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OFFICIAL REPORT
(HANSARD)

Tuesday, March 2, 1999

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Tuesday, March 2, 1999

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

• (1005)

[*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 three petitions.

* * *

[*English*]

PETITIONS

HUMAN RIGHTS

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present two petitions today signed by a number of Canadians, including those from my own riding of Mississauga South.

The first petition has to do with human rights. The petitioners would like to draw to the attention of the House that abuse of human rights continues to be rampant around the world in countries such as Indonesia.

• (1010)

They also point out that Canada continues to be recognized as the champion of human rights internationally. Therefore the petitioners call upon Canada to continue to condemn human rights violations and also to seek to bring to justice those responsible for such abuses.

THE FAMILY

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the second petition is probably one of my favourite petitions. It has to do with the family.

The petitioners would like to draw to the attention of the House that managing the family home and caring for pre-school children is an honourable profession which has not been recognized for its value to our society.

They also point out that the Income Tax Act discriminates against families who choose to provide direct parental care to pre-school children, the chronically ill, the aged or the disabled.

The petitioners therefore call upon parliament to eliminate such tax discrimination and to provide incentives and tax breaks for families who choose to provide direct parental care for pre-school children, the chronically ill, the aged or the disabled.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

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

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from February 18 consideration of the motion that this House approves in general the budgetary policy of the government; and of the amendment.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, I will be sharing my time with the hon. member for Langley—Abbotsford.

It is certainly a pleasure to talk about the pay-more, get-less budget of this year. I really want to touch on three things. First, I would like to talk about what I found out from my constituents this past week, having a week to talk to so many of them.

The Budget

Second, I would like to talk about some young people who took out their paycheques, looked at the reductions on them and started to ask some pretty serious questions.

Third, I would like to talk about where Canada really sits in the world and what is happening to our country.

I had the opportunity to talk to four different service clubs, to a high school, to a senior citizens' home, to a couple of town hall meetings and to a chamber of commerce. Pretty well everywhere I went I found a major concern about taxes, about health care and a real disappointment that here it is again: we are paying more, we are getting less, our health care system is in crisis and yet we are being asked to pay more and more taxes year after year.

They also talked about the dollar and how the dollar was not worth what it used to be. They talked about how concerned they were about their jobs, about their initiative and the destruction of that initiative by a budget such as this.

Canadian productivity is suffering and has been on the decline now for some 30 years. That is a message to which certainly the government has failed to react.

There is the loss of brain power. Young people are saying "If it does not get better I will have to leave this country". I can identify with that, having had three of our family leave this country for that reason.

I have a son who teaches at Princeton. He was a Rhodes scholar who could not get a job in Canada. I have a daughter who is an architect in Norway. She could not get a job in Canada. I have a young daughter who was recruited to Holland. She was offered a scholarship because she could not get one in Canada.

That is what we are finding. That is the kind of thing we heard from the young people in high schools and colleges as we travelled the country.

We talked about paycheques. What are we getting from the deductions on the paycheques? Again it is pay more, get less. We have less health care. We have an EI system that is just not working.

Young people are saying that they cannot even make a claim. They are asking what the EI deduction is for. The average employee is paying \$350 per year more than what this system needs. The employer is paying \$500. There is a huge surplus which is thrown into general revenue and 40% or less can actually collect EI payments. They know that and they are upset by it.

• (1015)

Canada pension, 9.9%: It has gone up in the last two years and will go up for the next three. That was socialism of the 1960s and the state centred system that was to provide everything to every-

one. Young people are saying they do not trust that system will be there for them and that the costs are just too high.

As far as income tax is concerned, it is pay more and get less. With bracket creep 2.5 million more Canadians will be in a higher tax bracket. This mainly affects low and middle income people, and that is most Canadians.

The result is that young people see no hope in the country. Small businesses see no reason why they should grow and provide jobs. There is no incentive because of a budget like the one we have just seen.

I would like to concentrate on our position in the world. Where are we in the world? I have been fortunate to have been travelling for close to 40 years. I have travelled to just about every country in the world. This past year I have been in countries like China, India, Pakistan, Paris, London and Norway. Everywhere I go I get the feeling that Canada is falling behind. Canada's influence is not what it used to be. We are in trouble, no matter how we look at it from an international perspective.

Last summer I spent two days at the OECD in Paris asking what was wrong with Canada, what was happening to the country we are so proud of and want to see prosper? They said, if they had to summarize it, that there were three issues. One was the debt. No country can have a debt to GDP ratio like Canada has and expect to succeed.

Second, we cannot have taxes like we have. We cannot have corporate and personal taxes at the level we have in Canada and expect people to have initiative and expect productivity to increase.

Third, and most important of all, we do not have a plan. Our government does not know where it is going in three months, in three years, in thirty years. There is no plan. The government goes from pillar to post and we get a budget like the one we are talking about here.

As a result our dollar is dropping. As a result our percentage of the world GDP is now 2.3%. Twenty years ago it was 5% of the world GDP. That is a dramatic decline in Canada's influence in the world.

The Canadian government is in a state of denial. The Liberals love to brag. They want to keep their spirits high. They allege that we are the top country in the world based on the UN human development index, which most experts say is an economic hoax. By dreaming we are number one, they fail to realize the kind of economic decline the country is in.

