing. When he gets halfway there, this one is crossed. The engine comes over here, so we have two crossings now blocked by the same train because a 110 unit train will be over a mile in length.

• (1935)

There is a fire alarm, but the fire truck is not aware that there is a train blocking those crossings. The centre crossing is the one which is used the most. The fire truck may arrive before we get past the first crossing. By the time we have blocked this crossing at least 12 minutes have passed. By that time traffic has built up on both sides of the crossing, so the fire truck cannot get through. Even if the train started to move forward in five minutes or seven minutes, that crossing could be obstructed for a period greater than 10 minutes. I witnessed a period of 13 minutes.

The reason I bring this to the attention of members is because this in itself concerns safety. I believe that the transport committee should look at the three groups involved: the municipality, the railway and the federal government.

There was no longer any need for rails, such as in the case of Regina, as there was no longer any passenger service. When there no longer is a need, as is fast becoming the case in these smaller cities, it is incumbent upon the governments of the province, the municipality, the federal government and the railways to take a look at this situation because sooner or later there is going to be a catastrophe because of the length of the trains.

In my day, if there was a train which was a half-mile long, that was a long train. The trains travelling now are well over a mile long in most cases. These trains are presenting new problems. First, they need a greater distance to bring the train to a halt. Second, because of the length of the train they are often blocking two crossings at the same time. They pose a communications problem, particularly for police but mainly for fire trucks in these centres. I would suggest that we take a look at the problems that are being created.

I would like to mention one other point that was brought up tonight. The hon. member spoke about the Halifax problem and the amount of money that is needed. CN explained very clearly to the transport committee that they can take goods from the port of Halifax to the Chicago market, beating the U.S. not only in dollars and cents, but by almost 24 to 48 hours depending upon the cargo.

I think it is incumbent upon this government to take whatever steps are necessary. Should the \$40 million be spent? Yes. We must make sure that our port of Halifax does not lose this advantage to the United States. If that happens, I believe we would find that the

maritimes would suffer a very severe blow, even a greater blow than that which is taking place on Cape Breton Island at this time.

I am not sure if the Minister of Transport is really cognizant of the importance of ensuring that this Canadian venture stays in place and that we do gain this facility and keep it for the welfare of Canadians.

Yes, we will be supporting this bill. Yes, it was a timely bill. I personally enjoyed going through this bill because of my background with the railways. But let us not ever take it upon ourselves to think that this bill is the end all, that we do not have to touch anything more. There are many other factors concerning safety which will be coming up with the new modes of transportation, the new cars, the new braking systems and the new demands on the highways.

• (1940)

The railways and the department of highways have to work much more closely together than they have in the past. That is a foregone conclusion. It is not the case now, but it is up to this government to do that.

If we could ever get into a pattern of having a national highway program, then the ease of doing this and the ease of working with the railways would become a reality and Canadians would benefit a great deal.

This is a plug for the railways and a plug for the highways. We have a national railway policy. I see no reason why we cannot have a national highway policy too.

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, I have a comment. Although at the end of his speech the member said that we have a national railway policy, sometimes I am not so sure that we have one. Our policy in recent years has turned over half of our railways, that is to say the CNR, to American shareholders. That is not something which I think is in the best interests of the country.

I want to commend the hon. member for raising the point about the longer trains. That is what I came to the House to talk about. He talked about 110-car unit trains. However, I have information in my office, given to me by people who work on the railways, which concerns trains of 157 cars. We are talking about trains that, instead of being 5,000 or 6,000 feet long, which was long anyway, are 10,000 feet long. These trains have absolutely no possibility of clearing a crossing in the required time.

The most recent regulations are very vague with respect to what is required of the railways in terms of clearing crossings in a certain time. They have been made deliberately vague so that the railways cannot be held to account for what they are now doing. What they are now doing is having longer and longer trains.

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This raises the problem that the member brought forward, not just with respect to the clearing of crossings and the obvious safety aspects concerning ambulances and emergency procedures, not to mention just plain hassles for people who should not be held up that long, but the time it takes to stop and the fact that they are running these trains with fewer units, so that when trains break down they are stuck for longer periods of time.

I want to reinforce the point that the hon. member made. The government, instead of looking somewhat amused by the point that I am making, which the member made before me, should take this very seriously. Some day somebody they know could be at a crossing, lying in an ambulance, wondering why they cannot proceed. They have to wait for the trains running this way, in defiance of safety concerns, merely so the American shareholders who own CN can make more money.

That is what has happened since CN was taken over by American shareholders. At one point, when it was run by the government, there was some notion of safety and the public good. Now everything is according to the bottom line. Everything is according to what Hunter Harrison wants so that he can please the shareholders in Chicago, Philadelphia, New Orleans or wherever they are. Who cares what happens in Transcona? Who cares what happens in Saskatchewan? That is just a place to make money. That is just a place to have Paul Tellier make more money, thanks to the plan that the Liberals foisted on this country.

It is a shameful and disgusting tragedy for which these people will be held accountable. A hundred years from now they will still be talking about the betrayal of Canada that was foisted on this country by that bunch.

**Mr. Roy Bailey:** Mr. Speaker, I want to go back in time a little. I did some reminiscing and I would like to inform the member that, yes, we have lost a number of railways. I have lost a number of miles in my constituency, albeit we knew some time ago that it was inevitable.

I am reminded of the words of Will Rogers who visited western Canada. He made the comment that Canadians were building railways just for the fun of it.

I do not entirely disagree with what my hon. colleague said, but from my time as a boy until now, when I look at the various safety factors that we have now compared to what we had then, we do have more safety factors concerning the railways. The hon. member is quite right. The unit trains of coal which come out of Wyoming or come out of Estevan heading east are over 110 cars. Most grain trains are 110 cars.

• (1945)

**Mr. Bill Blaikie:** Just ordinary trains.

**Mr. Roy Bailey:** Unit trains.

I have seen more co-operation of late between the departments of highways and the railways than I have seen for some time. I will admit that it is not perfect. I do believe that we are on the right wavelength as far as safety is concerned. As I said, it is a never ending thing and I hope we do not just close this bill and leave it to gather dust on the shelf.

I do believe too that the idea of the railways and the deregulation and so on has nothing to do from my point of view with this bill. It has nothing to do with the safety regulations in operating the trains.

**Mr. Bill Blaikie:** Mr. Speaker, I would say to my hon. friend that I think he is wrong. A lot of this does have to do with deregulation.

I know he does not want to admit it because it would be uncomfortable for him ideologically. This is a trend that the Reform Party, the Liberals and the Conservatives have all been together on: deregulation, privatization. The fact of the matter is this does have a lot to do with it.

A lot of the ways in which the railway is behaving now, particularly with respect to longer trains and these kinds of things has everything to do with making short term quarterly profit margins larger and putting that as a priority against what might be in the public interest.

Even though we agree about the safety problem that longer trains pose, I would have to respectfully disagree with him about what one of the contributing factors is in the creation of these longer trains.

I appreciate the historical lesson from Will Rogers that Canadians were building railways just for the fun of it, but the fact of the matter is these railways were built. They did serve a public purpose, an economic purpose, a social purpose. They did bring the country together. They ought not to be flippantly destroyed in the way that I think much of the infrastructure in western Canada has been destroyed.

This is not a romantic view of the railways. This is a future oriented view of the railways. Sooner or later, and it looks like it is going to be later with these guys, but sooner or later we are going to have to come to the view that railways are the way to go environmentally. If we are going to be dependent on the internal combustion engine, then it should be two or three internal combustion engines pulling a train rather than an army of trucks going down the road clogging up the highways that should be there for the use of ordinary Canadians and their families.

**Mr. Roy Bailey:** Mr. Speaker, that is exactly what we have been talking about in the transport committee. Even the Minister of Transport would agree. In the hub, the central area from Toronto, most of the trains going down will replace up to 274 trucks on the highway. It makes good sense that we do this. Indeed I would like to see that happen. To me that is one of the ways of solving part of the pollution problem. Eventually southern Ontario is going to

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have to move to rail transportation whether they want to admit it or not.

I just do not want to take the meaning and the purpose of this bill and tie it up with deregulation because I do not think that has anything to do with the passage of this bill. I want to make that clear.

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, I am pleased to speak today to Bill C-58, which deals with railway safety.

The government has particular responsibility for ensuring transportation safety. In the past, decisions were not necessarily taken with full consideration to the importance of safety. I will give the example of the creation of Nav Canada.

• (1950)

Nav Canada is the body which has taken over responsibility for air traffic, and which at a certain point pits profitability against the assurance of proper airport security and safety. We see this in all that is going on concerning negotiations on airport control towers.

In this case, where rail safety is concerned, the bill is satisfactory as far as the Bloc Québécois is concerned. It is a bill which modernizes the issue of railway safety. It is a bill which simplifies a certain number of actions in an interesting manner, and it must be acknowledged that it is the result of work in committee coupled with approval by the government.

It is also interesting that, when railroad safety is properly organized, it makes rail travel even more interesting, and in a way gives the environment of Quebec and of Canada a chance, because train travel is a means of transportation which protects the environment far better than many others.

From that point of view, then, this is worthwhile. It is important that this be done properly, because we are in a period of major change in the rail sector, a context of privatization. I do not think that we need to decide between the pertinence of privatization and railway safety. When making decisions on this, safety is paramount, because when private companies are involved, responsibility for safety takes on the legal framework given to it by the government.

As the private sector intervenes increasingly in the railway sector, it needs solid and proper guidelines to ensure the safety of both those who ride the train and those who use it as a means of transporting equipment.

In recent years, short line railways have sprung up. These rail lines give new life to the network. For example, in our region, between Matane and Rivière-du-Loup, the Société des chemins de fer du Québec bought a rail line from the CN. This local company

will develop this section of line, possibly providing a link-up with ports and other means of transportation. These short line railways must operate in accordance with adequate safety rules.

Things have happened in the past, for example in Mont-Joli, a railway junction, proving the need for clear and compelling regulations for both businesses and other stakeholders.

The other thing is that Via Rail is soon going to be franchised. This will have an effect on safety too, because it carries people. How will they organize in the event of accidents?

So this bill had to be considered taking account of all these new railway market conditions.

There were some very good provisions in this bill, but improvements that could have been made were not accepted. I would like to return to an amendment that was proposed by the Bloc Québécois, by the member for Argenteuil—Papineau acting on behalf of the member for Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, to ensure that municipalities facing financial hardship occasioned by the cost of maintaining level crossings be given proper financing terms.

Not all municipalities can afford what it costs to upgrade level crossings and introduce appropriate safety measures. That is why the Bloc Québécois proposed an amendment.

The amendment was set out in the letter sent by the member for Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans to Pierre Gaudet, the mayor of Aston Junction, on January 18, 1999. The letter reads as follows:

The Bloc Québécois recently proposed an amendment to the legislation that would provide a solution by requiring railway companies to assume the costs of maintaining their lines. After all, it is only fair that a company maintain what it owns.

• (1955)

This amendment indicated, I feel, a willingness to assign responsibilities appropriately and to see that negotiations between municipalities and railway companies were on an even footing. When a municipality of 500 or 1,000 people comes up against CN in this sort of negotiation, the parties are not always fairly matched. It would have been interesting to see the company's responsibility spelled out clearly.

This was not done, but that is no reason to scrap the bill. It would have been an interesting improvement for all small municipalities in Quebec and in Canada.

In fact, this bill will modernize safety in our railway sector. I would have liked to see provision made for experiments, such as giving passenger trains priority over freight trains on certain lines at particular times of the day, or setting aside certain lines for passenger trains rather than freight trains, and including this in the bill as interesting experiments. If they were included in the bill,



companies would not be liable and this would have facilitated the introduction of new approaches.

The particular issue I am going to address concerns municipalities in my riding. By way of example, Saint-Philippe-de-Néri, a small municipality in my riding, and Trois-Pistoles, a small city that is important in cultural terms and because of its impact but that is part of a region. I give Saint-Philippe-de-Néri as an example, because it is particularly relevant. This municipality took steps to have enough barriers to ensure safety. This way it could put an end to the famous whistle that bothered people at night.

There are some interesting legislative provisions in this regard. Now, with a resolution by the municipality, in accordance with the regulations, the whistle will be heard no more. This is much simpler than before. So there has been a gain in terms of the bill.

The problem is that, as in the other example I gave earlier, the financial responsibility for the studies required is not clearly established. Specifically, Saint-Philippe-de-Néri was presented with a bill for \$2,500 by Canadian National for a feasibility study to put the appropriate security measures in place.

For Canadian National, with the profits it makes, \$2,500 is not an astronomical figure. But for a rural municipality, it can be pretty significant.

I approached the minister on this. I think he lent me an attentive ear. The minister's response today to the question by the Liberal member seemed to confirm this. I hope that the companies will take steps to assume the costs when they are responsible.

In a case like this one, I hope Canadian National will return the money it demanded in order to have the change in place before the bill passed. The bill was not passed, but changes were coming and Canadian National could have taken them into account before billing the municipality. That would have been interesting. It would have been a good gesture on the part of Canadian National as a show of social responsibility. Something we did not see in the past with the job cuts.

This is a concrete example to help, with a little ad hoc financial assistance, a number of municipalities to have changes made to improve the quality of life of those living beside the railway. At the same time, an appropriate safety system would be in place.

Now municipalities would have a way of making changes simply, under the law, without being hampered by the size of the cheque they might get from CN or any other company owning the railway. That would be important.

In my riding, there are a number of municipalities from La Pocatière to Saint-Simon that are crossed by a rail line.

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• (2000)

Some will be wanting to take advantage of this possibility, when they see that the bill makes it possible. They will perhaps be stopped by the size of the bill that will be run up if CN maintains the same position it has to date.

In summary, then, the Bloc Québécois is pleased to vote in favour of this bill. Once again, this is proof that, when a constructive bill is at stake, we are capable of going along with the government position. In our first mandate from 1993 to 1997 the Bloc was the party that voted most often with the government.

On the other hand, when things runs contrary to the interests of our constituents, we are capable of showing that too. We did so with Nav Canada. Unfortunately, the reality is that these are two different cases, seeing what is going on with airport security and safety, and particularly the pressure that is being brought to bear on this body to ensure cost-effectiveness by such actions as cutting back on the number of control towers across the country.

Where air travel is concerned, we would have liked to have seen a result similar to what we have before us today. Is the difference there because railway safety has been around a long time? It is hard to know why, but we would have liked to see the government taking the same attitude to both.

Let us hope that the bill is passed and that ultimately there are fewer obstacles to the safety of passengers and goods transported by rail, that this is achieved as simply as possible and, as I was saying earlier, with the co-operation of the companies, so that now that the administrative obstacles have been removed, we are not impeded by unacceptable costs to municipalities.

Let us see what this bill will make possible in the years to come and, if in a few years improvements are required, let us hope that the government has the wisdom to agree to the necessary amendments.

[English]

**The Acting Speaker (Mr. McClelland):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Mr. McClelland):** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to, bill read the third time and passed)

\* \* \*

### FIRST NATIONS LAND MANAGEMENT ACT

The House proceeded to the consideration of Bill C-49, an act providing for the ratification and the bringing into effect of the

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framework agreement on first nation land management, as reported (with amendment) from the committee.

## SPEAKER'S RULING

**The Acting Speaker (Mr. McClelland):** There are seven motions standing on the notice paper for the report stage of Bill C-49.

Motions Nos. 1, 6 and 7 will be grouped for debate and voted on as follows.

A vote on Motion No. 1 applies to Motions Nos. 6 and 7.

[*Translation*]

Motions Nos. 2, 3, 4 and 5 will be grouped for debate, but voted on as follows:

• (2005)

(a) A vote on Motion No. 2 applies to Motions Nos. 3 and 4.

(b) Motion No. 5 will be voted on separately.

[*English*]

Pursuant to an order made earlier this day, all the motions are deemed moved and seconded and all the questions necessary to dispose of the report stage of Bill C-49 are deemed put and the recorded divisions are deemed requested and deferred until Tuesday, February 2, 1999 at 5.30 p.m.

The House will now proceed to the consideration of the motions in Group No. 1.