The World Bank says that our standard of living and prosperity has dropped from third to twelfth place in the past 10 years. We are the only country in the top 13 industrialized countries that has undergone such a decline. That hits home and that hits home hard. Those are hard, cold facts.

The Budget

Canada has been displaced by nine countries in the last 10 years: Kuwait, Hong Kong, Singapore, Japan, Norway, Belgium, Austria, Denmark and the United Arab Emirates.

• (1020)

Let us look at the real indicators of what is happening to us. We can look at unemployment. Let us compare our unemployment at 8% to 9% to that of our neighbours with whom we compete. They are at 4.3%. This shows a decline in our economic performance. We all know that the level of unemployment is higher if we consider the discouraged unemployed workers who are no longer searching for jobs and the many involuntary part time workers. In a healthy economy there is virtually full employment. There are jobs for everyone and certainly they are full time jobs.

I have mentioned the Canadian dollar. Those who do not realize what has happened can travel anywhere in the world and see what they can buy with the Canadian dollar. On taxes, pay more and get less; \$2,020 more in taxes in the last six years. Taxes kill jobs. Taxes kill incentive.

I could talk about the debt and the size of government, but in conclusion basically our productivity is falling. Our standard of living is falling. Our unemployment rate is double that of our U.S. cousins. As well, we have the highest taxes in the industrialized world.

The government has nothing to be proud of in the budget. It is a budget of pay more and get less, and the Canadian public will suffer from it.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I enjoyed the member's speech very much. Would he care to reflect on the difference between the economy of Alberta and the economy of Canada and perhaps draw conclusions about why the economy in Alberta continues to surge ahead while the economy in Canada languishes? Our place in the world has diminished over the last several years.

Mr. Bob Mills: Mr. Speaker, I come from central Alberta which has seven world scale petrochemical developments. There are 11 quarter sections of land being developed in housing. There has been a huge increase in what is happening.

I meet with the executives of those companies. I welcome them and ask them why they are there. The reasons are low feedstock costs, less government, and the efficiency and productivity opportunities in that community. The advantages are obvious.

They could go to the gulf coast. They could go to Saudi Arabia. However they have chosen Alberta because it is a place where taxes are low, government interference is much less, and people have an incentive to do much better. The entrepreneurial spirit is alive and well in Alberta. I am afraid that what we have here does nothing but kill it. That is the big problem.

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, would the hon. member make clear to those watching and the few on the other side who are listening today the issue the government keeps bragging about, that it has balanced the books and got rid of the deficit?

An hon. member: Yeah.

Mr. Randy White: Already we hear a yeah over there. Would the member for Red Deer tell us what the cost has been to Canadian taxpayers? What is the effect of balancing the books and the bragging that goes on over there?

Mr. Paul Szabo: A million and a half jobs.

Mr. Randy White: One member over there says a million and a half jobs. I would like the hon. member to reflect the reality in balancing the books.

Mr. Bob Mills: Mr. Speaker, the government has played a shell game. There is not a lot of honesty. It is a pretty deceitful thing to brag about.

EI payments have been overcollected. They have taken close to \$15 billion and thrown them into general revenues. They have kept their bureaucracy as large as ever. They continue to shuffle money from one portfolio to another. Money moves back and forth under one shell, then under another and back to the other. Basically they have bragged about this and said "Look at the wonderful job we are doing".

• (1025)

Business knows and the average taxpayer knows that they are not better off today. Balancing the budget had to happen, but let us talk about the \$580 billion debt. That debt has not gone away. The servicing of that debt is \$42 billion to \$43 billion a year. Let us think of what we could have if we were able to deal with that debt effectively. Putting maybe \$3 billion a year on that will take forever.

It is like the OECD said. There is no plan. There is nothing here to brag about. Until we get that we will not have a productive country that does not have the figures I talked about.

It is wonderful to get rid of the deficit, but let us talk about the debt. That is the real issue.

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Mr. Speaker, I read a letter from Arthur Friedrich of Calgary in the *National Post* who says that he and his wife are noticing that increasing taxes are preventing them from getting ahead. As a matter a fact they are going south to the United States.

He says "If I were cynical I would say the attitude of successive Canadian governments was to punish success". Would you agree with this statement?

The Budget

The Deputy Speaker: Would he agree with this statement.

Mr. Bob Mills: Mr. Speaker, the real point is that Canadians are getting extremely discouraged because taxes are so high. There is no incentive to let businesses grow and provide more jobs. There is no incentive for our young people to stay here. That is what we have to turn around.

People are discouraged. They are starting to ask what the government can do to fix that. That is the big question.

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, something came up in the debate a few minutes ago. One of the few members opposite indicated that about 1.5 million jobs were created in our society as a result of the Liberal's balanced budget.

An hon. member: Yeah.

Mr. Randy White: Another member sitting over there is bragging about that.

I want to put a reality test before us. For example, I heard the Prime Minister bragging six to eight months ago about how they had created many jobs. I thought I should check this out.