## MOTIONS IN AMENDMENT

**Mr. Mike Scott (Skeena, Ref.)** moved:

Motion No. 1

That Bill C-49, in Clause 4, be amended by replacing lines 39 and 40 on page 2 with the following:

“ratified and will be brought into effect in accordance with its provisions for any band on the addition of the name of that band to the schedule in accordance with section 45.”

Motion No. 6

That Bill C-49, in Clause 45, be amended by replacing line 16 on page 22 with the following:

“so signed, that a land code has been developed and adopted in accordance with this Act and that the governing bodies of neighbouring jurisdictions have confirmed in writing that consultations respecting the land code have been completed in accordance with the laws of the province in which the first nation land, for which the land code has been adopted, is situated.”

Motion No. 7

That Bill C-49 be amended by deleting Schedule 46.

He said: Mr. Speaker, we in the Reform Party truly would like to be able to support this bill because in many ways it fits with the

Reform principle of devolution of decision making closer to the people who actually have to live with the effects of that decision.

For far too long the decisions with respect to aboriginal people in Canada have been made in Ottawa and the obvious results of that are everywhere across this land. In that vein, we looked at this legislation long and hard and really wanted to support it and would really like to support it.

However, we see some flaws in the bill that can be fixed with amendments. We see some flaws with respect to the disposition of marital assets in the event of a marriage breakdown. We see some flaws with respect to consultation with communities, surrounding municipalities and so on adjacent to reserves to be covered under the land act, and we see some real concern with respect to the expropriation rights that bands will receive under this act.

However, in talking about the way the Liberals respond to constructive suggestions, it is just typical for them to say “we don't agree with you”. We could have had this legislation through the House before Christmas had the Liberals and other opposition parties agreed to fix these flaws in the bill. Of course we have not been able to achieve that and that is why our amendments are on the table now and why we are debating them.

I begin with Group No. 1 amendments. They deal with concerns of adjacent municipalities, municipalities that were not consulted with respect to Bill C-49. I think that is important because it really does tell a story about how the Liberals approach government and passing legislation.

It would have been a relatively easy exercise to have the adjacent municipalities where this legislation was to have an impact notified, consulted and asked for their opinions prior to drafting the bill and prior to bringing the bill before parliament. Sadly that has not happened. Sadly municipalities have been left out of the picture. It also really does demonstrate the Liberal government's lack of concern on what is arguably a very sensitive issue. We all know that this is a sensitive issue. Land is always a sensitive issue.

Good neighbours, in our view, always discuss development plans which may affect or impact on their neighbours next door. It is only sensible that people would do that.

Not long ago at my home I decided to build a fence. The fence I was to build was on a property line separating my property from my neighbour's. Before I constructed the fence I talked to my neighbour and told him what I intended to do. I told him what kind of fence I intended to build and asked him if he had a problem with it. I told him that if he had any objections that I would like to know before I spent any money on building the fence. I told him that if he

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had a problem we could sit down and talk about it to see if we could work out some sort of resolution.

• (2010)

Consultation is vital in these matters. In the matter of the bill before us it is vital that bands that are to receive the decision making authority under this legislation have some requirement to consult with adjacent municipalities. That requirement for consultation should run both ways. It should not just be one way.

There are so many things we must plan for such as transportation corridors, services and so on that there has to be some sense of reasonable integration. All our amendment serves to do is require neighbouring municipalities and neighbouring aboriginal bands to sit down and talk about their plans, to make sure there is integration and that there are not two communities working at cross-purposes.

I underline that our amendments are not intended to provide a veto for anybody else's decision making authority. That is not so. They are intended to require that a band coming under the umbrella of Bill C-49 actually proves it has consulted with adjacent municipalities prior to implementing changes in its land management.

This lack of consultation goes further than with just municipalities. I will discuss the expropriation provisions in the bill. That is really important. It is important for Canadians to understand that. It is important for those Liberal backbenches who are not familiar with this bill. It is important for them to understand the tremendous powers of expropriation that are to be handed over in this bill.

This legislation grants the right to expropriate if "in the band's opinion it is necessary for community works or other first nations purposes". The phrase "other first nations purposes" is a very broad statement. It is very wide open in terms of interpretation. It could mean virtually anything. You could establish almost any reason as a reason for another first nation's purpose. It could be a golf course, a condominium complex or a casino. If the band were to determine that was a first nation purpose within the meaning of this legislation, it could expropriate people from their homes including band members and non-band members who may be on leased land on that reserve. That band could do this because it had decided this was a better purpose for the land.

We all know municipalities, provinces and the federal government must have a higher purpose than that before they enact expropriation legislation. This bill would grant that kind of power without defining the actual services that might be required by the community for the band to enact expropriation proceedings.

The Muskoday people have already designed a land code which I am familiar with. Within their land code they have defined the

reasons they would use expropriation. That is a much clearer, more focused definition. We certainly find it is much more agreeable.

I will talk about this lack of consultation because I think it is so important. Most of us are familiar with what happened on the Musqueam reserve in Vancouver. This has come about as a lack of consultation. The department of Indian affairs induced non-Indian lease holders to come on to the reserve in 1965 to build homes and to enter into long term leases. The long term leases were between the department of Indian affairs and the lease holders. In 1980 without any notice or consultation, the minister of Indian affairs of that day, a Liberal minister, Mr. John Munro, signed an authority under section 53 of the Indian Act that gave the band all rights to deal with the leases. Although the department of Indian affairs was named on the lease and that is who the lease holders had signed their leases with, it was the band that was dealing with the leases from that point on.

• (2015)

No notice was given to the leaseholders. That is the crux of the problem that many of those leaseholders face today. I have just come back from Vancouver having spent hours in meetings with the leaseholders on the Musqueam reserve. They have not been consulted on Bill C-49. They are not familiar with the clauses. They have not been told that this is coming. They have had to find out from people like me and others in recent days that this land management act could very much affect them, and this is outside the problems they already face.

That is what is wrong with this legislation. There is no requirement to consult. The people who are going to be affected by this ought to have that right and expectation that they are consulted. They have not been consulted. It is a flaw and it must be re-thought.

[*Translation*]

**Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.):** Mr. Speaker, I am honoured to speak to Bill C-49, the First Nations Land Management Act, tabled sometime around June in the House of Commons by the Minister of Indian Affairs and Northern Development.

It is also an honour for me to be speaking this evening because we have chiefs with us here in the House of Commons, who come from Ontario among other places. They are Chief William McCue, of the Chippewa of Georgina Island, Chief Austin Bear of the Muskoday First Nation in Saskatchewan, Chief Bill William of the Squamish First Nation in B.C. and Robert Louie, acting chair and former chief of the Westbank First Nation in B.C.

This bill will apply to the 14 First Nations that developed this initiative and that signed the Framework Agreement on First Nation Land Management in February 1996. It will allow First Nation participants to establish their own land and resource management regimes.

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This government-to-government agreement puts an end to the discretionary power of the minister under the Indian Act, by allowing the 14 first nations to opt out of the sections of the act governing land management. As well, it allows the 14 first nations to implement a community consultation process for the development of general rules and procedures respecting, in cases of breakdown of marriage, the use, occupation and possession of first nation land and the division of interests in case of marriage breakdown. At the present time, the agreement and the legislative measure apply solely to participating first nations.

This initiative, a significant component of self-government, was drawn up totally in conjunction with these first nations. These communities are opening up the way for changes to land management by implementing a new land management regime and by opting out of the Indian Act. This legislative measure will return administrative powers to the communities and will do away with the minister's participation in the day-to-day decisions on land management and in the activities of these first nations.

According to Austin Bear, Chief of the Muskoday First Nation, "the framework agreement and the legislative measure recognize our fundamental right to manage our reserve lands and our resources. As well, they ensure protection of our lands for future generations, by banning any transfer or sale, or any expropriation by provincial or municipal governments, both of which are now possible under the Indian Act."

Chief William McCue of the Georgina Island First Nation said: "I strongly urge all parties in the House to support this bill and to pass it quickly. Once the framework agreement has been implemented, we will be in a position to respond to economic opportunities and to generate jobs and income for our members. Georgina Island will then truly be open for business."

The present government's message "Gathering Strength: Canada's Aboriginal Action Plan" establishes the direction of a new relationship between governments, native groups and organizations, and the private sector, founded on the principles of mutual recognition and respect, responsibility and sharing. This initiative is built on the kind of partnership that makes a positive contribution to the lives of aboriginals.

• (2020)

The land management initiative will promote economic development on reserves, as well as make it possible to acquire experience in developing other self-government approaches in the future.

In addition, environmental assessment and protection regimes will be established by each first nation. These regimes will be harmonized with federal and provincial environmental regimes.

As chair of the Standing Committee on Aboriginal Affairs and Northern Development, I call on the members in the House this

evening to support this bill so as to help our aboriginal friends in Canada.

[English]

**Ms. Louise Hardy (Yukon, NDP):** Mr. Speaker, I would like to talk about the process of consultation that went on for this bill to get to parliament.

Bill C-49 was Bill C-75 in the previous parliament. Just to develop the framework agreement process the chief had to go to his council to be allowed to continue a process. He next had to go to his elders for approval in direction. He next had to go to his community. They developed the framework agreement. We are talking about 13 bands and the 14th joined later. They voted on a framework and a land code. Then it had to be ratified by their community before they could carry on further. We are talking about six years and then into parliament.

For 14 bands out of over 600 in this country, this legislation will allow them or hopefully will let them opt out of the Indian Act. This is not a land claim we are talking about. We are talking about a land management act for 14 bands. It would be in keeping with some of the recommendations by the Royal Commission on Aboriginal Peoples. It would be something that would give some guts to the "Gathering Strength" document that is now a year old and certainly needs something to show for the vision that it put forward.

This bill would devolve power. It would devolve political evolution for the first nations involved and it would give them some self-determination. We are only talking about one section of the Indian Act and only for 14 bands.

The land management will be the responsibility of the first nations. I will give an example of something that came up at the committee meeting. Some of the witnesses thought that first nations should not be given the burden of governing themselves. I disagree. They have the right to govern themselves and in this small way we can assist them to do that.

There were other comments at committee that the Indian Act was just fine, that in fact Bill C-49 was a racist document and that we were giving them this power because they are Indians. The fact is we took away everything, their language, their children, their land, because they were Indians and enforced the Indian Act because they were Indians. We are saying that it is all right to take it away because they are Indians but we will not return anything because they are Indians and therefore it would be racist. That is just not fair.

This is only a small piece of legislation that will make an incredible difference in the lives of these 14 bands.

The Union of British Columbia Municipalities met on November 13, 1998 and set out an agreement. The meeting was cordial and resulted in a general agreement on a process for mutual consulta-

tions between municipalities in B.C. and those first nations in B.C. who are parties to the framework agreement.

This bill covers bands in many provinces and territories so hopefully that will be a standard set for other bands and communities to follow in order to come to mutual agreements. The bands involved, as I said, are in B.C., Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick. It is a pretty broad coverage of our country.

There is a lot of controversy over this bill, as I think there usually is when anything is in transition and means real change for people. It is a major step in decision making power over land. It has a lot of good points in it. It replaces the Indian Act for these 14 first nations. It gives them lawmaking powers with respect to their land and resources in development, conservation, protection, management, use and possession but no taxation power.

They will be able to develop or lease their land but they cannot sell it. They may expand through negotiation. They can acquire land for community purposes. It sets out very stringent conditions of accountability between the first nations and their citizens both on reserve and off reserve. That includes all their members, not just those who live on the reserve but people who for whatever reason had to leave a reserve to make a living or get an education or who have chosen to live elsewhere.

• (2025 )

The federal government retains the fiduciary responsibility for first nations. A lot of these first nations would probably opt out of the Indian Act if they could, but they cannot. This does set out a community process that will be established by the first nations people for their bands.

Another area of controversy is matrimonial breakdown. First nations people have different cultures. My immediate thought was that they should have divorce settlements and laws that are consistent with what I think is just. Perhaps what I think is just is not what they think is just, considering that the property is community and my history is titled and property owned by individuals.

The first nations would have a different thought process on how they would look after families, women or children who do not have the same access to property that I do. The fact is first nations people have not had that process in place because the Indian Act did not allow it.

What this bill will do is that within one year first nations people will have to deal with how they will settle and look after matrimonial property. They will do it based on their culture. It has been explained to me that some are already doing it. This has never been

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recognized because the Indian Act has not covered it, but the first nations have been looking after their people the best way they can.

The New Democratic Party supports Bill C-49. We hope to see it go forward very quickly.

**Mr. Paul DeVillers (Simcoe North, Lib.):** Mr. Speaker, I am pleased to speak at report stage of Bill C-49, the first nations land management act. This bill was introduced in the House last June.

I am particularly pleased to speak to this bill as it will apply among others to the Chippewas of Mnjikaning first nation located in the riding of Simcoe North which I have the pleasure of representing.

The bill is the final step in the process to allow 14 first nations the power to opt out of the land management sections of the Indian Act and establish their own regime to manage their lands and resources.

The bill will ratify the changes brought on by a framework agreement. It is an excellent initiative based on *Gathering Strength—Canada's Aboriginal Action Plan* and will bring real and practical improvements to the lives of aboriginal people including those of the Chippewas of Mnjikaning first nation.

The process began with negotiations leading to the signature on February 12, 1996 of the framework agreement on first nations land management, known as the framework agreement, and 13 first nations. The 14th first nation was later added to the framework agreement.

Several other amendments were made to the framework agreement, including the application of the Atomic Energy Control Act and the clarification regarding the use, occupation, possession and division of interest in first nations land in the case of a marriage breakdown.

The framework agreement will require first nations to develop a land code setting out basic rules for the new land regime. First nations such as the Chippewas of Mnjikaning will also be required to enter into individual agreements with Canada to determine the level of operational funding for land management.

As I previously mentioned, provisions have been included in the bill to address the concerns raised by native women and associations representing them. These provisions should allay their concerns. The bill will require a mandatory community consultation process for the development of rules and procedures applicable on the breakdown of marriage in relation to the use, occupation and possession of the first nations lands and the division of interest in that land.

One specific motion I would like to speak to from Group No. 1 is Motion No. 6. This motion is to amend the bill that would require confirmation in writing that consultations respecting the land code

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have been completed with neighbouring jurisdictions, thereby changing the whole intention of clauses 45 and 48 of the bill.

The motion is ill defined as it does not set out who falls under the rubric “neighbouring jurisdictions” and seemingly involves consultations not on the land code but rather on cross-jurisdictional issues, an altogether different matter.

• (2030)

I was pleased to note that other first nations had expressed an interest in participating in a land management regime like the one proposed in the bill. This is proof that the model being proposed is a positive one that appeals to many first nations. A provision is in the bill to permit other first nations that may want to adhere to the bill the opportunity to do so subject to certain conditions.

The Chippewas of Mnjikaning First Nation is very much looking forward to the rapid conclusion of the ratification process. I have had the pleasure of following the issue and providing assistance to the Chippewas of Mnjikaning First Nation regarding this important initiative.

It is an exciting prospect for the Chippewas of Mnjikaning First Nation to have an opportunity as a community to collectively devise and manage a land management system tailored specifically to its needs. It will also allow the Chippewas of Mnjikaning an opportunity to generate additional revenue through economic development activities.

In conclusion, I quote Chief Lorraine McRae of the Chippewas of Mnjikaning when she said:

This initiative is an opportunity for the full and active participation of the members of our First Nations—elders, women and men, both off reserve and on reserve—to collectively develop land management systems appropriate for our communities based upon fairness, equality and accountability. I am confident that through this government to government partnership, we will achieve true community decision making.

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, as I rise to my feet I ask for your indulgence as I have a question. As I understand it, these amendments are at report stage and specifically the amendments put forth by the hon. member for Skeena, Motions Nos. 1, 6 and 7, are what we are debating at this time.

I have been following the debate closely and noticed that a number of members did not follow that at all and actually got off on some tangential items, including the next series of amendments from the Bloc party which we will be debating after. Am I correct?

**The Acting Speaker (Mr. McClelland):** The member for South Shore is once again proving just how wide awake he is. While all the others assembled here did not pick up on that, he certainly did and brought it to the attention of the House. He may be sure that the

Chair will ensure that from this point forward the debate is strictly on the motions.

**Mr. Gerald Keddy:** Mr. Speaker, I will speak to the report stage amendments to Bill C-49, the first nations land management act, and specifically Motions Nos. 1, 6 and 7 put forth by the hon. member for Skeena.

These amendments allow first nations to join the framework agreement in accordance with section 45 but only on the condition that the first nations prepare land codes in consultation with neighbouring jurisdictions. Approval from neighbouring jurisdictions would be required and they would have written confirmation that they meet the laws of the provinces in which they are situated.

These amendments would impose on the first nations provincial or municipal laws without allowing the first nations to develop their own laws in consultation with the people of the first nations.

One of the advantages of the legislation is to allow first nations greater autonomy over management of their resources and to remove the restrictions placed upon them by the Indian Act. To instead require compliance with provincial and municipal laws without allowing the first nations to do so within their own land codes and by their own decision contradicts the objectives of the legislation.

While it may be advantageous for first nations to follow provincial laws—and some of the first nations have drafted land codes that reflect provincial laws—there is no need to change the legislation to make this mandatory. This would not allow first nations to develop rules according to their tradition of consensus.

• (2035)

These amendments ignore the purpose of the legislation, namely to allow first nations to manage their resources through consultation with their members. This places an onerous responsibility on first nations that is not reciprocated by the neighbouring jurisdictions and is therefore not equitable.

**Mr. Ted White (North Vancouver, Ref.):** Mr. Speaker, I must say the speaker who just spoke obviously has never been to B.C. where we have the potential for 50-plus different sets of governments with different rules if there is not some sort of conformity in the way that municipalities relate to one another.

Also I was astounded to hear a member of the NDP, and woman at that, standing and defending the right of bands to deprive women of their matrimonial property rights on the basis of culture. It is absolutely amazing that position would be taken.

That same speaker also mentioned there was an agreement in place with the B.C. Union of Municipalities for consultation with band members. That is simply not the case. There was an agreement on a draft for a possible proposal which had to be submitted

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to the chiefs. Since November there has been no confirmation from the chiefs that they have accepted that draft. There is still great uncertainty in terms of consultation.

The main reason I am taking part in the debate by discussing these motions is the pressure from the three municipalities in my riding affected by the bill that have no communication of any meaningful level with the band which will have the power to develop its reserve in my riding. In addition, I have had a tremendous amount of submissions from rank and file Squamish band members.

During the early debates which took place at the beginning of December I was approached by a delegation of 18 Squamish band members who came to my office to urge me to oppose the bill. These are the very people who are supposed to be beneficiaries of the bill. They came to me to complain about it. Why? I will read one of the petitions they sent today. About 150 signatures came in on petitions today alone from Squamish band members in my riding. Let us listen to what they say:

We urge you to vote no to Bill C-49. We are status members of the Squamish Nation. Our band council did not inform us about Bill C-49. We did not know that council signed a framework agreement on February 12, 1996. We did not know that the Squamish Nation made representations on our behalf in Ottawa in December of 1998. We are concerned that the manner in which this information has not been provided to us is completely contrary to the openness protocol for treaty negotiations that the Squamish Nation, Canada and British Columbia entered into on October 27, 1995, which we were informed about. We are concerned that the power that can be legislated to council pursuant to some sections of Bill C-49 will supersede the provisions of the band's own land code. We are concerned that if Bill C-49 is passed our ability to participate in a democratic process will fail to be realized and we will not be able to define the future of the Squamish Nation.

This is an example of input from people who are supposed to be benefiting from the bill. There is something wrong if more than 100 people in one day sign a petition on that reserve saying that they do not want the legislation.

I have an obligation to represent their interest in this place. Their most serious complaint is obviously the lack of involvement, the lack of consultation with band members, which is the same complaint the municipalities are raising. Despite what the NDP member said there is no agreement in place. There is no process for communication.

The reserve in my riding probably has the most valuable land in the entire country. It is a strip of land along the foreshore of the harbour of North Vancouver with spectacular views of downtown Vancouver. The concept that is contained in the bill is tremendous: to allow the people who live there to develop those lands without the constant bureaucracy of the Department of Indian Affairs and Northern Development.

However the way it is being done is upsetting and causing fear for band members who do not know what the chiefs will do with this land. The main objection or concern raised by band members was from those who hold what are called certificates of possession. These are like our equivalent of fee simple titles to houses.

• (2040 )

Band members can hand down these certificates of possession to their children and grandchildren. However the provisions of section 28 of the bill state that the band council for no other reason than the council's deciding it is in the interest of the band can expropriate anything on that reserve. People who have lived their entire lives on this land could have their homes expropriated.

The rumour on the Squamish reserve in North Vancouver is that the members will be uprooted and moved to Porteau Cove, which is on Howe Sound where there is another part of the reserve, so that the entire piece of reserve on the foreshore of North Vancouver can be cleared and developed.

That is where it runs into the problem with the surrounding municipalities. The bill permits the band to develop its land code with no consultation whatsoever with the surrounding municipalities. There is no requirement, not even the basics that are present in the municipal act of B.C. It does not even apply. In an urban setting in the middle of Vancouver we have this little entity that does not even have to consult with its neighbours and that can do anything it likes in its land code.

A delegation of 18 members came to my office to meet with me. They told me they were terrified that even the voting on the land code would not be democratic. It only requires 50% plus one of the band members to vote and only 50% of them have to approve the land code, which is about 25% of the total voting membership. That 25% in the Squamish nation approximates roughly to the members who work for the band council, the actual employees of the band council. The fear being expressed to me as their member of parliament is that this means one family can basically control what is in the land code on this reserve. The lack of consultation being expressed is a serious concern that we need to address.

I have encouraged the chief to be involved in more consultations in the community. It would help things go much more smoothly if there were a feeling of good will. If the band and municipalities knew what was going on we could work together to make this a really successful bill.

As my colleague from Skeena and I have already said, the concept of the bill is good. We want it to proceed but surely we need to put a few checks and balances in there to make sure certain processes take place.

The bill says that the land code must be developed by band members themselves. I have discussed this point at length with the band members who have approached me. Many of them, more than

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three dozen, have personally phoned me or come in to see me. I have tried to convince them that they must take some responsibility for their own future. They must get together, be proactive and take part in the process. I cannot change that for them. I urge those who are watching the debate to be active in the development of the land code.

The bill will pass. We know it will pass because of the way the House works. I urge members to listen to what I have said tonight. I have not talked about ideologies. I have talked about input from the people the bill is supposed to be helping. They are expressing their concerns to me. We should listen to the words they are passing on.

I urge members to support the amendment that at least requires some consultation in accordance with the provisions of the municipal act in the province in which a reserve is located. It is not unreasonable for an urban riding smack bang in the middle of Vancouver at least to have discussions with surrounding municipalities about how to provide traffic access, how to provide water, electricity, sewage services and all the infrastructure needed to make it work properly. It cannot be done in isolation. It has to be done with co-operation and consultation.

Let us put incentive in the bill to make it happen. Then let us support the measures so the bill can be effective in helping these first nation Indian bands develop their own land holdings.

• (2045 )

I guess I have enough material here to speak for about 20 minutes. I know you are calling time, Mr. Speaker, but I will stand on subsequent motions to this bill and add a little more information about the input that I am receiving from rank and file band members of the Squamish Nation.

**Ms. Bev Desjarlais (Churchill, NDP):** Mr. Speaker, I am happy to rise again and restate my support for Bill C-49. This act will implement the framework agreement on first nations land management.

As I have said before, this bill is a major step toward first nations self-government. I am proud that the New Democratic Party has been the only party since our first days that has fought for first nations self-government. This is their inherent right as the first people to live in our great country.

I have listened to the words of the Reform members regarding first nations issues. Their arguments have been misleading to say the least. They have been trying to exploit negative stereotypes about aboriginal people. The most absurd claim has been that this bill will allow first nations to break federal search and seizure laws. They have obviously forgotten about section 8 of the charter of

rights and freedoms which protects everyone from unreasonable search and seizure.

The most dubious thing about this claim is the Reform Party's unspoken assumption that first nations intend to abuse power. They instantly assume the worst of the first nations. They assume that if first nations have power they will abuse it. The idea that first nations are unable to handle power or properly govern themselves ignores their history. It overlooks the fact that they governed themselves for thousands of years before Europeans immigrated here and seized control.

I have 31 first nations in my riding of Churchill, over half the first nations in Manitoba. I know that the first nations do not want to manage their land so they can abuse power. They simply want to end their dependence on Ottawa. The government has run their lives for over 100 years. The result has been poverty. First nations know that they can run their lives better than government bureaucrats can. This bill will give them the chance to do so.

A few weeks ago the hon. member for North Vancouver copied a letter for me that he had sent to a mayor in his riding. This letter expressed his opposition to this bill. It said that Bill C-49 would let first nations pass laws. As a result, the member said this would result in different first nations having different laws. The interesting thing is that he left it at that as if it were obvious that this would be a bad thing. The letter also said that this bill would allow first nations to have economic development without consulting neighbouring communities.

Even though it should not be necessary, I am going to address the two points I just mentioned. Perhaps the Reform Party is not aware that different first nations have different cultures. Each has a unique history, a unique land and a unique economy. It makes perfect sense that they have different laws in certain areas. What a double standard for the Reform Party which promotes decentralization in federal-provincial relations to oppose it for first nations.

As for consulting with neighbouring communities on economic development, I agree that it is desirable. I am of the impression that there will be a process for consultation. This is as a result of a meeting with the first nations and the union of B.C. municipalities on November 13, 1998.

First nations would be wise to form friendly and open relationships with their neighbours. These kinds of relationships benefit everyone involved. In my riding many communities have a first nation reserve and a non-reserve area side by side. The ones that do best are the ones where the first nation government and the town government work well together.

This bill is a great step forward toward the eventual goal of full self-government for first nations.



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I congratulate all the chiefs involved in reaching this agreement. In particular I want to congratulate Chief William Lathlin of the Opaskwayak Cree Nation and Grand Chief Francis Flett of Manitoba Keewatinowi Okimakanak. The Opaskwayak Cree Nation is part of my riding and is signatory to this agreement. Both these leaders were instrumental in its reaching this stage.

Although I am very pleased with this bill I want to conclude my remarks by reminding the Liberal government that there is still much to be done. The United Nations has rightly slammed Canada's treatment of aboriginal people. I quote from last December's report by the United Nations committee on economic, social and cultural rights:

The committee is greatly concerned at the gross disparity between aboriginal people and the majority of Canadians. There has been little or no progress in the alleviation of social and economic deprivation among aboriginal people. In particular, the committee is deeply concerned at the shortage of adequate housing, the endemic mass unemployment and the high rate of suicide, especially among youth in the aboriginal communities. Another concern is the failure to provide safe and adequate drinking water to aboriginal communities on reserves—almost a quarter of aboriginal household dwellings require major repairs for lack of basic amenities.

• (2050)

I could not have said it any better myself. The words gross disparity sum up the status of aboriginal people in Canada. The Liberal government says it is concerned about this but its lack of action says it is not.

The federal government has a duty to work in partnership with first nations governments to address these problems. The Liberal government has ignored almost all the recommendations of the royal commission on aboriginal peoples. Instead it has only made a few token gestures.

Whenever I criticize the government for its lack of action on aboriginal concerns, the minister of Indian affairs points to the aboriginal healing fund as though it solved everything. Yet I am constantly hearing from my aboriginal constituents about this money not being available for vital projects. It does not go nearly far enough.

I and my colleagues have been calling on this government to implement the recommendations of the royal commission. The few it has implemented are not enough. Not implementing the rest is a betrayal of all aboriginal people.

I repeat my call to the Liberal government to implement the royal commission on aboriginal peoples recommendations. Aboriginal people are tired of this government's stonewalling. They are tired of half steps. The time for real action is now.

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, I rise to speak on report stage of Bill C-49, the first

nations land management act. This bill is a step forward. It is an initiative that came about in partnership with 14 progressive first nations peoples. I call on all of my colleagues to realize that they cannot support Motions Nos. 1, 6 and 7.

The bill provides for an alternative land management regime whereby participating first nations control their lands and their natural resources by removing them from under the Indian Act provisions respecting land management while the remainder of the Indian Act continues to apply.

This is a positive model, a model not only to be implemented now but for the future transfer of land management to other first nations. There was also a protocol by which other first nations could be added to this bill as a result of an order in council. There are procedures in the bill regarding how this could occur. Provisions have also been included to address the concerns raised by native women. I know an earlier speaker brought up the situation of native women.

Regarding the motion before us, it will in some way change the intent of "Gathering Strength" and the intent of this bill. It is important for our Reform colleague to recognize that consultation cannot be mandated. To suggest at this point in our history that we will legislate consultations between the first nations and municipalities is unacceptable to the first nations and to us as Canadians who are working to arrive at justice, fairness, equity and all those things for our first nations people.

Therefore the motion before us would modify the conditions that were already agreed on by 14 signatory first nations in the framework agreement. The impact will somehow change the intent of the bill, to mandate, to define or to limit. The intent is really to change the bill in some way. I think that we need the support of all members on all sides of the House to resist such a transformation and such changing of a bill which has so far the agreement of so many parties.

• (2055)

There are ongoing processes. We need to respect the jurisdictional issues. We need respect the codes we have before us. At the same time having had aboriginal people come together and agree on the items within Bill C-49 we should go ahead and support this.

So I stand not to make a lengthy speech but really to support Bill C-49, to call on my colleagues on all sides of the House to oppose Reform's intention to dilute, to change and to modify the intent of Bill C-49.

**Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.):** Mr. Speaker, I do not appreciate the name calling. I think it is very undeserved. I do not know about the other members of this

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House but I have done more than just talk about helping aboriginal people and native people in this country. I spent 15 years in northern Alberta trying to bring self-government to non-treaty Indians. I have nothing to apologize for in the work I have done.

I would like to share some of these experiences in the north because I think it is very appropriate for this debate on Bill C-49.

It was an interesting experience because I was helping non-treaty aboriginals in a community immediately adjacent to a reserve. It was a case in point of how when the federal government moves in and hands over things to a community that is ill prepared to deal with them it is for not. In the non-treaty community where we were providing potable water, sewage collection, land ownership, self-government we were producing results that were never seen in the reserve adjacent to the community although the people were related and from the same cultural background.

The reason for that is the non-treaty Indians were accountable for the decisions they made. They were accountable for the dollars they were spending. They were accountable to the people who lived in and shared the community with them.

We saw fire trucks going into the reserve with no support base and they were never used for the purpose for which they were intended.

On the non-reserve side we saw a fire truck, after a great deal of debate and a great deal of work to get it, brought into the community, treated with respect and which provided services not only to the non-reserve community but to the reserve community.

We also saw the non-treaty community supporting the reserve by providing sewage treatment for the school that was built and for the health centre that was built. For whatever reason the federal government under the Indian Act was ill prepared to deal with that kind of development. It took the non-treaty, the non-status Indians in their community to provide that kind of community support and leadership.

I do not have to wonder what will happen with this bill if it is not properly legislated. There are some areas where I have difficulty accepting it as it is presented to the Canadian public.

I do not think people can foresee the future but we can look at what has happened in the past with the experiences we have to give us some indication of what might happen.

I would like to share with the House an instance that happened in 1993 after I was first elected. The very first situation that I had to deal with as a member of parliament was a community in the Semiahmoo Indian Reserve. It was a community that was leasing property. Some of these leases had been in their families for 40 to 50 years. Because of a decision by Indian affairs of removing itself from the responsibility, nine out of the eleven people who came to

my office looking for help ended up losing their homes, ended up having to leave.

● (2100 )

I would like to share some of the comments with the members of the House. These are excerpts from letters received from a couple of families. They state:

How can you dismiss the fact that your department put us in this hell? They refused to issue one year leases on instructions from the Semiahmoo band in September 1993. They refused to take our lease money. They have not cashed cheques from persons remaining on the land to date. They refused to talk to us after 20 years of tenancy. They refused to quell the situation.