I checked all the provincial brag sheets, the newspapers and so on, and each province in turn was saying it created x number of jobs and that is why it is doing so well, et cetera. The Prime Minister is claiming that he created all the jobs in Canada. The provincial premiers are bragging that they created all the jobs in the country. On and on it goes. In fact the real job creator in the country is private industry.

I do not understand, for the life of me, why governments make media announcements indicating that they have created jobs. The fact of the matter is that it is private industry.

Some hon. members: Oh, oh.

Mr. Randy White: As usual they do not like what I am saying. We will go into that in a moment.

An article appeared in the newspaper today which I want to read because it contains some important points that I will address about my situation. Anthony Ostler of Toronto wrote:

I have many beefs about how our country is being run, but having recently graduated with my MBA from Ivey in 1997, I have seen dozens of my friends participate in the "brain drain".

This is truly a depressing sign, as I see the best talent leaving the country, and much of the mediocre talent remaining. We are rapidly becoming a second rate country.

• (1030)

This is from one of our young people. "Ironically, my work as a consultant takes me south of the border for more than half of the

year. However, I am paid in Canada in Canadian dollars and pay taxes at the highest marginal rate. My colleagues at the same pay level in the U.S. take home much more than I do as the highest tax bracket does not kick in for them. So although my brain is being drained in the U.S., my tax dollars are still in Canada. One day this may have to change. My parents immigrated here 35 years ago when Canada was nearing its peak. Maybe I will have to pursue greener tax pastures elsewhere".

This is a sad but true unsolicited commentary from a Toronto individual. I just picked that out of a newspaper, but we can see that every day in every province.

I remember clearly when I left my home in Nova Scotia 33 years ago. My mother who is watching today will remember. It was because there were no opportunities for jobs in Nova Scotia in 1966. Quite frankly, today the situation has not improved after all those years and successive Liberal governments. In fact, the situation has gotten worse. I can attest to that fully by having some of my young relatives live with me in western Canada because they too, although supported with a higher education from our universities, go west to get jobs. So things have not really changed that much which is very sad.

I just came back from London where I did some work with the opposition and government House leaders, whips, the House of Lords and others. In order to cut some of my costs, I stayed with two young people from Canada. They are both recent graduates of the University of Victoria. They are in England because they could not get jobs in Canada. These two well-educated young men are living not where they want to live but where they have to live. Those who know the cost of living in England can imagine that their situation there is not the best, yet they are trying to fend for themselves and exist.

It is quite appalling that members on the other side would stand and brag about jobs they have created when in fact a lot of this country's young people are going elsewhere for jobs. The tax rate is too high. Some hon. members know this. We have to deal with these issues.

My son is highly qualified as a civil engineer and a digital animator. He makes cartoons for television shows. He is attracted to the United States. They want him down there and are willing to pay him big money. Instead of the taxation rate here of above 50% for this young fellow, he can go down there and make much more money at a lower tax rate. This would give him the ability to pay off his student loans.

It is sad that members on the opposite side would try to present a facade that says Canada is in great shape because they have balanced the budget and have created x number of jobs. They are kidding themselves because this is not the case. I would doubt very much if any one of the members opposite do not know some young person who has left Canada because the cost of living and unbearable tax rate here are driving them south.

The Budget

When we talk about paying more and getting less, I can only relate it to my own circumstances and the young people whom I care very much for who are paying more in this country. This government has increased the CPP premiums. They are extraordinary increases. What has the government offered these young people in return? Again, my son said to me, "Dad, there is something wrong with this. Today you get about \$8,900 for CPP. These guys have just raised the rate around 70-some per cent, and they are promising that I will get about \$8,600 30 years from now". He is an engineer. He gets out his calculators and his slide rules and he says there is something wrong with this picture. And there is something wrong with this picture. It is a facade of this government.

● (1035)

While it is good that we are dealing in surpluses, it is not good that the tax rates were raised to get there. While it is good that there is surplus moneys to pay down the debt and to draw down the tax rates, it is not good that the government is spending it on other programs by and large to get votes and get re-elected.

This Liberal government has got the wrong attitude with this whole issue. It has a lot to do with that. It should not be about getting elected again; it should be about the future of our country. Unfortunately, we have to live with this archaic and traditional idea that we have to get money in the hands of those who can get us elected rather than pay down the debt, pay down the taxes.

There are other things I would have liked to have seen in this budget. I would have liked to have seen some mediocre attempt at the very least to deal with the sad drug problem in our country. I know the government has been talking about a drug strategy, but actually it is an overlay of the Conservative drug strategy of 1987. Very little, if anything, has been done to address that. That is a subject for another discussion because I have less than a minute to tie all this up, but I will be speaking about this shortly in the House.

Suffice it to say that as one father and one son and somebody who has seen a lot of young people leave our country, I am extremely sad to hear government members brag about the jobs the government has created. It has not created jobs unless it has been at the cost of the taxpayer. What creates jobs is private industry with a low tax rate. There are people who want to invest in our future without having to pay down debt because it was accumulated as a result of governments giving away money it could not afford.

I hope in an attempt to continue on with this discussion today the government will at least listen to what I have said.