As for the remaining tenants, six have vacated as ordered by the DIA in a letter dated January. . . . The penalty is double rent for daring to speak out and the others have struck their own deal with the bands knowing that if they do not perform it will go against them.

People have lost their homes.

With our neighbours we formed associations to negotiate a lease. We made an offer to lease. We did everything that we were capable of doing. They wanted us to sign a non-negotiable consent to lease offer before we had even read it. If we did not agree we were out in nine days. We could not sign it. It would be like signing a blank cheque.

That is the kind of situation these people were put in. I would suggest that there has to be clarity in legislation to protect individuals.

We have recommended two amendments to Bill C-49. One amendment would require a clause to be written that this would in no way be considered to be a land claim under section 35 of the Constitution Act. The second amendment would require that proactive consultations be held with adjacent municipalities.

I would like to share another experience that I had in Slave Lake, Alberta with the Sawridge Indian band. I was on the town council when we negotiated a deal with the Sawridge band to provide them with water and sewer facilities which they wanted for a laundromat for the hotel they had built. In an agreement with this band the town obtained the use of a little section of land going through a corner of their band property in exchange for providing them with water and sewer facilities.

Two years ago I received a call from the mayor of the town who said "Val, you are the only one we can track down. We need to know what has happened because Walter Twinn is suing us. The Sawridge band is suing us for this piece of property that the town is using for the road which runs across a corner of the property".

We had a written agreement with the Sawridge band that this would be an exchange: water and sewer facilities for a little chunk of road. Twenty years down the road that agreement was not being respected and the town of Slave Lake found itself in legal proceedings.

It is very important that whatever we do in this House be better than what we have done before. The Indian Act has proven to be a

failure. It has left people dependent on government. People have lost their independence. They have lost their self-respect in many cases. It is a shame that we allowed that to happen.

I do not want to be a part of continuing in that kind of environment. Our aboriginal people have the right to be treated equally, to have equal rights and equal responsibilities, as does every other Canadian in this country.

We should not be going down this trail without clarity, expecting that the same thing will not happen. Somebody gave us the definition of insanity. It was doing the same thing over and over again, expecting a different result.

That seems to me to be what we continue to do. We continue the same old policies over and over again. We may use different words, but we expect different results. It is insane to expect a different result.

We have to, with clarity, come up with an agreement with the aboriginal people that will remove them from the dependent status they have and will continue to have under the department of Indian affairs. We have to release them. We have to encourage aboriginal people to take on the responsibility which every other Canadian has. Bills such as Bill C-49 is not going to do it.

• (2105)

We have to make sure that our legislation is clear and that it is not open to misrepresentation or misinterpretation. We have to make sure that our legislation today is taking a different path, that it is trying something new and innovative, not doing the same old thing over and over again, expecting a different result.

**Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.):** Mr. Speaker, it is a pleasure to rise this evening to speak in this debate.

It was interesting to listen to the member for Churchill talking about amendments that we wanted to make to this bill and how we hoped that it would happen anyway. Other members have made comments about the Reform Party and what its role is in this debate.

Sure there are a lot of good things in this bill, but our party asked for two amendments. Our members said that if those amendments were accepted we would let this bill pass through the House. However, the Liberal government refused those amendments.

Let me read into the record a letter which I just received a few minutes ago. The letter is from the Lower Mainland Treaty

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Advisory Committee. For those members who do not know where the lower mainland is, it encompasses the majority of the population of British Columbia, all of the municipalities in the lower mainland. It is represented by mayors who represent the New Democratic Party, the Liberal Party, the Reform Party and others. This is what they wrote today to the Minister of Indian Affairs and Northern Development:

The Framework Agreement on First Nation Land Management is an Act that will apply to 14 First Nations across Canada. Under the Framework Agreement, those signatory First Nations will develop their own land codes to apply to their reserve lands. The land code will set out the principles, rules and structures that will apply to the land. Once a land code has been adopted, the Band Council may, in accordance with the land code, make laws concerning the management, development, use, possession and occupancy of the reserve land. The new Act will replace the land management provisions (sections 53-60) of the Indian Act.

The Bill stipulates a number of requirements that a First Nation must meet in establishing a land code. One requirement is a community consultation process (Band members only) concerning the development of general land code rules for the reserve lands. Secondly, before a land code can be enacted, it must be approved by a majority of eligible Band voters. Thirdly, a Minister and the First Nation shall jointly appoint a verifier who will determine if the land code is in accordance with the Framework Agreement (the Act) and will monitor the community approval process of the land code.

The concerns of the Lower Mainland Treaty Advisory Committee are:

Local municipal leaders and the UBCM have raised two specific concerns with Bill C-49:

1. The legislation provides no requirement for consultation with neighbouring municipal governments on land use and other issues of mutual interest, nor with non-aboriginal people living on reserve lands;

2. Given that the Province of British Columbia is already engaged in the British Columbia Treaty Commission treaty process to address issues including land use and self-government, the application of Bill C-49 appears to be creating a second parallel process.

Within the B.C. treaty process, municipal governments are full members of the Provincial negotiating team. As such, their representative sits at the treaty table as part of that team and has the opportunity to provide comment and input to the Provincial negotiator on the treaty. In the Greater Vancouver area, municipal governments co-ordinate themselves under the Lower Mainland Treaty Advisory Committee. By contrast, with respect to Bill C-49, municipal governments have had very limited opportunity to consider and provide comments on its implications.

Regarding Consultation:

The Bill contains no provisions for any form of consultation with neighbouring municipal governing jurisdictions concerning the development of the land code. With respect to third parties who have an interest in the reserve land that is to be subject to the proposed land code, the Bill states only that the Band Council shall, within a reasonable time before the vote, take appropriate measures to inform those third parties of the proposed land code.

The Squamish Band is one of the 14 First Nations across Canada who are signatory to the Framework Agreement. The three North Shore Mayors recently met with Squamish Chief Bill Williams to discuss the Bill. The issue of lack of requirement for

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consultation with municipal governments was raised at the meeting and the Chief acknowledged that the Bill contains no such provisions. He stated that it was his intent that consultation with adjacent municipal governments will be a part of the Squamish land code.

The member from North Vancouver and I met with the same mayors and the chief and proposed the amendments to try to solve this problem now and not wait for something to come along later that will cause problems.

#### The letter continues:

While this statement appears reasonable, it actually leaves two major concerns for municipalities:

1. Municipalities would greatly prefer that any such requirement for consultation be included directly and specifically in Bill C-49. This would provide the requirement for meaningful consultation (not a veto) as part of the formal document, and not be left up to whether or not any particular First Nation is willing to do so.

To address the suggestion that this issue is primarily a concern in British Columbia and therefore need not be included in an Act which covers all of Canada and many other First Nations and municipalities, we would suggest the wording in the Act requiring a consultation would apply to:

“Those signatory First Nations in British Columbia to this Bill and in other parts of Canada that do not presently have a formal agreement requiring reciprocal consultation”. This would then enshrine the principle of consultation in the Act, whether or not such agreements already exist in other parts of Canada.

The Municipal Act in British Columbia requires municipalities to refer a plan to the council of an adjoining municipality if the plan affects an area of that municipality. This does not provide the adjoining municipality with a veto, only with the opportunity to become informed and make comment.

2. Assuming that a First Nation does consult about a proposed land use with its municipal government neighbours, with or without a requirement to do so, what mechanism is there to resolve disagreements? The only reference to dispute resolution in the Bill centres on disputes between a First Nation and the Minister of Indian Affairs and Northern Development, not with neighbouring municipalities.

The drafters of the Bill may not have contemplated the concerns, raised above, particularly if their focus was on the many rural reserves across Canada. However, not unlike the treaty process, arrangements and approaches that may work in a rural setting may be totally inappropriate in an urban setting. Given the complexity of many different jurisdictions operating in our urban area and the need for co-ordination on issues of land use and transportation planning, it is essential that the Bill not be enacted by Parliament without first providing an opportunity for municipal governments to assess the Bill and provide comment to the federal government.

#### Regarding Parallel Process Concerns:

There needs to be an opportunity for municipalities currently engaged with the Provincial team in treaty negotiations to feel assured that Bill C-49 provisions will not eliminate the opportunity for negotiations to occur on important issues including land use and self government.

Draft resolution from LMTAC meeting of January 27, 1999:

It was moved and seconded

That the Lower Mainland Municipal Association (LMMA) be advised that the Lower Mainland Treaty Advisory Committee has not had the opportunity to assess the ramifications and impact of proposed Bill C-49 at the local government level and that

the LMMA request that the federal government delay further consideration of the Bill pending consultation with local (municipal) governments.

Thank you for your careful consideration of our concerns.

Sincerely yours,

Mayor Don H. Bell

● (2110)

Copies of this letter were sent to the Minister of National Revenue; the Minister for International Cooperation and the Minister responsible for Francophonie; the Minister of Fisheries and Oceans, who is from British Columbia; the chair of the northern and western Liberal caucus, the member for Vancouver Kingsway; the chairman of the B.C. Liberal caucus, who is the member for Port Moody—Coquitlam—Port Coquitlam; as well as the member for North Vancouver and myself.

The chairman of the B.C. Liberal caucus, the member for Port Moody—Coquitlam—Port Coquitlam, also chairs the task force that the Prime Minister has set up to tell him why western Canadians do not vote Liberal. This is a prime example. The opposition has asked very fairly that two amendments be made to this bill which were recommended by all the lower mainland municipalities of British Columbia, and many of the mayors are Liberal.

We are doing our job as the opposition to try to get this bill through the House. As we said, if those two amendments were adopted we would vote tonight to get this bill out of here.

The government will not adopt those two amendments. The majority of the people of British Columbia want those amendments to be made to this bill. Every other municipality in British Columbia has to do what we are asking be put in this bill. If they want to build something in my constituency in West Vancouver, they negotiate with my colleague for North Vancouver and tell him what they are doing and how they are going to do it.

The Squamish band is one of the wealthiest in the nation. It owns the majority of the foreshore in North Vancouver and West Vancouver. It leases that land at very high rates, including one lease that the Liberals signed 20 years ago for land to build an environmental building on. That piece of land is still empty, with the lease at \$4 million a year. The lease rate will increase to \$7 million this year for an empty piece of land. The band is not doing poorly.

All we want is the right to know when they build on their land. We have negotiated shopping centres and buildings with them. We work very well together. All we want to know is that in the future they will sit down to talk with us when they want to build on their land.

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Those two amendments could get the bill through the House very quickly. That is all we are asking of this Liberal government. Listen to the people of British Columbia. Do what they are looking for the government to do. The government should not go blindly into what its lawyers are telling it to do. That is the problem here. Lawyers dealing with the ministry are saying "This is what we want. Do not back down. Do not look like you are giving something away".

• (2115)

The people of British Columbia want these two amendments. We are going to stand here and fight for this bill as long as it takes to have this government admit that those amendments should be in the bill.

**Mr. Leon E. Benoit (Lakeland, Ref.):** Madam Speaker, it is a pleasure for me to speak to the first group of amendments to Bill C-41 which includes Motions Nos. 1, 6 and 7.

I will start my presentation by reading a fairly lengthy paper by Wendy Lockhart Lundberg entitled "Native Women Threatened by Federal Bill". The author is a registered status Indian and a member of the Squamish nation in B.C. If the government is not willing to listen to us on this bill, I hope it will listen to the grassroots aboriginal people who have something to say about this bill. I strongly encourage the government to listen.

This paper makes a case for the amendments we have put forth in this group. It makes the point very clearly that this legislation needs some change, that it is not as widely accepted as some members of the governing party claim it to be. It is time to listen. Maybe the government has not listened to the grassroots aboriginals in particular but I encourage the government to listen to Wendy Lockhart Lundberg now:

While media attention focuses on the formal treaty process, federal actions are attempting a legislative end-run around treaties by offering bands powers over land management. Native women will bear the brunt of these legislative provisions and will be denied the protections they could be afforded through treaties.

A little-publicized government bill, C-49, the first nations land management act, is scheduled for third reading in parliament next week and poised to become law. Bill C-49 would give legal effect to land management agreements which have already been signed by 14 bands. These include my band, the Squamish, as well as Vancouver's Musqueam band and ones across the country, and will be open to other bands in the future.

Bill C-49 grants participating bands almost unlimited powers over the ownership, management, and expropriation of band lands. The implications of C-49 for the rights and position of native women are large, and the B.C. Native Women's Society (supported by three major organizations) has lodged a court case against the federal government to require that issues of native women's rights be properly addressed before enactment.

When the marriages of native women fail, as all too many do on account of poverty and related conditions, they and their children typically lose the family home. Their

ex-spouses typically get possession of the family home, based on decisions of the band council. The women often have nowhere to live on the reserve, and may end up in the worst circumstances in urban ghettos. Unlike all other Canadian women, native women on reserves do not have the protection of property division laws.

Bill C-49 contains two provisions which are particularly worrisome for native women. First, it states that rules and procedures regarding the use, occupation, and possession of land upon the breakdown of marriage will be determined by the land codes of each signatory band. Yet, there is little assurance that these future provisions will be any less tilted against the interests of women and their children than the results of the current system.

Second, Bill C-49 offers band councils draconian powers of expropriation, which must concern native women as well as other native people living on reserves and non-natives with leasehold interests. Specifically, "a first nation may . . . expropriate any interest in its first nation land that, in the opinion of its council, is necessary for community works or other first nation purposes". The band need give at most 30 days notice to expropriate, and it is obliged to pay "fair compensation" that can be disputed only under rules set by the band itself.

• (2120)

I encourage the government to listen to this part in particular. It is worth listening to some of the problems that come as a result of the way this is being proposed. The paper goes on to state:

Not only may these powers be used against native women; they may also be used against band members outside the governing elite. For example, the Squamish nation has valuable waterfront property in North Vancouver, rumoured to be the subject of band council plans for commercial redevelopment. These plans could displace many band members living there to a reserve area up the coast, thus making expropriation powers very useful to the band council.

In addition, any party having a leasehold interest on a reserve has reason to fear the strong expropriation powers for bands in Bill C-49. With the sword of quick expropriation hanging over their heads, current leaseholders will find few parties willing to buy their leasehold interests, and their property values will plummet. A band can then expropriate their property by offering "fair compensation" at the depressed market values.

A band council's expropriation powers will be unlike those of a municipal or senior government; it will be able to expropriate for any "other first nation purposes", not limited to the need to build schools, highways, and the like. Many bands see their lands as a major means for economic development, so that leaseholders can expect their land to be expropriated whenever a band finds a more valuable use (the band will fully control zoning). But with this ever-present threat, how many non-natives will want to make the investments needed for development or leasehold arrangements with bands?

Again, I hope this government is listening to that thought which is coming from a band member. It is well worth listening to because it is an important point. She goes on to say:

My mother lost her native and band status when she married a non-native many years ago. Her status was restored following the 1985 amendments to the Indian Act, but her father's property was never returned to her. The Squamish band allows someone else to occupy the property and uses its diverse powers to block my mother's

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efforts to regain her familial home. Under Bill C-49 her land could be permanently lost through expropriation.

The Squamish nation has sent a council member to Ottawa to support Bill C-49, while not informing the general band membership of the existence of the bill.

I am going to repeat this because I do not think that message is sinking in. She says that the Squamish nation has sent a council member to Ottawa to support Bill C-49, while not informing the general band membership of the existence of the bill. I think that really shows the lack of knowledge on the part of band members about this bill because they have not been told about it. I digress. I will finish reading the paper:

The Squamish nation has even intervened, on behalf of all the signatory bands, on the side of the federal government and against the B.C. Native Women's Society's Bill C-49 lawsuit.

I believe that my mother's rights, and those of many other native women, will be lost forever if Bill C-49 is passed in its present state. Their chances of obtaining legally binding provisions that restore their human and property rights would be much better served through an openly debated treaty process.

Bill C-49 was introduced into parliament by a female minister of Indian affairs, and its passage would be enacted by Her Majesty in right of Canada. I doubt whether either of these women shares native women's concerns about their lands, homes, and families.

I see that my time is up. I remind the members of the government who are here that the author is someone who understands this issue extremely well. She has written a very thoughtful paper. I think she has presented the case in balance.

• (2125)

Government members should listen to what they have heard tonight. The member for Vancouver North said 100 people from the band signed a petition in such a short time saying that they do not want this to pass. The member for West Vancouver—Sunshine Coast and the Lower Mainland Treaty Advisory Committee said that they do not want this to pass as it is, as did municipalities in the lower mainland. The list is growing and growing.

**Mrs. Karen Kraft Sloan (York North, Lib.):** Madam Speaker, we have before us tonight a historic piece of legislation. Bill C-49 is a piece of legislation that provides for an alternative land management regime whereby the participating first nations control their lands and natural resources by removing them from under the Indian Act respecting land management.

I am very pleased tonight to stand in the House and wholeheartedly support this legislation. I am honoured to represent, as the member of parliament for York North, the Chippewas of Georgina Island, one of the 14 first nations affected by this legislation.

It is a real pleasure to know that Chief Bill McCue along with other members of the band council and members of the Chippewas of Georgina Island first nations are here tonight watching this debate.

It is with somewhat mixed emotions that I stand here tonight. It is really appalling to hear what the members opposite, the members of the Reform Party have been saying throughout this debate on first nations. It is a continued refrain we hear from that party whenever we enter into debate in this House on first nations. It is rather disturbing to know that I have constituents here who have to listen to this. The Reform members show an absolute lack of sensitivity and a lack of understanding of first nations issues.

While there was a Reform member in this House who said that we cannot foresee the future, it is clear that the members of the Reform Party only see a bleak and negative future for first nations. It is shameful. The Reform Party should be ashamed for holding up this legislation. This legislation is urgently needed by the Chippewas of Georgina Island.

In 1993 after I was first elected as the member of parliament for York Simcoe at the time, one of my first responsibilities was to attend a meeting with Chief Bill McCue, members of his council and members from the regional office at Indian affairs. It was through this meeting and subsequent dealings that I realized the difficult challenges first nations in this country have in controlling their own destiny and in controlling land that is rightfully theirs to control.

Through the process of my dealings with the Chippewas of Georgina Island and after the urgings of Chief Bill McCue, I spoke to the then minister of Indian affairs and asked him to consider this legislation. He met with the chiefs from across this country and decided to go forward with this legislation. I am pleased to say that the signing for the framework agreement was held on Georgina Island in my riding. The chiefs from across the country were at this very historic event which Chief Bill McCue hosted.

It was a wonderful opportunity to see how these communities have come together to work in a very progressive and enlightened fashion, to deal with the special and unique challenges of first nations. They have grassroots support.

We hear a lot about grassroots. I am not entirely sure what grassroots the Reform members are talking about but I can talk about the grassroots support I have in the riding of York North on this legislation. They had 91% of the people of Georgina Island supporting this very important legislation. This work has been going on for eight years. These people cannot wait any longer. They have 500 leases that must be negotiated and are coming up for renewal this spring.

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• (2130)

The Reform Party has shown an incredible level of irresponsibility in holding the legislation back. It is appalling and it is shameful. With regard to their concerns about how first nations operate and relate to municipalities, they take isolated situations and in typical Reform fashion blow them up into stereotypes which they continually present over and over again to the Canadian public.

I would like to tell the House about the kind of relationship the Chippewas of Georgina Island have with their municipality. They have a very positive, progressive, well founded relationship. They have signed service agreements in the areas of fire protection, garbage services, police, health and education. They have shown themselves to be very substantial members of not only their community but of the larger community.

I have a letter from the Snake Island Cottagers' Association calling upon the government for speedy passage of the legislation. The letter is dated December 2, 1998 and reads:

Dear Sir,

As president of the Snake Island Cottagers' Association (SICA) I urge you on behalf of our members to expedite the second reading of Bill C-49. This as you know will eventually result in self-government for several Indian bands, especially the Chippewas of Georgina from whom we lease cottage lots on Snake Island. Our current 25 year leases expire as of April 1999. We (SICA) strongly support the Chippewas band's quest for self-government and feel that the passage of Bill C-49 will facilitate a new leasing arrangement between our members and the band. More importantly it will recognize the sovereignty of the band over their lives and lands.

That is what this is all about and that is what members of the House must remember. It is the sovereignty of our first nations and finding a way to correct the abuses of the past. I tell Canadians who are watching tonight that this is what Reform members are missing.

All Canadians of good will and good intent see the necessity for the legislation. I urge the House to speedily pass the legislation. A few minutes ago I had a discussion with Chief Bill McCue. For those who are interested, Chief Bill McCue said "It's about time we determined our own destiny".

**Mr. Werner Schmidt (Kelowna, Ref.):** Madam Speaker, I am very privileged to be able to enter this debate. There are a couple of points I wish to make particularly in reference to the member who has just spoken.

There seems to be a feeling that the only reason the Reform Party brought some amendments forward is that somehow we are opposed to the step that is being taken. That is not the issue. The issue is that this is not the final word on how to grant to first nations some sovereignty over the lands and some of the things they want control over. The issue is to determine a relationship with which

we can all live with greater comfort and with greater harmony than has existed heretofore.

There seems to exist on the government side of the House almost a feeling of arrogance that once its members have spoken and presented a piece of legislation there cannot be a single iota of improvement to it. How could that ever be the case?

There is not a human being in the House who cannot improve whatever it is the government is doing. That includes my speech this evening. I want to make it abundantly clear that the member who just spoke deliberately misrepresented what the Reform Party stands for.

• (2135)

I want to make abundantly clear that I am not rising in this debate to indicate to members opposite that I am totally and unalterably opposed to the bill before the House tonight. That is not the issue. The issue is that the bill attempts to do something which I think is a step forward, but as usual it is a tiny step forward. It is a timid step forward. It is an inadequate step forward and it is an incomplete step.

We are trying to lift the legislation to a level that they can be proud of, that the members of the House can be—

**Mr. David Iftody:** Madam Speaker, I rise on a point of order just to interrupt the hon. member for a moment. He used language which I believe all of us would agree is unparliamentary. He said that the member had deliberately misled the House. I would ask him to withdraw those two words.

**The Acting Speaker (Ms. Thibeault):** I would ask the member to kindly withdraw his remarks.

**Mr. Randy White:** I rise on a point of order, Madam Speaker. I did not hear the same words the member said. In fact I do not think that is what our member said. I would like you to clarify with the Table exactly what was said prior to asking our member to withdraw.

**The Acting Speaker (Ms. Thibeault):** Very well. I will ask the Table to look at the blues and I will come back later with a decision.

**Mr. Werner Schmidt:** Madam Speaker, if I used the word misled I withdraw that word, but I do not believe that I used that word. I think what I said was misrepresentation, and there is a big difference between those words.

It is another illustration of not listening properly to the grass-roots and not even listening properly in the House. The time has come for us to get real and honest about these kinds of things.

We need to recognize what the legislation is attempting to do. It is to draw some very clear boundaries. Some people would call

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them fences. There is a proverb that says good fences make good neighbours. My good friend who is one of these land surveyor types says good laws build good fences.

What we are trying to do tonight is build a law that is better than the one that is being proposed. A fence is being proposed here but it has holes in it, some pretty big holes in it. It is through those holes that we get some difficulties.

I want to put clearly on the record for members opposite to hear and for my colleagues to support that we recognize among our first nations that we have some of the proudest and most respected citizens of the country. They are hard working people. They are patriotic. They do the kinds of things we want done in the country. The fact that they want some self-determination, that they want to preserve their culture, is a demonstration of how strongly they feel about themselves.

The first nations of the country have a tremendous reason to be proud. In the face of tremendous opposition and difficulty they have maintained their culture. That is why we have this legislation before the House.

I recognize that and commend them for it. I also recognize that they should not have powers that are unique, better or different from those that exist for all other Canadians. We are before the law, before the Constitution, equal Canadian citizens of Canada. That is an issue we do not want to forget.

There are some technical difficulties with the bill as well. I want to deal with them now. First I deal with the question of powers. The bill gives powers to the council to enforce the standards that exist under federal environmental law. It gives it powers to go beyond the provisions in the environmental law with regard to assessment and with regard to the process of projects with environmental implications.

• (2140)

Let me read subclause 21(3). It is a rather interesting clause:

First nation laws respecting environmental assessment must provide for the establishment, in accordance with the Framework Agreement, of an environment assessment process applicable to all projects carried out on first nation land that are approved, regulated, funded or undertaken by the first nation.

There is a separate set of observations. They must be within the standards set up by the legislation, but beneath that there is a process and there are details that can be changed by the first nation. As a consequence it can be delayed. It can be altered. All kinds of things can happen. This is not to suggest that they would do this. The idea is to create a law that creates fairness and equity for all participants who are affected by that law. That is what we are concerned about. That is a very significant issue.

The bill before the House says that the band or the council shall have a land code. That land code shall include, according to

subclause 6(1)(f), a community consultation process. However, subclause 10(1) reads:

If the verifier determines that a proposed land code and a proposed community approval process of a first nation are in accordance with the Framework Agreement and this Act, the council of the first nation may submit the proposed land code and the individual agreement to the first nation members for their approval.

That is interesting. In the first instance the council must have a land code. That land code must provide a consultation process. However, in terms of the actual land code there is no approval process for the members who will be directly and indirectly affected by that land code before it is approved. That is very interesting. It puts the power in the hands of the council utterly and completely.

We know that whenever we put absolute power into the hands of a group, whether it is a first nation group or any other kind of a group, it has the potential of abusing that power. I do not want legislation to provide that kind of an opportunity. I want the legislation to provide checks and balances to power so that it will not be abused. I am not suggesting they will; I am suggesting we want to make sure that they will not. This is the business of building a fence that does not have holes in it.

Motion No. 6 is a very clear motion. It says that there shall be consultation with the band council that has a land code with surrounding communities. It does not say that there has to be agreement on everything. The best solutions are usually found when there are opposing positions or there are different viewpoints on something. We are asking for consultations so that we can bring about a better resolution than is the case at the present time. That is not provided for in the bill.

We must provide for that kind of consultation and make it mandatory. Members opposite have heard the letters from the bands, from municipal councillors and from the mayors. We are trying to help them. Will they please listen.

**Mr. John Duncan (Vancouver Island North, Ref.):** Mr. Speaker, we are all products of our history and our environment. We all view the world from our own vantage point. It has been proven by medical authorities that it is more stressful for a human being to listen than it is to talk. It is for sure that you learn more when you listen than when you talk.

• (2145)

We have seen a diversity of circumstances, a diversity of communities and name calling that does not suit the side over there that has been doing it. How long will this work? We are not here to advocate wishful thinking. We are here as legislators trying to create the best possible piece of legislation. This legislation is amendable. We could support it with amendments.

The member for Etobicoke—Lakeshore said that consultation cannot be mandated in the legislation but I beg to differ. There is a lot of legislation in this country that mandates consultation. That is



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what we are looking for. We are looking for clarity. The fact that consultation is not viewed as something that would contribute to the bill is one more reason that it is not hard to understand why the Liberals need a western task force when common sense is in such short supply on that side. British Columbians are tired of imposition of a federal native agenda in British Columbia that is not sensitive to local needs.

The member for Churchill said that Reform thinks first nations will abuse power. This has nothing to do with race. Any legislation we design in this place must be designed with checks and balances, native or non-native, it does not matter. We use the same tests. This has nothing to do with race, gender or any other circumstance. We are not doing our job if we do not do this thing properly.

The purpose of this legislation is even getting lost in this debate. This bill will impact on relationships between bands and local governments in a number of areas, including land use planning, environmental regulation and protection of third party interests. The federal government is imposing its will in terms of creating legislation that will disrupt local and provincial relationships. The Liberal government is not saying that is what it is doing and it does not seem to care. The implications are potentially quite far reaching.

I spoke to this bill in November. I talked about lease holders on reserve lands that would fall into being on land subject to this bill because they would be lands leased to 1 of the 14 bands to which this legislation applies. I spoke of my concerns and why the bill needed to be amended. Lo and behold we have had a seven week running story in British Columbia about the Musqueam band and what has happened to lease holders with properties in that jurisdiction.

I cannot possibly support legislation that does not address the issue of relations between communities and that does not deal with consultations on an ongoing basis regarding decisions that affect local and provincial jurisdictions in important areas such as environmental issues, land use, roads, other infrastructure questions and leases.

The minister of Indian affairs has been quoted as saying that her hands are tied on the Musqueam escalation of leases in the neighbourhood of \$300 to in the neighbourhood of \$30,000. The reason her hands are tied is that the previous minister assigned taxation authority to the Musqueam without any checks and balances. That is the very thing we are talking about here today. Now she is blindly walking into an expansion of similar situations for the Musqueam and others. The lease holders are unilaterally having their leases rearranged so they are no longer with Canada. They are subject to taxation without representation. Why is democracy being negotiated away?

• (2150)

The Minister of Indian Affairs and Northern Development allowed three years of negotiations to occur in secret with the Caldwell Band near Blenheim in southern Ontario and is now suffering a public backlash. Surprise.

The minister now says the Caldwell land claim should have been handled with more public consultation and she gives the example of the Nisga'a comprehensive claim in British Columbia. I can assure the House that is an empty statement. The public was not consulted prior to the signing of the Nisga'a agreement.

The forestry representative and member of the treaty negotiation advisory committee said publicly: "I cannot say we worked on this document because we never saw it until February 15, just hours before it was initialled. Not one page, not one paragraph of this 150 page document was shared with the treaty negotiation advisory committee or any of the local advisory committees or any of the people with legal interests in the crown land that this agreement would give to the Nisga'a".

The way this government handles its aboriginal affairs is archaic. There is no vision. The expropriation powers in this legislation are sweeping: "A first nation may expropriate any interest in its nation land that in the opinion of its council is necessary for community works or other first nation purposes".

At this point I wanted to quote from a document from the Squamish Band but my colleague beat me to it. I think it is very important to point out that these expropriation powers are above and beyond anything that a municipality or other form of government has. So why does the minister perpetuate reserves?

We heard about the definition of insanity. We take something that is not working, repeat it over and over and hope that somehow it turns out different.

The Caldwell Band circumstances in southern Ontario were creating a brand new reserve. Have we not a better idea after 130 years of proving to ourselves that the reserve system is not the way to go?

We had a very similar circumstance occur in the western United States, a band with no land base. It was mandated to be given a land base, so what did it do? The legislative authorities decided that they better try to do something different that might work for a change. They came up with a land base and they said that land will belong to the band. That is your industrial base. We are going to ensure that you have homes in the community. We will buy every beneficiary in the band a home in the community. It is yours. You can do what you want with it in the future, but your land base is not zoned for residential use.

To me that is creative and avoids the problems of creating a community that may not work like so many of our reserve

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communities have not worked because of the fact that they are away from where the workplace really is.

Why do we fail to recognize that checks and balances are needed in aboriginal legislation? Why are we failing to represent the interests of tens of thousands of lease holders whose original leases were with Canada? Do not tell me this is not affecting Ontario because I know it is. There are lots of cottage owners, including a large group up in North Bay, I have been in touch with on this issue.

• (2155)

The federal native agenda is out of control and there are going to be predictable harmed stakeholders. This benefits nobody, native or non-native.

**Mr. Peter Goldring (Edmonton East, Ref.):** Madam Speaker, it is a pleasure to speak to this bill tonight. My colleague from another party said earlier that Reform was approaching this bill with a double standard. I think not. I think we are approaching this with a single standard for enjoyment of property and opportunity for all fairly. That is the reason we object to this.

I have heard a number of opinions on this bill and I think it is important to keep the focus on how we can improve the legislation. Our aboriginal people have been marginalized for far too long and the government has rarely done something to improve that for them. Hopefully we can change that this time.

There were a lot of problems and obstacles encountered by rank and file band members during formulation of this bill. Many have not been involved and they are concerned that their interests are not being met in this lack of grassroots consultation.

The band councils have a responsibility to involve and include all aboriginals in the process. There are a lot of grassroots concerns when it comes to dealing with section 28 and the issues surrounding expropriation. Some band members are even afraid their own people will drive them out of their homes.

Section 28 also leaves many unanswered questions about the process required when non-aboriginals are dealing with bands in land and lease negotiations. The uncertainty is leading to dramatic decreases in the value of the land in the disputed areas.