Mr. Dennis J. Mills (Broadview—Greenwood, Lib.): Mr. Speaker, I listened attentively to the member. He made the comment that we should not be here doing things to get re-elected, that we should be doing what we believe is right.

I want to remind the House of the words that came from the opposition during the whole budget preparation period, in October, November and December. All we heard were comments on pepper spray, water spray, gossip on airplanes, et cetera. Not once in the fall did we have a comprehensive debate in the House on tax reform or what we should do in this year's budget. Literally this year's budget was prepared by the government with very little input from the opposition.

My question is very specific. Can we have an undertaking from the opposition, because this budget has been put to bed other than a few votes, that maybe over the next few months finally the Reform Party will get back on to its agenda of comprehensive tax reform, take it seriously, create some meaningful debate in the House and stop criticizing for the sake of criticizing?

Mr. Randy White: Mr. Speaker, if members on the other side bothered to listen, our tax plan was \$26 billion in tax relief. The difference is that when we talk, they are not listening.

Something else that was said here is important to note. This is not just about budgets in the House of Commons. When we talk about pepper spray, the APEC hearings and those kinds of issues, the government lost a minister over that issue. That was an important issue.

● (1040)

Notwithstanding the comments, the member has to understand, and I know it is difficult, that there is more to the House of Commons than just one item. The Liberals' record on taxes has been abysmal. Their affront on young people in Vancouver at the APEC hearings has been unacceptable. There are more issues here than just one but it will take another day for the member to gravitate to that kind of problem.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member talked about the brain drain. I think it is an important debate this House should have.

If the member would listen to his own words, he talked about his own son who is drawn away for what he referred to as big bucks. That is one of things we found on the finance committee in looking at this. When someone goes away to get paid a higher salary, no amount of tax relief will change that. It has to do with the onus of the responsibility of business and industry being able to compete globally for the best talent in the world.

Why did the member refer to Canada's tax rate at 50%? He will know that someone making \$30,000 a year pays a tax rate of 25%. He will know that somebody who makes \$60,000 only pays a tax rate of 30% and someone who makes \$90,000 only pays a 40% effective tax rate—

The Deputy Speaker: The hon. member for Langley—Abbotsford.

The Budget

Mr. Randy White: Mr. Speaker, we cannot get into some of these arguments because their thick skulls do not understand. What I do understand is that there is a 4.3% unemployment rate in the United States. They have to pay a premium in the United States to get Canadian workers.

If we had that kind of record in Canada, maybe we would be a little better off but the government is too damned fast in raising taxes. That is the problem. The government is slow if not totally inefficient on paying debt but the Liberals do not understand it.

What can we say? The only real answer is to get rid of this government and then manage it on a more efficient basis.

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to bring some optimism to this debate on what has been described as our health care budget.

I will be splitting my time with the Parliamentary Secretary to the Minister of Health.

I am here in my capacity as chair of the government caucus on post-secondary education and research. Since 1994 it has been working with members, such as the member from Fredericton who is here today, and others who will be speaking in this debate, on behalf of students, universities, colleges, researchers in hospitals, institutes and schools across Canada.

In discussing this health care budget I will begin by describing one of the highlights of my life. It was a conversation I and two or three other people had 19 years ago with Terry Fox. Terry had completed his 42 clicks for the day. He came into Peterborough and was talking to us about what he was doing.

Someone asked him why he was raising money for cancer research. At that time in Peterborough we had problems with cancer care, driving people a long way to get treatment and that kind of thing. Of course Terry had no idea of the vast amounts of money that would eventually be raised in his name, but Terry said he had decided that the money should go to cancer research. He had been a patient and the care had been there for him, and even though perhaps there should be some improvements to it, he knew that if there was no research in the future there would be people just like him. They might get good care but they would never be cured, nor would their disease ever be prevented. Terry Fox deliberately channelled the money he raised into cancer research.

The cancer societies have been in a fortunate situation in Canada. All of us every April go out and raise money for cancer and that goes to care. And many of us participate in the Terry Fox runs, and that money goes for research.

• (1045)

Research is the foundation of any modern health care system. It is not an extra, it is not some sort of a luxury. It is an integral part of any efficient, modern health care system. In this health care budget we were very fortunate with the financial circumstances that we were able to transfer more than \$11 billion to the provinces for health care in general for the operation of hospitals, clinics, long term care facilities, children's health centres, home care, the prevention and promotion of health care and that kind of thing. We were able to devote \$11 billion in that direction. At the same time, something that has been going on since 1994, we were able to devote funds specifically for health care research.

When medicare was first introduced the focus was on curing illness with doctors and hospitals. Now good health care is as much about preventing illness as it is about curing it. Research generates new insights into human biology and disease processes. It illuminates the factors that affect the health of people in communities. It leads to the discovery of new cures, to the discovery of medical technologies and procedures and it helps us to tailor the health care system to the needs of Canadians.

This budget invests close to \$1.4 billion specifically for improving information systems, promoting health related research and innovation, for research into improving first nations and Inuit health services and for preventing health problems. This will ensure that our doctors, nurses, administrators and others have the most up to date knowledge, information, treatments and cures at their fingertips. It will also allow them to innovate and learn from each other to the benefit of all Canadians.