Bill C-49 may only expedite land expropriations and escalate tensions unnecessarily. It is important to remember that I am referring only to a small number here.

Unless there is grassroots consultation there is a great chance that development will not match the aspirations of the community. This would be permanently divisive.

My family has had experience in the eastern part of the country where they too leased from aboriginal people 15 years ago. When they leased to develop their property, the lease rates were low and

attractive enough for them to move there and to develop property. After 15 years the lease rates escalated to such heights that it lost the viability of having the property. They sold it.

The problem was that when they sold it, they could not sell the property for what they paid because the lease rates were too high. There are dangers and risks of that happening.

Many problems already exist for the current government systems on reserves. How could a proud people who receive a decent amount of money each year end up in poverty? It is because so much of the money does not get to the grassroots members. We can understand their fears for granting chiefs additional power.

Some bands have millions of dollars in the bank but their members are relying on outside charity assistance to fill the gap left between the transfers to the councils and the transfers from the councils. Many believe this legislation will only concentrate that power further.

Section 28 is not the only problem area. There are also growing concerns that the treatment of women under Bill C-49 would be a big problem. There are not adequate provisions to govern situations of marital break-up. The division of property, possessions and use thereof are not adequately addressed in this legislation.

Bill C-49 contains two provisions that are particularly worrisome for native women. First, it states that rules and procedures regarding the use, occupation and possession of land upon the breakdown of marriage will be determined by the land codes at each signatory band. There is little assurance that these future provisions will be any less tilted against the interests of women and their children than the results of the current system.

The minister of Indian affairs must get her head above the sand. The very people she is claiming to assist are the ones who are being left in the cold. She must develop a clear communications network between all participants, particularly the grassroots members. This is the only way we are going to develop trust between the parties. An open and honest consultation process is essential. Currently this is not the case. Many of the existing problems can be traced back to these fundamental communication breakdowns.

• (2200)

A communication network is essential outside the bands too. There are a lot of communities that deal with the band councils daily on a business level. They need to be assured that there will not be confrontational styles of relationships.

Bill C-49 will not provide enough assurances to outside communities that land codes will be consistent and in harmony. We could end up by having the new industrial area right next to the newest park. We could have homes placed in the path of pollution. I am sure we could think of many other examples. It is important to

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co-ordinate these efforts with the surrounding communities. We must remember that people who live together must work together too.

There are also concerns that one level of government with powers restricted from others will cause problems and inhibit the co-operation I have been promoting. There is a concern long before lawyers get hold of C-49. After lawyers get hold of C-49 we could be in for the ride of a lifetime, especially when dealing with clauses 20 to 24.

How can lawmaking powers associated with criminal law be given to band councils? Is this not the role of parliament? Is that not unconstitutional? There are many, many questions that have to be asked about this bill.

I fully recognize the good intentions underlying this bill and I know a great deal of work has been done in developing it. However, we cannot pass legislation that opens a legal can of worms.

I support development on the reserves. It is important that aboriginals be free to contribute to their immediate and surrounding communities as they see fit. If C-49 passes, we will see disputes and mistrust long before we will see co-operation and harmony. We must remember that it has historically been these disputes and mistrusts that have prevented many bands from proceeding with development long before now.

This bill is not right and in my humble opinion it should not pass.

**Mr. Steve Mahoney (Mississauga West, Lib.):** Madam Speaker, I took the advice of one of the speakers from the Reform Party and I listened for the past couple of hours to the debate on the amendments to this bill.

After listening and talking to some of my colleagues and others and getting some advice on this, I have come to one fairly inescapable conclusion. The Reform Party simply does not support self-government. I do not know how I could arrive at any other conclusion.

It is quite clear to me that what the Reform Party has done is to put forward amendments that are pure nonsense. I guess it has done this in an attempt to hide what it is really saying under the guise of supporting some minority individuals who have spoken out and expressed concern which under normal circumstances would be laudable. The Reform Party simply does not want to see any self-government or any land claim agreements or any kind of a deal made with these first nation communities that would provide them with the dignity they have been negotiating.

How can we arrive at anything else when we look at the fact that the provinces have been consulted and they are on side. The 14

chiefs of the first nation communities have signed and gone through the democratic process on this.

What we are really hearing is that the Reform Party does not trust them to be able to make their own decisions. It does not trust these first nation peoples to be able to run a democratic community, allowing for people to have a say and a vote in establishing the land code. What other conclusion could we come to if we look at the substantiveness or the lack of substantiveness of these amendments?

I looked at one amendment and found it almost laughable. Motion No. 7 is one of the three we are debating today. This motion would delete the names of the 14 first nations from the schedule but would keep the empty schedule. What is that? The Reform Party says "We are out of new ideas, so let us just delete the names of the 14 first nations that signed the agreement". That is the best the Reform Party can come up with.

● (2205)

Why do Reform members not at least have the courage to stand up and tell the truth which is that they do not support self-government. They do not support this kind of a deal for these first nations. At least we could understand if they had the courage to stand and say that and not hide behind nonsensical, almost silly amendments, deleting the names of the participants to the document. It is astounding.

I hear concerns about expropriation. I have looked at this. I have read through the document. I have read through the information in the bill. It is nothing more than fearmongering to suggest that somehow in the middle of the night they are going to come along and take away their family home with no opportunity for any kind of democratic protection. It is just not true. Members should not say things in this place that are not true. We all know that. We learn that the first day we come here.

**Mr. Howard Hilstrom:** Madam Speaker, I rise on a point of order. I would like clarification, Madam Speaker. The other day in question period I was shut down by the Speaker, so to speak. I was denied the right to speak when I used the words "not true". I wonder if it has changed for this debate or not.

**The Acting Speaker (Ms. Thibeault):** The hon. member has raised a point of debate and not a point of order.

**Mr. Steve Mahoney:** Madam Speaker, I would like to help out by saying that I was not directing my comments at any individual member, to suggest that a member was actually uttering a falsehood or an untruth. I was saying that it is wrong and it is fearmongering to suggest that some grand powers of expropriation are being placed in the hands of some people who are going to

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ignore their own community and throw people out of their homes. That is not true. That is what I said and that is what I say again.

On the expropriation matter, it is like with any municipality. If the municipality needs the land for the common good, then there is a process. There is law in Canada. This does not abrogate that law or the responsibility of the band signing this agreement from living up to the terms of that law. They cannot simply expropriate without due value, without due consideration and without due process in law, just like a municipality, just like a provincial government and just like the federal government.

To try to frighten these folks just because a few have concerns and to look for loopholes or ways in which the Reform Party, which happens to be the only party in this place taking this position I might add, I think there is a hidden agenda. The hidden agenda might be Nisga'a. It just might be the fact that the Reform Party has placed a tremendous amount of political capital on the table in the province of British Columbia.

The Reform members feel they have to cave in to some of the more extreme municipal officials perhaps. They are yelling so I am obviously making a point. I guess they are getting their knickers in a twist. It is fine for them to do that but they should stand up and tell people what they really are opposed to.

• (2210)

In reality what we have here is a framework agreement that will be established and which will lay out the rules. It is quite clear that the first thing that happens under that framework agreement is that a first nation must develop a land code. That land code sets out the basic rules and procedures, reading right from the presentation, that will govern interest in land and resources after the land provisions of the Indian Act cease to apply to these communities.

The first nations put in place the land code. People understand the rules. The people in the actual community get to vote. If they are over 18, they will get to vote on the land code. Sounds reasonably democratic to me. I do not see anybody hiding. I do not see anybody other than members of the Reform Party using scare tactics on this. I do not see that happening.

In fact, this is putting in place framework agreements with 14 first nation communities so they can establish land codes through a democratic process, through a duly elected council. One of the members said that this agreement places the power for governance in the hands of the council. My goodness that sounds radical. Imagine that. Giving power to elected officials. And they get elected presumably over a period of time on an ongoing basis. They represent their constituents.

**An hon. member:** Not too long I hope.

**Mr. Steve Mahoney:** If the member wants to chirp she should sit in her seat. She is eating an apple. I am sorry, she is hungry.

The real truth of all of this debate here today is that the Reform Party is against giving any kind of self governance, any kind of authority to the first nations people. Members of the Reform Party should be ashamed of themselves for standing in the way of this legislation.

**Mr. Gurmant Grewal (Surrey Central, Ref.):** Madam Speaker, I rise on behalf of the people of Surrey Central to express our opposition to Bill C-49, the first nation land management act.

When there is not an effective argument we have to listen for 10 minutes to political rhetoric and name calling. Let us focus on the argument and look to the lands officials, not the unnecessary political rhetoric from the other side.

I will argue from the point of view of women on this bill. The implications of Bill C-49 for the rights and position of native women are large. The B.C. Native Women's Society, supported by three major native organizations, has lodged a court case against the federal government to require that the issue of native women's rights be properly addressed before the enactment of Bill C-49. Yet this government still pushes ahead with this bill.

When the marriages of native women fail, all too often because of poverty or related conditions, they and their children typically lose the family home. Their ex-spouses typically get possession of the family home based on the decisions of the band council. These women often have nowhere to live on the reserve and many end up in the worst of circumstances. Unlike other Canadian women, native women on reserves do not have the protection of property division laws.

Native women will bear the brunt of these legislative provisions which we are debating today. They will be denied the protection they could be afforded through treaties if we go ahead with this bill.

This is for the information of members who are forced to toe the party line, those who are just following the talking points given to them. For the sake of those members in the House, Bill C-49 contains two provisions that are particularly worrisome for native women.

• (2215)

First, it states that the rules and procedures regarding the use, occupation and possession of land upon the breakdown of marriage will be determined by the land codes of each signatory band. Yet there is little assurance that these future provisions will be any less biased against the interests of women and their children than the results of the current system.

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Second, the bill offers band councils draconian powers of expropriation which must concern native women as well as other native people living on reserves and non-natives with leaseholder interests in the land.

Clause 38 of Bill C-49 grants participating bands almost unlimited powers over ownership, management and expropriation of band lands. These powers will be used against native women, non-native leaseholders and band members outside the governing elite, despite the fact that they may have been living there for years and years and may have been paying taxes to the government.

Can any member in the House argue that two wrongs make a right? I do not think so. This legislative proposal would allow 14 bands including the Musqueam in Vancouver to expropriate leasehold and other interests with less than 30 days notice for community works and any other first nation purpose.

For example, because of the refusal by the Musqueam band in Vancouver to talk meaningfully to their leaseholders and because of their hard line band leadership, the property values on Musqueam land have already collapsed. Despite repeated calls on the Indian affairs minister to intervene, she has not. She refused to intervene. What is the definition of fair compensation after the Indian band has destroyed all equity and there is no market value left?

I always enjoy listening to my constituents and representing them. Let me quote a letter that I received from one of my constituents. The letter stated:

I am writing to request your assistance in dealing with several problems we are experiencing with our lease of land on an Indian reserve.

I do not know to what extent the problems are due to the nature of the lease or the nature of Band Administration or to the dispute between the various levels of government and the native bands, but I do know that they are producing substantial amounts of frustration, exasperation and anger, not just in ourselves but in many others in similar circumstances.

And while I sympathize with efforts of the government to at least redress the balance, I am becoming increasingly resentful that my rights, as a citizen, are being abrogated or at least lost in the shuffle of the questionable deals that various levels of government are offering to the Native Bands.

The primary problem is due to the expiration of the lease on 31st of March 2000 and the fact that I am financially unable to continue to pay the yearly tax and lease. It is also due to the fact that I am unable to sell the lease for the value of the substantial improvements, or even a reasonable fraction thereof that we have made on the property. With less than two years left, no one is prepared to gamble that amount of money that the Band will renew the lease. The Band has made no efforts to instil any confidence in the few prospective purchasers we have had that they would extend the lease and have acted in a manner to diminish that confidence. Given that they provided us with a letter of intent that they would extend the lease at the end of the term, it is not understandable why they have actually refused to give the same assurance to a prospective purchaser. This has to be extremely shortsighted if not actually dishonest, given our efforts and dealings with the Band over the last 10 years.

This is a frustrated constituent. This letter was sent to the Minister of Indian Affairs and Northern Development and in her reply she said:

I can appreciate your concern and frustration in securing a long term lease for your retirement years. As I am sure you can understand, we are both obligated to operate within the parameters of the terms and conditions of the existing lease agreement. Also, in keeping with the interests of "renewing our partnerships" with Canada's Aboriginal peoples, we would not enter into an extension of the lease.

• (2220)

The minister further states that therefore she cannot get involved and her office cannot help. What will this constituent do? He is living in Canada. He is paying taxes to the government and the minister is showing helplessness to the constituent.

In conclusion, Bill C-49 must be rethought and amended. If passed the way it is, without introducing any amendments which we are suggesting, we would be passing legislation without any reference to taxpaying citizens who are directly and drastically affected. We will not be able to support the bill until the amendments are passed.

**Mr. John Cummins (Delta—South Richmond, Ref.):** Madam Speaker, it is definitely not a pleasure to be addressing the bill tonight. Bills such as this one are not about self-government. They are about special rights for special people. They are about different strokes for different folks. They are about rules for one set of people without any consideration for another group of people.

Last September the auditor general in a section of his report to parliament dealt with the ongoing treaty process in the country. He noted that non-native neighbours were ignored. He said:

Settled claims can affect non-parties to the settlement—we found indications that little opportunity had been provided for their input on decisions on the allocation of land and other provisions in settlement agreements.

He also stated in his report that government must represent all Canadians and said:

In pursuing its objective, the government needs to fairly represent all Canadians, who are ultimately bound by the agreements reached. . . . Comprehensive land claim settlements are modern treaties that are significant not only to Aboriginal communities but to all Canadians.

The auditor general observed that the government must represent all Canadians in the treaty making process. By extension it is fair to say that the same should apply to the bill that is before us. The government must recognize that the bill is not made simply for the people it purports to cover. It will also impact on the neighbours of those people. That is one part which bothers me.

Another aspect bothers me which I want to mention right off the top. It puts the whole issue into perspective. It is a story in the fishing industry which occurred within the past year. Last spring after the herring fishery two constituents of mine were returning

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home to Delta. They were approached on the ferry by an aboriginal Canadian who said "I heard you talking and I believe you guys are commercial fishermen". They said yes, that they were. He said he used to be an *a* licence salmon fisherman. In other words he had a licence that allowed him to fish in the all-Canadian commercial fishery but when the government introduced a separate native commercial fishery they let their licences go and now they were fishing in the Musqueam fishery and were not happy with that.

He sat down to talk with these fellows and explain his unhappiness. He said that he had a licence which he held at the discretion of the chief. The way it worked was as long as he was getting along well with the chief he could fish but if they had a falling out he would be off the list.

• (2225 )

When he held the commercial salmon licence given to him by the minister he held it with some certainty. There was comfort in knowing it could only be taken away from him if he broke the law. The way it is now he held his licence at the discretion of the chief. If he were dating the chief's daughter and they had a falling out, he would be off the list and would not fish.

He does not like that situation. There are a number of them on the Musqueam reserve who want to see an end to the separate native commercial fishery. We engaged them in negotiations. We negotiated with members of the Musqueam band and the Tsawwassen band to see if there was a way we could level the playing field and bring it back to what it was prior to 1992. The native people were eager participants in this discussion.

We met on the Tsawwassen reserve in a meeting room with a group of non-aboriginal and aboriginal fishermen to discuss the issue. We devised a way, knowing what government revenues were available, whereby we would have asked the government to put aside \$12 million to buy licences for native people so they could re-enter the all-Canadian fishery. They were happy to fish on an equal footing again with the rest of us.

The negotiations went well. Unfortunately when it went back to the Musqueam band, the people we call the double dippers, the native people who still held commercial licences to fish in the all-Canadian fishery and who were participating in the native only commercial fishery, put the kibosh to it and it ended.

That was unfortunate but it showed that although people in that community had received a special right, one for which they did not have to pay and where there was no licence fee involved for them to participate in that native only commercial fishery, they wanted out of it. Somehow a sense of fairness was lost. They felt their rights

were not being protected. When we get right down to it, that is what it is all about.