These are important investments that will improve Canada's health care system in the years ahead. The decision to invest in both what we think of as direct care and in research at the same time was the only decision that a responsible government could have made.

One of the most important research announcements in the budget was the \$240 million investment in the new Canadian institutes of health research, the CIHR. These institutes will bring together the best researchers and support groups from across Canada in areas such as aging, arthritis, women's health, cancer and heart disease.

Last year our government caucus on post-secondary education was delighted to meet several times with Dr. Henry Friesen, president of the Medical Research Council and with the presidents of the other granting councils to discuss this new institute's concept. Dr. Friesen explained that health research has expanded beyond its traditional boundaries of simple medical research. The CIHR will offer a modern framework to bring together all fields of health research. It will build on the research base of our universities, health and research centres, teaching hospitals, federal and provincial governments, and voluntary and private sectors by supporting and linking researchers in new ways.

The Budget

In the future research teams representing many disciplines, not just medical, will be linked by institutes structured along thematic lines to create a powerful across Canada network of expertise in areas of importance to us all. These institutes will not be centralized bricks and mortar facilities. Instead they will support and link researchers and support groups located in universities, hospitals and other research centres in communities all across Canada.

It is very interesting today in modern times to think about what health research is. We need engineers, not doctors, to make new joints like elbows, wrists, hips and so on. We need chemists to develop new drugs, not just medical doctors.

• (1050)

We need telecommunication specialists to develop new techniques so that x-rays and other medical records can be transmitted across the country to be interpreted by the best available people. We need telecommunication experts so that doctors can diagnose patients who are located thousands of kilometres away. We need social scientists to track the success and failure rates of various procedures. We need people to study the best ways of delivering health care in our communities, social scientists, statisticians, people of that type.

Modern health care would not be possible without a broad based, basic research system across all disciplines. That system requires an education system to bring up the people who can operate and staff it, an accessible, effective education system.

In this health care budget the federal government, in addition to the specific health care items which involve huge sums of money, has once again been able to invest in fundamental research and education across Canada. This is something that has been going on from the very first days of this government.

The funding of the granting councils, the Natural Sciences and Engineering Research Council, the Social Sciences and Humanities Research Council as well as the Medical Research Council, was once again increased. So was the funding to the National Research Council and the funding to the new Canada Foundation for Innovation which is providing infrastructure for research in communities all across Canada.

To give an example of the diversity of research which is necessary to support a really effective health care system, this time in the budget there was a fund provided for research into various aspects of nursing. This fund is an endowment to support a 10 year nursing research program. This new research initiative will deal with the changing roles and needs of nursing. This is so important in all our health institutions.

This fund will be administered by the Canadian Health Services Research Foundation, a partner to the institutes I mentioned. This

research is an example of focusing on basic health care, the care that nurses provide, helping to provide it in the most effective way.

I would like to have seen more support for the SSHRC, for the NRC and for northern research but the momentum of supporting basic research in this country has continued in this budget and I am delighted to see it. I join Nobel Laureate Dr. Michael Smith who said: "This budget was a tremendous vote of confidence in the research community of Canada. This is the best federal budget I've seen in support of academic research".

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Mr. Speaker, I will be very brief. My question to the hon. member is if the Liberal government is so supportive of Canada's health care system and sees it as a top priority, why has it been part of the cut from 50% funding promised when Canada health care came into effect down to 15%?

If the government believes so much that health care is a priority, why did it put \$2.5 billion into the millennium scholarship fund which will affect only 6% of post-graduate students and will not see any benefit until the year 2000? If health care was such a priority, why did it do that?

Mr. Peter Adams: Mr. Speaker, I thank the member for her questions. I listened to previous negative comments from the other side of the House that talked about brain drain and now we hear the millennium scholarship mentioned.

I am talking here about a health care system now and for the future. Where was the support of the Reform Party for the millennium scholarship funds which are grants, the first grants to Canadian students in many decades? Where was the Reform Party's wholehearted support for the RESPs, the registered education saving plans, which again include grants for lower and middle income and high income people so they can support their children in education?

Where is Reform support, talking about brain drain, for the CFI, the Canada Foundation for Innovation, for the increases in the granting councils which I have just mentioned? Where is the support for the NRC? Where was the support for SchoolNet which has put all of our elementary schools and all high schools in Canada way ahead of the United States on the Internet?

• (1055)

That is the support our young people need. Our young people need the millennium scholarships. Here are hundreds of thousands of effective grants to get our young people into good schools, colleges and universities so that they can support the health care system that I was discussing and not the tax system they are discussing.

The Budget

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, it is rather interesting to see the kind of spin the government can place on this component of the budget. I speak of health care.

I listened to the hon. member. I would ask him if he would not admit to the House today that even with the billions of dollars placed back into health care it will simply bring health care funding up to 1995 levels.

I listened with a great deal of interest to the research and development aspect the member took with respect to health care. Is he aware that the two major cost drivers in health care today are technology and inflation?

If we are going back simply to 1995 levels, if we cannot afford technology and it cannot be put into place, how will that help the health care system?

Mr. Peter Adams: Mr. Speaker, as I tried to point out, this budget is not something that has just appeared. It is not off the wall. This budget is the culmination of a series of budgets we have had in which our main concern has been to struggle with the problem that was left by the Progressive Conservative Party.

We came in. We did not ask for it but there was a deficit of \$42 billion. We were borrowing almost a \$1 billion a week at that time. From the very first year, this government started investing in the things I was describing, SchoolNet, health care for women, pre-natal and post-natal health care and so on.

This budget is a further step, one more step forward to making Canada an even greater place in the 21st century.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I only have time for a short question. We recently had people before the finance committee who were extraordinarily critical of the high tax levels in Canada because they were driving young graduates out of this country.

Why has this government completely failed to do anything about high taxes so that we can keep those people in Canada?

Mr. Peter Adams: Mr. Speaker, it is not my place to discuss the substantial tax cuts in this and previous budgets.

At the same time we are getting the economy in shape and stimulating job creation and so on, it is the federal government's responsibility, and fortunately for us the Reform Party will never have that responsibility, to build the systems and structures today that will make Canada greater and that will help our young people today so that they can help us when we are old.

The negativism from that side is of great concern to me. Let us have some optimism here.

Ms. Elinor Caplan (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, I am pleased to be here this morning

to speak about the budget and the number one issue on the minds of Canadians, the future of health care. It is an issue that is very dear to my heart and one that I can speak of from a unique vantage point.

As a former provincial minister of health, I saw firsthand the challenges the provinces face in providing quality health care under difficult financial circumstances. As Parliamentary Secretary to Minister of Health, I have seen health care challenges from the national perspective.

I am particularly pleased to be speaking at this time when the future of medicare has never been brighter, a time when the federal government is in a strong financial position, a time when federal dollars will be making a positive difference in the accessibility of quality health care in this country.

Through sound fiscal management, a downward trend toward lower taxes, the government's focus on reducing the debt and through a significant investment in research and development, Canada is moving forward. This budget will make a real difference in health and health care in this country.

There was a time not long ago when babies were born at home, not by choice but because their families could not afford to go to the doctor. Often care was not sought until it was too late to save a patient. People died from measles, mumps and chicken pox because there was no vaccine to prevent or to respond to an outbreak.

• (1100)

It is good to remember those times. We are reminded of how fragile the human condition is and of the importance of protecting Canadian medicare, which protects all of us.

The conditions that I described did not just happen in the middle ages or even at the turn of the century. I am talking about this century, the fifties and the early sixties, before Tommy Douglas advocated the first provincial medicare plan, before the Liberal government in Ottawa established medicare to serve all Canadians regardless of their income or their postal code.

Fifty years ago my husband lost his mother to breast cancer. My father-in-law lost not only his wife but his business too. Yes, it cost him dearly.

We only have to look south of the border to see what kind of system we could have had: one for the rich, another for the poor and no access for many. We only have to ask Canadians who have gone south without extra medical coverage, some who have had to remortgage their homes or take out bank loans because a loved one was in a car accident or suffered a heart attack while on vacation.

Yes, we Canadians have taken a lot for granted. We have expected that a person would get a job when they turned 18 and would retire from that same job when they turned 65, that there

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would always be clean air and clean water and that there would always be a doctor, a nurse or a hospital nearby when we needed care. To that extent we have been fortunate in Canada. As the United Nations reminds us, we live in a country that for the sixth consecutive year has ranked number one in the world as the best place to live.

However, in the last decade we have learned a few lessons. We cannot live on borrowed money forever. We have learned that the resources of this country are not limitless. Perhaps the greatest lesson that we have learned is one of individual responsibility, which ironically is the theme that has been echoed through the great works of the early philosophers. Accepting personal responsibility is a hard lesson. But learning responsibility has been important to all of us; to learn to appreciate the things we have and what is most important to us, setting priorities.

There is an old saying which people say whenever they are down or whenever they are broke: "At least you have your health". Aside from their families, I believe what Canadians cherish the most is their health. They also cherish the quality of health care which they have come to rely on.

A mother wants to know that there is a doctor in the emergency room when she brings her sick baby to the hospital. A heart patient wants to know that there is an operating room available 24 hours a day. A family wants to know that their elderly mother will have nursing home care when she is too ill, too frail to look after herself, but wants to remain as independent as possible for as long as possible.

Our government understands. We understand the importance of not just preserving medicare, but continuing to make it better. That is going to take more than just money. That is why the Liberal government has invested another \$11.5 billion in health care over the next five years. We as a government have a responsibility to the people of Canada today and in the future.

Part of that responsibility has been to put our own fiscal house in order and to eliminate the deficit. We know that in times past it has been very difficult because of that deficit for the government to be able to act on behalf of Canadians, to put this country's social programs on a firm fiscal foundation. Without that foundation, given the challenges of change, Canadian health care was seen as a house of cards just waiting for a strong wind to make it collapse.

Today the future is bright. As we go forward into the future we must never forget the lessons we have learned from the past. We have learned to stop treating medicare like an illness and hopefully we will start treating it like a patient. Treating it like an illness meant that we lurched from crisis to crisis, never certain of what the future would hold. Ensuring the future of medicare means that we needed to stop using band-aid solutions. We needed to look at the overall health of medicare. We needed to listen to experts. We wanted to listen to Canadians. Then we had to establish priorities for the future.