I could go through the details and could talk about the expropriation principles as others have. Maybe I will come back to them. However, another point is worth mentioning tonight in this debate. It has to do with the rights of native people. My friend across the way mentioned the Nisga'a treaty. He said that all the Reform guys wanted to do was talk about it, that they were uptight about the Nisga'a treaty, and that they wanted to create uncertainty or discontent in these kinds of issues because they wanted to push their position on the Nisga'a treaty.

I will talk about that treaty in the sense of fairness and how the rights of people are protected in these circumstances. My colleagues talked about the fact that if the bill were passed native women could lose their property rights. If the bill goes through, their chances of appealing it through the court system would not be very great.

For example, in relation to the Nisga'a treaty both the federal and provincial governments have stated time and again that the charter of rights and freedoms will continue to apply. Our view is that in a legal challenge that may not be the case. It will apply in the case of Bill C-49 in terms of the rights we are talking about here.

The Canadian Charter of Rights and Freedoms guarantees the rights and freedoms defined in it, subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society. There is a limit on our rights under the charter, but it is simply those rights that can be demonstrably justified in a free and democratic society. If we look at how the charter deals with the rights section for native people, it comes at it a little differently.

• (2230 )

It states:

The guarantee of this charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal treaty or other rights or freedoms that pertain to the aboriginal people of Canada including—any rights or freedoms that now exist by way of land claims agreements or may be so acquired.

There is a constraint already built into the rights and freedoms that these people enjoy and that constraint is built into the charter.

How is that interpreted by the provincial government? I want to read one quick paragraph from the factum of the attorney general of British Columbia in the Delgamuukw case:

Most aboriginal rights, including the aboriginal title, are in the nature of a shield that can be invoked by the aboriginal community or its members against unjustified infringement by provincial or federal laws; however what really distinguishes the right of self-government is that it can be invoked as a "sword" by an aboriginal community

or one of its members to enforce compliance by the members with an aboriginal custom, practice or tradition relating to their internal affairs.

Therein is the limitation on property rights for women in this bill. I think this bill should be rejected on that basis alone.

**Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Ref.):** Mr. Speaker, we are at the report stage of Bill C-49. Our significant amendment reads as follows:

That Bill C-49, in Clause 45, be amended by replacing line 16 on page 22 with the following:

“so signed, that a land code has been developed and adopted in accordance with this Act and that the governing bodies of neighbouring jurisdictions have confirmed in writing that consultations respecting the land code have been completed in accordance with the laws of the province in which the first nation land, for which the land code has been adopted, is situated”.

That is very important. It has to do with consultation and accountability.

We can say that the bill is well intended but it has holes in it big enough to drive a truck through.

The bill ratifies and brings into effect the framework agreement of first nation land management concluded between first nations and Her Majesty in Right of Canada. It provides for the establishment of an alternative land management regime that gives first nation communities control over the lands and resources within their reserves. It also gives first nations the power to enact laws respecting interest in and licences in relation to first nation land respecting the development, conservation, protection, management, use and possession of that land.

The enactment also provides for a community approval process that enables first nation members to vote on a proposed land code and an individual agreement between the first nation and Her Majesty. The community approval process is monitored by a verifier jointly appointed by the Minister of Indian Affairs and Northern Development and the first nation.

I will not speak to the whole bill, but at first blush when one looks at the bill, it gives any reasonable person great concern. If a band or council decides to be malevolent, I think there are insufficient controls and balances to the powers given. In some of the sections there are limits to the federal government but not parallel limits to the bands. There does not appear to be a balance of power between the federal government in the bill and the bands in the bill.

Significantly, there is a problem with section 12 and I will refer to it. In section 12(1) on page 7 of the bill it states:

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A proposed land code and an individual agreement that have been submitted for community approval are approved if

- (a) a majority of eligible voters participated in the vote and a majority of those voters voted to approve them;
- (b) all those eligible who signified, in a manner determined by the first nation, their intention to vote have been registered and a majority of the registered voters voted to approve them; or
- (c) they are approved by the community in any other manner agreed on by the first nation and the minister.

Let us describe a typical situation in many bands. We have 100 eligible voter adults and of course the band has total control to decide who is eligible.

• (2235)

In that case 51 votes are needed for the overall vote to be valid and only 26 votes are needed to pass the code. This could then certainly be reasonably within the realm of all the relatives and kin of one family that happens to hold most of the paid positions in the band administration.

Under the theme of accountability I am talking about, the bill talks about a vote and the supervision of the vote but nowhere are there assurances that the votes will be conducted by secret ballot, nor does it refer to a standard set of rules for how votes can be conducted. There are just general rules in the bill that appear completely open to manipulation.

Then the bill grants statutes or status of freedom from judicial review and grants immunity from prosecution in section 35 for error. There are limits on liability and provisions of immunity and freedom from judicial review.

When regular municipalities in a province are in conflict with each other, the provincial government can intervene. In British Columbia, municipalities are governed under the municipal act. It is a creature of the province. The provincial authority is the fallback power.

Who mediates the powers of the band and other regular municipalities in a province? It is not very clear. There is no obligation in this bill to talk, let alone co-operate for mutual benefit between these jurisdictions.

The general intent of the bill is appropriate. It is trying to go in the right direction but the details are an absolute mess. There are reasons why there is cause to worry, for the best predictor of future trustworthiness of how these bands will use these newfound powers is the past. They likely will be used in the same manner as has been in the past on reserves across the country. The track record of band management so far tells us how it will be managed in the future. That is a worry.

In contrast, clear and fair rules and open accountable processes are the best protector of human rights. What we have been trying to

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stand up to here are especially the rights of status Canadians under the Indian Act. Those are the ones who have been contacting us and they are the individuals for whom we have been trying to stand up.

In conclusion, this bill appears to completely fail on those very important basics.

**Mr. Bill Gilmour (Nanaimo—Alberni, Ref.):** Mr. Speaker, on behalf of the constituents of Nanaimo—Alberni it gives me great pleasure to rise and speak to Bill C-49.

My riding is on central Vancouver Island and has a number of native bands scattered throughout the whole riding. The Nuu-chah-nulth Tribal Council, which is in Alberni, is basically the overseer of 14 bands that go from Bamfield into around Gold River, including the Opitsat, the Ahousat, the Dididat, the Theshat and other bands, including those on other areas on the east coast of Vancouver Island than Nanoose.

I point that out simply to say there are many issues, many different bands in B.C. I was quite surprised to hear the government, particularly when it came to talking about the Nisga'a treaty, saying that we did not understand the issue, that we did not understand what was going on.

I was in the Alberni valley two weeks ago at a town hall. I was very pleased that the native leaders were there to discuss that Nisga'a treaty. It was actually an excellent forum because they were there to debate their point regarding what they felt the Nisga'a treaty was. I was there to debate what I got from the different points of view.

There were many people in the audience who were most interested. The Nisga'a treaty I suggest took up probably 40% of that town hall meeting in the questions and answers. It is not an insignificant issue in B.C. It is before the provincial legislature at the moment and has great concern up and down the coast of British Columbia. People realize this is the first of perhaps 45 or 50 different settlements. If this one is not accurate and correct, then the ones subsequent and down the line also will have the same flaws.

• (2240)

Bill C-49 has some of those flaws. The issues are similar. Bill C-49 lacks accountability or clarification on what accountability means. Who is to be accountable? How are the band councils going to be elected? How are the band councils going to represent the individual people within their constituency?

Like many of my colleagues I have had representation from different native bands, in particular women. They feel frustrated because they do not feel represented. They cannot go to the band. They feel the band does not represent them. They come in frustration in many cases to their member of parliament because

that is the only vehicle they feel they can speak freely with that will not be used against them in another forum.

In Bill C-49 one of the issues that has come forward is leases. I was most surprised to hear one of the members opposite say who is going to take their house away? It is all fearmongering on this side of the House. If he had been in B.C. over the last six weeks he would have seen the newspaper reports on the Musqueam Band because that is the issue on the leases being taken away.

That is one of the key issues in this bill that needs to be brought forward to this House and sorted out. Clearly it is a huge issue in B.C. with the Musqueam, the Nisga'a. The issues are very much in the forefront in British Columbia at the moment.

There are other areas in this bill, as my colleagues have mentioned, such as consultation with adjacent municipalities. I have been on the school board. Many members have been aldermen or mayors dealing in municipal areas.

Where do the bands report to? Are they answerable to the municipal act, for example, in B.C.? Are they answerable to the department of Indian affairs? What is the hammer? Where is the next level people can go to? That is not explained in the bill.

I touched on expropriation. In the town halls I heard from many people within the Nisga'a area. The concern was non-natives. They have no recourse. If we are in a municipal arena, and I have been there where I have had land expropriated, there is a vehicle to have that done fairly. If it is not seen to be fair it would go to the next level. That is not covered in this legislation.

All of us recognize if the highest need for an area is a highway to go through one's land, that may be the best way to go but there has to be compensation. That is not spelled out in this legislation.

There have to be checks and balances. This legislation does not have them. We need to know how the power is to be used. Again, that is not spelled out.

The Reform Party has supported native legislation in this House on many occasions. We will support and have shown that we will support good legislation. However, this is not good legislation. We cannot and will not support bad legislation. We will not and cannot support Bill C-49 in its present form.

• (2245)

**Mr. Jim Hart (Okanagan—Coquihalla, Ref.):** Mr. Speaker, I rise on behalf of my constituents of Okanagan—Coquihalla to speak to the amendments before us today in Group No. 1 of Bill C-49, the first nations land management act.

As I have been listening this evening I can tell that we in this country have a lot of work to do when it comes to these issues. I listened to Liberal members across the way making allegations about the Reform Party which are without substance, without foundation.



I can tell members that in my riding of Okanagan—Coquihalla I work diligently with native bands. I have intervened with the minister on several occasions. I have tried to assist when it comes to economic development and when it comes to situations regarding airport land transfers to our municipality. I have worked with our native band in Penticton and I have worked on developing our native university, which will be breaking ground hopefully in the spring.

Therefore I take a great deal of exception to the comments and remarks made by members across the way when in fact all we are trying to do in the official opposition is put forward some amendments that will make a piece of legislation better for all Canadians.

It is important to note that the Reform Party does support native self-government. The Reform Party supports a delegated level of self-government for natives. That is very important because what we see in this bill is self-government that is totally under the control of the bands in question.

A couple of months ago I introduced a bill in this House of Commons which arose from a problem on native land. What I was trying to do was help my constituents by dealing with the issue that the Residential Tenancy Act does not apply to native land.

In this particular situation, which I brought forward to the House in the form of a bill, septic systems had failed and left some 50 residents being evicted from their homes with no protection whatsoever from the Residential Tenancy Act in the province of B.C.

That bill did not pass because many parties in this House again raised the question and said that this was somehow racially motivated, that I was being insensitive to the cultural needs of the economic development of Indian bands. That was not the case at all. My bill was absolutely colour blind. This bill should also be 100% colour blind. But it is not. It is not because it is granting special status to a group of Canadians.

I will give members another example. In the Westbank Indian band there are 514 natives. There are 7,000 non-natives living on that band's land. What happens to those people's rights? Why are those people's rights not considered in this piece of legislation? Why is that not the case?

Last week I met with the residents of Bayview, a strata-type development on Westbank land consisting of some 200 homes. These people thought they were leasing land from the crown. No one ever told them about Bill C-49. No one ever told them that the life savings they put into their \$200,000 or \$300,000 homes was not what is facing us today with the implications in Bill C-49. That was never explained to those people. Now they have a situation where some of the retaining walls are crumbling. They are falling down because building codes were not followed. That is leaving

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those residents with a \$600,000 liability because building codes were not followed on this piece of land.

• (2250)

This is not the only case in the province of B.C. Several times tonight we have heard the situation in which the Musqueam have found themselves. The property values of those homes, which were \$400,000 to \$800,000, have plummeted to nothing. This piece of legislation is not going to help those people.

We believe in a delegated type of self-government that would be controlled federally.

It was mentioned here this evening, and I mentioned it as well, that the Condominium Act of British Columbia does not apply to the people at Bayview and Westbank, nor does the Municipal Act and the Residential Tenancy Act. There is no protection for those people whatsoever. Bill C-49 does not do anything to protect those folks. What do we tell them? Do they not deserve to have the protection of their federal government as well?

I think they do. That is why we have brought forward these amendments to this bill. It is not because of the ridiculous argument that we do not believe in self-government. We do.

I want to see treaties in the province of British Columbia. I want to end the uncertainty that is caused by not having treaties. I want each and every person, regardless of whether they are native or non-native, whether they live on reserve land or on non-reserve land, to have access to the laws equally, with every right and every power that they have at their disposal. We cannot grant these leases, especially with situations like Westbank and those that are happening throughout the province of B.C., and not ensure that that will happen.

The official opposition desires a better relationship with the Indian peoples of Canada. We want to see that all people have the same powers and rights and that everyone is respected.

In particular, I cannot stand here and say that I will vote for this bill because this bill is not colour blind. It gives special powers to a designated group of people and that is wrong. Until we learn that, we will never get this type of legislation right. I urge the Liberals to pass our amendments because they are the only things that will improve this bill.

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, it is a pleasure for me to rise, despite the late hour, to address report stage of Bill C-49.

At the outset I would say that this is an important piece of legislation on which to have a full and open and debate in the House this evening.

I find it a bit remarkable that so few government members present this evening, at almost 11 p.m., here in beautiful downtown Ottawa, are rising in their places to debate this legislation. It is quite the contrary. What we have constantly heard this evening is heckling from the other side and remarks that we do not know what

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we are talking about with respect to this legislation. They are the only ones who seem to have a firm grasp on reality, so to speak, or that is what they would lead the people to believe with respect to this particular legislation. But nothing could be further from the truth.

I think the viewing audience at home is rapidly seeing that it is only the people on this side of the House who want to actually debate the legislation. If we could turn up the microphones, I am sure the people at home would hear the rabble over there babbling on rather than rising in their places to actually take part in the debate. I think it is quite appalling for members of parliament to act in such a manner.

I crossed the floor a bit earlier to consult face to face with a few members. I actually encouraged them to take part in the debate, but obviously to no avail.

What is it that the Reform Party, the official opposition, is actually asking for here?

• (2255)

Is it really something so dramatic that we could not actually see Bill C-49 improved with a few amendments? A number of my colleagues have pointed that out. What is it about the Liberal government that it brings forward legislation but does not want to see it changed at all or does not want to see it improved? What is it about these individuals that would have us believe their legislation as brought forward cannot be improved upon? Perhaps the word arrogant would come to mind. I would hesitate to use that word because it might be considered by a few on the other side as inflammatory. However the reality is that anything can be improved.

What would our amendments to Bill C-49 do? They would require the Indian bands to consult with the municipalities. What is so terribly wrong with that? That is the question we must ask. What is so terribly wrong with requiring these 14 Indian bands to consult and negotiate with the municipalities that adjoin the reserve lands or with ensuring that any rules and regulations they would bring down or land codes they would develop would be fair and supported by the neighbouring municipalities and communities with which I am sure they work hard in a fair and open manner?

The concerns being expressed this evening by the official opposition are very real. They are concerns about the expropriation powers contained in Bill C-49. A first nation may expropriate any interest in its nation's land that in the opinion of its council is necessary to community works or for other first nations purposes.

As was pointed out by a number of my colleagues, the opportunity for abuse is there. Far be it for me or any of my colleagues to impugn motive in the sense that any of these 14 bands would do

something like that. However some very real concerns are being expressed by people about the sweeping powers contained in Bill C-49. All we are asking for is that there be sufficient checks and balances, perhaps not for the existing band councils but for some band council in the future which may make an inappropriate ruling that dramatically impacts upon tenants or neighbouring communities. The reality is that it could be done in an unfair manner.

We are asking for a simple amendment to ensure consultation takes place and that the neighbouring communities and municipalities are apprised and actively involved in the decisions being made. I do not see what is so terrible about that.