• (1105)

That is why our government established the National Forum on Health. That is why we developed a plan for the future. The cornerstone of that plan is the recognition that the provinces have their job to do in renewing and strengthening the delivery of services. To do that job successfully they need the security of long term, stable funding from the federal government.

We agreed to provide that guaranteed funding, \$11.5 billion for medicare over a five year period. That is the largest health transfer payment to the provinces in the past two decades. I want to emphasize that not even five years ago was this kind of investment possible. It is possible today because the Liberal government made the hard choices over the last five years and took our fiscal responsibility very seriously. Now we are able to look to the future with confidence.

People are already seeing the differences of additional funding and what that is making happen in the provinces. The provinces which have the responsibility for service delivery are already announcing the re-opening of emergency wards and the provision of other services which are necessary to secure the health of Canadians everywhere.

The federal government has a responsibility beyond providing money. Our responsibility goes beyond just giving the provinces money and we are taking those responsibilities very seriously.

A key role the federal government plays nationally is working with our partners to prevent and promote good health. That means making health information available to Canadians to help them make the right choices, to inform people, especially our youth, about the hazards of smoking, drinking and taking drugs, and to help young families make healthful choices.

This budget will help improve the overall health of Canadians, particularly Canadians who fall through the cracks because we are taking an early intervention approach. Rather than waiting to treat, we are intervening to prevent. We are being proactive. We are assisting pregnant women. We are also dealing with issues like contaminated foods before they happen. We are investing money to strengthen the federal food safety program. Rather than just spending money after the fact to treat environmental illnesses, we are being proactive. We are providing management for the control of toxic substances. Rather than ignoring the needs of rural Canadians, we are looking at ways to improve services for rural and remote communities. We want to use Tele-health and the new technologies that are available.

Three hundred and twenty-eight million dollars is available to further develop health information systems that will link together all of those who provide care through national networks. In these ways the Liberal government is showing leadership in working

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with the provinces to re-invent medicare, with an emphasis on appropriately treating the patient, not just the disease.

There is much more to do. I believe that Canadian medicare must adopt an accountable, integrated approach to health care, one which will bring together hospital resources with all other health services to meet the needs of our communities. Canadian medical and scientific professionals must share best practices and focus on outcomes.

We must move toward a system that breaks down the silos and puts an end, once and for all, to the turf wars that have plagued medicare in the past.

Our aim as we move forward into this new era is to work together and to empower ordinary Canadians. Today medicare in Canada is stronger than ever thanks to the commitment, in writing, of provincial governments across this country. We are determined to create a real system that will be there for all Canadians when they need it. This budget will help to do that.

Mr. Gurmant Grewal (Surrey Central, Ref.): Mr. Speaker, I have been listening to this debate for some time. The Liberal government has destroyed our health care system. It has cut \$24 billion from health care spending since 1993. When the Canada Health Act came into existence the federal government agreed to share 50% of the cost with the provinces. It has now dropped to 15%.

The Liberal government should apologize to Canadians for causing the health care system to be in the shape it is today.

• (1110)

Canadians now know that it is going to take many years to rebuild our health care system which was destroyed by this government.

The Canadian government has put the health care system in this position. Now it is spending millions of dollars of taxpayers' money in a damage control campaign. The finance minister—

The Acting Speaker (Mr. McClelland): The parliamentary secretary has one minute to respond.

Ms. Elinor Caplan: Mr. Speaker, the big difference between the Liberal Party and the Reform Party is that we support the principles of the Canada Health Act. We say no to American style medicine and no to user fees.

I humbly stand today in this House of Commons, the same House of Commons that voted unanimously to make the Canada Health Act a reality in this country. I stand proudly as the member

of parliament for Thornhill, but also as an individual who has watched this nation build an internationally acclaimed medicare system for all of us. I have watched the growing pains. I have watched it falter. But together, with this budget and with the support of all Canadians, we can assure that Canadian style medicare will be there for future generations.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I wonder how proud the member is of the fact that 200,000 Canadians are on waiting lists for health care today. How proud is she of the fact that 1,400 doctors have left Canada in the last two years? I wonder how proud is she—and this is a little ironic given the rhetoric we have heard—of the fact that so many desperate Canadians who cannot get timely health care are being forced to go to the United States to seek treatment. Under this government equal access does not mean equal access to treatment, it means equal access to a waiting list. How proud is the member of those facts that have been created by her government?

Ms. Elinor Caplan: Mr. Speaker, everyone realizes that there are enormous challenges for change. But the one thing that we believe in and that we stand for is that we can work together to ensure that Canadians have timely access to quality health care. That is what distinguishes us from the Reform Party.

The Reform Party's rhetoric does not match its policies. It would scrap the Canada Health Act. It would bring in user fees and American style medicine. This party says no. We believe that by working together we can solve the problems.