I have some firsthand experience with a very similar ongoing situation in my riding of Prince George—Peace River involving a band on the west side of the Rocky Mountains. The riding of Prince George—Peace River is quite unique in Canada as it is the only riding that is divided by the Rocky Mountain range. On the east side of the divide the native bands are governed under treaty eight. In other words they are treaty Indians. On the west side there are no treaties. The band in my riding is McLeod Lake. It has tried for years and years to adhere to treaty eight. It wants to come under treaty eight. It has been somewhat successful over the last while with its negotiations and it appears they will be finalized.

As part and parcel of that ongoing agreement we find that a new reserve will be established along with reserve lands. I must say at this point that I am quite opposed to establishing additional reserves in Canada. I think that the whole reserve system has been an abysmal failure from the very beginning. Yet we see this government continuing down that road of setting up more reserves. I have to question in all sincerity the wisdom in doing such a thing.

• (2300)

At any rate, what is taking place is that they want to have some reserve land set aside when this Indian band, the McLeod Lake band adheres to treaty 8, in the small logging community of Bear Lake which is on the Hart highway just north of the city of Prince George. The residents of Bear Lake have expressed a lot of concern about this. They have no problem whatsoever with the Indian people being granted certain lands that are adjacent or in their community if it is on a fee simple basis and if they end up being treated identically, equally and equitably as all the other residents of Bear Lake.

On the surface I would not say that is such a remarkable thing to ask for, that everyone be treated equally. They would welcome Indian people to have those lots, to have their residence there with all the other residents of Bear Lake. But they have some very serious concerns when without adequate consultation the federal government and the provincial government with their negotiators negotiate with Indian band and arbitrarily decide that they are

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going to set up a reserve at Bear Lake and this will be part of the land settlement when the McLeod Lake band adheres to treaty 8.

I know that this is outside the scope of this bill and the amendments we are discussing. I wanted to point out to hon. members on both sides of the House what happens when inadequate consultation takes place. That is what we are discussing. That is the essence of the amendments put forward by the official opposition. We are merely asking the government to see fit to amend Bill C-49 so that consultation is a requirement and that the bands themselves are going to have to consult with the municipalities in the neighbouring communities to ensure that fairness and equity are in place when they develop their land codes.

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I know there have been a number of people in the chair during the day, but I have been here on duty since 11 o'clock this morning. As you can see, Mr. Speaker, it is now after 11 o'clock at night. I have been listening very carefully and I have decided that there are a few things I would like to put on the record with respect to this legislation.

I want to begin with a little story from my own riding. It has to do with our armoury. Earlier this winter very serious problems arose with the structure of our armoury. This is a historic building. It is one of the oldest functioning armouries in Canada. There were serious problems with the roof. The foundation was in terrible shape. It cost \$1 million simply to patch up the armoury. We are looking at many millions more before the physical structure of the armoury is in good shape.

My concern is if we spend those moneys, after spending millions of dollars on this armoury, how can we ensure that we do not get the same problems again? Although up front the problem had something to do with bricks, mortar, stone, tile and things like that, the real problem was one of absentee management. Our armoury in Peterborough was being managed through DND from headquarters in Trenton. That has been the case for 90 years.

• (2305)

Someone in Peterborough would notice that there was a leak in the roof and they would make a mental note to remember there was a leak in the roof. The following week, because the rain would stop, someone else would notice the leak in the roof and they would make a mental note. Then one day there would be a flood in the basement and someone would phone the general at the head office in Trenton and tell him about the flood in the basement. The general would make a note. Someone would then finally come up and look. They would ask "Where did all this water in the basement come from?" They would trace it through and discover that there was a problem in the roof.

It is my fear with our armouries that even when we fix them with millions of dollars that if we do not change the management system, it will always be like that and one day our armouries will just cave in.

I am amazed with the Reform Party members. They are people who pride themselves in their interest in things local. There are approximately 650 first nations across Canada, 650 very diverse groups of people with different languages, cultures, histories, physical settings, rural settings and urban settings. They are managed by the Department of Indian Affairs and Northern Development.

It is our policy to get rid of the Department of Indian Affairs and Northern Development at a pace set by the first nations. The reason for that is that we know, and I accept this, that many of the problems with those 600 or so first nations arise from the fact that there has been absentee management, and in fact one would say, as in the case of our armouries, absentee mismanagement.

It is impossible for someone here in Ottawa, someone in this room or just down the road, to say what should be going on in the elementary schools of one of these first nations, or to say whether the sewer needs fixing, or to say whether one of the buildings needs fixing in the way I described it with our armouries. It is absolutely impossible and we know it. Yet, for generations that is the way these first nations have been managed. It is our objective, granted at a pace set by the first nations themselves, to change the management system so that the people of those first nations can manage themselves and improve conditions for themselves.

We are not talking about more than 600 first nations here. We are talking about 14 first nations scattered all across the country. We have heard a lot about those in British Columbia but it includes those in Ontario. They are all very different. We can tell by their names that their languages are different.

I would like to mention one thing about the first nation that happens to be closest to me, the Mississaugas of Scugog Island. I do not know if anybody knows this, but the Mississaugas of Scugog Island are distinctive in one respect. In World War II every single eligible male volunteered and served in the armed forces. Every single one. One hundred per cent of the male population. I am sure many members already knew that fact. That is one of these particular first nations.

Although none of these first nations are in my riding, I was at Georgina Island when the chiefs initialled this agreement, the one we are discussing here today. We and the people watching and listening to this debate should know that this is the result of years, not months, not 12 hours of debate from 11 o'clock this morning until 11 o'clock tonight, even though we are here debating it at this time of night; this is as a result of years of negotiation. The

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proposal came to our minister from the first nations themselves. Chiefs came forward and suggested this approach.

Going back to the 600 first nations, because there are still 600 first nations out there who are not part of this agreement, the idea is that here is one other experiment we might try of putting some effective power in the hands of these communities so that they can help themselves. By doing so they can help the regions in which they find themselves. That is where we are. This has come to our minister and our minister is responding to the requests of these first nations.

• (2310)

On the question of consultation, we are talking about years of negotiation and discussion. When I was at Georgina Island with the chiefs and other people from all over the country for the signing, there was an air of excitement that they had designed a land management system which they felt would work and which might well become an example for other first nations across the country. If the other first nations do not want to try this route, they need not. These 14 have decided to go this way.

I would like to put a few of the remarks of some of these chiefs on the record. Some of this material has been used before. I think the people who are watching at this time of night should be aware of them.

Chief Austin Bear of the Muskoday first nation said: "The framework agreement in this legislation acknowledges our fundamental right to control our reserve lands and resources. Furthermore they ensure that our lands are protected for future generations by prohibiting surrender or sale or expropriation of those lands".

There has been some discussion of women on and off reserve. Lorraine McRae, the chief of the Chippewas of Mnjikaning nation said: "This initiative is an opportunity for the full and active participation of the members of our first nations, elders, women and men both off reserve and on reserve to collectively develop land management systems appropriate to our communities based on fairness, equality and accountability".

These are direct quotations from first nations leaders.

I am glad to be here after 12 hours. I urge all members of the House to support this legislation. Let us end all these delay tactics and get on with it. Let us get on with it.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, tonight we are debating Bill C-49 which is the first nation land management act. For those who have just joined this debate, and I am sure there are many, I would like to reiterate that this bill would allow individual first nations to opt out of the land and property

sections of the Indian Act and establish their own land codes to manage reserve lands and resources.

In this narrow area the act would grant powers of self-government to the first nations that choose to opt out of the Indian Act, but only in this narrow area. It is interesting for me to hear government members wax eloquent about the virtues of self-government when here is a government which could bring that into effect but after five long years has touched only one narrow area in which to give aboriginal people and first nations any kind of self-determination.

This bill would give first nations the authority first, to pass laws for the development, conservation, protection, management, use and possession of first nation land and second, to control the issue of leases, licences and other property interests. This is not an inconsiderable step that is being put forward. Some people have mentioned in this debate that it would essentially create a two tier Canada. It would give special rights and privileges to some, and to some Canada's laws and Constitution would not fully apply. They would be subject to different laws.

It does not take a rocket scientist so I have been able to figure out that what this bill will lead to is a patchwork of individual land codes which will inevitably be riddled with legal ambiguities which will create chaos for the individuals affected, the first nations people who are affected and for the larger community.

• (2315)

In light of the very realistic outcome of this bill even though there may be a good purpose served, the official opposition is proposing that there be a consultation process written into the bill so that there would be at least some opportunity for the people being affected not only within the aboriginal communities themselves but within the larger community to have discussions about proposals and intentions that will be carried out under the authority of this bill.

For the life of me I cannot understand why this is such a huge nut for the government to crack. Why is there such a resistance to the simple idea, the simple Canadian value of talking to your neighbours?

Yet in this debate if we listen to speakers opposite I heard not one single speaker make a meaningful discussion of this proposal which is supposed to be the reason we are here this evening, to discuss the proposal that there be consultation.

What I did hear was the member for Etobicoke—Lakeshore, for whom I have a great deal of personal respect, say, strangely, consultation cannot be legislated. I must say that this is a rather novel statement because we have a whole variety of areas within our Canadian law and jurisdiction where consultations are a part of a legislative process.

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In my city of Calgary, for example, if a communications company wants to put up communication towers for purposes of cellular phone networks over a certain height there must be by law public consultation. If there is development to take place within a certain community there must be public consultation before that can go ahead. There are federal-provincial consultations on a wide variety of areas. So this is not a novel concept. It is considered a civilized way of doing business with neighbours in Canada.

The only other comment I heard which was on the point about consultation was by the last speaker who said there were all kinds of consultation about this legislation. The member was clearly missing the point that what the motion proposes is a consultation process written as part of the bill to take place as the bill's powers are being carried out.

It was interesting when the speaker who mentioned the consultation that had led up to the bill being proposed said the first nations themselves, the chiefs themselves, came forward with this proposal as if because somebody brings a proposal it is ipso facto a good thing and should be accepted.

I could put all kinds of proposals forward to the Liberal government which I bet a dime would not be accepted. Yet somehow because the first nations chiefs have put this forward that was consultation.

We have heard story after story that aboriginal people themselves who are to be affected by this legislation and people in the larger community who have lease hold interest which will be covered by this legislation were not consulted.

This whole question of consultation adds up to the fact that there was little or no consultation prior to this legislation and its effect being brought in. Nor is there a consultation process built into the legislation whereby communities, both inside and outside first nations lands, can work together in a co-operative manner to carry out the powers and intentions of this legislation.

Surely it is only sensible to accept the motion being put forward to bring such a consultation process into the package. Yet not only is the government stubbornly and perversely unwilling to accept that sensible proposal, but it does not debate it in a meaningful manner. We have no idea why this proposal for a consultation process has been stonewalled and rejected by this government.

Surely if we are in this House to have meaningful debate that should be coming forward. I have not heard it. I invite members opposite to give some sort of a rational rationale, if I might be so bold, for rejecting this proposal.

• (2320)

I heard one speaker from another party make a rather startling statement. I think we should put that on the debate table. The statement was that the Reform Party is suggesting that because the people carrying out these powers are first nations people they cannot be trusted and their powers must be circumscribed in some way.

Clearly speaker after speaker from the Reform Party has rejected that allegation. Let us look at the flip side of it. The flip side is that the speaker from that party is suggesting that because first nations people are carrying out these powers, no checks and balances are necessary. That is an equally ridiculous proposition.

When human beings of any stripe or colour have power there need to be proper checks and balances on the exercise of that power and authority. That is just the way civilized societies work. To try to bring racial bias into this or to accuse people who are suggesting sensible and moderate checks and balances of racial bias is, I think, very unworthy of debaters in this House.

If we are to carry out our mandate on behalf of Canadians, which includes first nations Canadians, and to make sure that there is fairness in the rule of law properly carried out in the future, we need to quit browbeating people in debate and assigning motives that are clearly unreasonable and simply address the issue.

Should there be a consultation process in this bill or not? I think I have made the case as well as my colleagues that there clearly ought to be and should be. I ask the government to in all reason and fairness put that to the House, pass it and let us get on with carrying out the intent of this bill.

**Mr. David Iftody (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, I stand with great pleasure to close the debate this evening. There are only a few moments left but I want to make a number of points that I think are particularly important to the debate.

In the intervention made at the outset by the member for Skeena, the critic for the Reform Party, he said he cannot support this bill because he wants to consult.

I want the member sitting next to him from Calgary and the rest of the members of his caucus to know that it was before Christmas that both he and the member from Prince George, the deputy critic having sat at the standing committee, having listened to the witnesses, having gone through that legislation clause by clause in the committee, representing the Reform Party, voted yea to the legislation.

They voted for the legislation with one amendment providing constitutional protections and those were agreed to. I want the Canadian public to know and I want the people of British Columbia who are watching this debate to know that both their members

*Government Orders*

agreed to it. They shook hands with the chiefs and council members who were there that evening.

They had an agreement. We had an agreement of trust and guess what we had here today? We had the member leading off the debate saying that he wants to consult when he was trying to convince the rest of his members to support the legislation.

He has done an absolute turnaround on this legislation to stand in the House now and say he wants to consult. For the comments made by the member from Calgary, there are 9 years of consultation involving 14 bands that have reworked this again and again. They brought the legislation forth in this House once before only to have it defeated and thrown out. They went back to their communities to consult again, to rework it one more time and they come back in the House again. This far from the goal line, after close to 10 years of consultation, and they want to kill it. They want more consultation.

• (2325)

**Mr. Jay Hill:** We did not say that.

**Mr. David Iftody:** Mr. Speaker, that is not true. That is false. That was a breach of a promise. That is not true and the member knows it is not true.

Let us talk about one of their most recent issues in terms of the Musqueam band case. Why are they up in arms? It is because the Federal Court of Canada most recently ruled that the Musqueam people have a legal right and title to fair rent based on market values that we all agree to. It was the Federal Court of Canada that made this rule, not the Musqueam band. It has set out the guidelines.

In terms of consultation, in 1972 the Musqueam band asked the tenants association to renegotiate the contract. They said no. In 1980, as the member points out, they asked to renegotiate the contract. They said no. In 1993 they asked to renegotiate the contract. They said "No, we are going to court", and have not paid the rent from 1993 up until now, ostensibly using those moneys for the court fees.

The Federal Court of Canada has said that an acre of land in the best property in Canada is worth close to half a million dollars a year, but they are paying \$330 a month in rent.

The Indian band in this case is willing to negotiate, to sit down with the people affected for a fair deal. That is essentially what the bill does. It provides opportunity, fair opportunity as equal Canadians.

The Reform Party wants to talk about equal Canadians. Here we have two parties wanting to sit down and negotiate. They want to break the deal. They want to create mischief and trouble and break the deal. That is not right. That is not proper. That is not representing the people of British Columbia, the people of Alberta. I am asking the member, as he did in the standing committee, to do the right thing and support the bill again.

The people representing those 14 first nations have a right after 10 years of consultation to good and decent representation in the House. It is incumbent upon members of parliament debating the issue—and we have heard today that they have an obligation—to pass the bill and do the right thing for those people. What do they want to do with their bill and their lands? They want to commercialise it so that they can form commercial contract relationships with non-aboriginal people.

They do not want it. The member from the Sunshine Coast actually stood and said "We want them to consult with us before they build something on their land". I cannot remember a municipality having to do that. They want to impose unfair rules on the first nations, put chains on the first nations and drag them back to the dark ages, but we will not let it happen. We will stand here and represent these issues.

Also speaking of consultation, the B.C. Association of Municipalities has met with the Musqueam band on eight occasions and has recently submitted a letter concluding that the discussion papers attached here are a very good starting point for the negotiation and ultimately the finalization of a reciprocal consultation agreement. They are working out these processes with the affected band and it is working well.

Most recently the chief of the Squamish nation has met with the mayor of North Vancouver, met with the mayor of West Vancouver and the mayor of the North Vancouver District. They have set up a consultation process. They did not mention that today. They do not want that consultation process because they do not want the outcomes.

I suggest to them the reason they flip flop here so unashamedly is that they are scaremongering. They are trying to scare the good people of British Columbia. They are trying to set up a scheme to pose to Nisga'a, but we will not buy it. The Canadian people will not buy it and we will oppose it.

**The Acting Speaker (Mr. McClelland):** It being 11.30 p.m., pursuant to order made earlier today this House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 11.30 p.m.)







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