Internationally all countries are facing problems. Nobody has found the perfect answer. We are looking around the world and we are working together to ensure that Canadian health care will be there for Canadians when they need it. The provinces, which have the responsibility for the delivery of services, have committed to work together and to use their technologies to create a more integrated and accountable—

The Acting Speaker (Mr. McClelland): The hon. member for Acadie—Bathurst.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, it is pretty hard for me to understand what is going on in the House and across the country. From 1995 to 1998 the federal government cut \$22 billion from transfers to the provinces. In the next five years it will invest \$12.5 billion. That is half the amount it cut and it will take five years to do it. How can she say that we are in the best position we have ever been in when our parents and our children, when they go to the hospital, are left in the hallways instead of being given a bed? As a Canadian, how could she be proud of that?

Ms. Elinor Caplan: Mr. Speaker, the member opposite is factually incorrect. With this budget the health portion of the Canada health and social transfer will be fully restored. That will also give predictable and stable funding to the provinces which deliver those services.

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When this government took office it faced a \$42 billion deficit and a debt that was out of control. Today the debt and the debt to GDP ratio are on a downward trend. The tax burden is being reduced, particularly for the neediest. Also we have been able to secure social programs. This makes the single largest commitment to Canadian medicare. Transfers of \$11.5 billion over five years, with \$3.5 billion immediately to help the provinces solve their problems, is the single largest commitment in over two decades. That is a real commitment and those are the facts.

• (1115)

[*Translation*]

Mr. Odina Desrochers (Lotbinière, BQ): Mr. Speaker, I am very pleased, as a Bloc Québécois member, and as the sovereignist member for Lotbinière in particular, to speak today in this debate on the federal Ontario Liberal budget.

The Paul Martin budget of last February 16 was a slap in the face to the people of Quebec, a painful one. It is a purely political budget, as Alain Dubuc, editorial writer for *La Presse*, wrote the day after what I would call the worst possible social injustice toward the Quebec people.

Alain Dubuc is, as hon. members know, not the most sovereignist editorial writer at *La Presse*. He was, however, very clear in describing it as follows “The budget tabled by the Canadian Minister of Finance is purely political”.

He went on to say “The budgetary approach in this sixth Martin budget wallowed in the same quagmire as most actions by the Chrétien government, the difficulty of making choices and setting priorities, the lack of focus, concern with the short term, and political calculation”.

What Mr. Dubuc neglected to say is that this government has already made up its mind, and that its choice is to promote a unitary country, a centralizing country, which has been concentrating its efforts ever since October 1995 on weakening Quebec.

Quebec is in mourning. Our unemployed are weeping. Our sick people are in despair, and the middle class is up in arms against the way this government is acting.

Ontario, however, is jubilant, with Mike Harris heading things up, because he got the fine sum of \$1 billion out of this government under the social union framework agreement, a centralizing union that skims off the provinces’ powers, which they have enjoyed since the start of Confederation.

This centralizing union suits to a “T” the current Prime Minister, who, in the course of his career, has become an expert in renegeing on his word and his signature.

The masks of the Minister of Finance, the Minister of Health and the Prime Minister fell on February 16. The Liberal plot was revealed, it was a plot against Quebec.

The meeting on February 4 was another example of the repeated offensives by the Prime Minister against Quebec. We will recall the patriation of the Constitution in 1982 and the Meech Lake accord, which was scuttled by this politician, a loyal apostle of the Trudeauism of the 1970s. And what about the failed supreme court attempt by the famous chameleon Guy Bertrand.

Before going on about the budget, I would like to talk about the fine parade of federal ministers in Quebec last week. This government was so aware that this budget concerned Quebeckers that last week it sent two fake Santas in red suits. The people of Quebec could see, despite the costumes, that what was coming out of the mouths of these fake Santas was false.

Members should imagine the Minister of Intergovernmental Affairs trying to talk about figures. Just as here in the House, no one understood him. And the Minister of Finance had the gall to say that his budget was transparent. Something slipped his mind when he came to meet Quebeckers last week and that something was Bill C-28. Fine little bit of tampering to protect his shipping business. In particular, he forgot to say how he was robbing the employment insurance fund. There is a word for that, but I cannot say it.

Mr. Bernard Bigras: You can say it is pillage.

Mr. Odina Desrochers: Yes, indeed.

• (1120)

On February 19, in Plessisville, which is located in my riding, the Minister of Human Resources Development hastily met the local media. He did not meet the unemployed, but the media. The minister clearly remembered his experience of last year, when he tried to make fun of the BC mine workers, in Thetford Mines.

Let us talk about what the Liberals have done to help Quebec’s health sector. They just approved the establishment of a medical police whose sole purpose will be to spy on our health system and to recommend to federal Liberals a more centralizing strategy, in order to bring Quebec’s health sector under federal control.

As for employment insurance or, rather, poverty insurance, only 36% of those who contributed now qualify for benefits. Three out of every four young people have been excluded, while seasonal workers remain the most affected.

The result of this policy is that people are leaving some of Quebec’s most scenic regions. Members should look at what is happening in the Gaspé and North Shore areas. The Bloc Québécois has made numerous appeals in this House, urging the government to correct the flaws of the employment insurance reform. What did the Minister of Finance announce to the unemployed? Nothing.

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Absolutely nothing. The minister continues to pump money out of the employment insurance surpluses and he keeps asking more from his servant, the Minister of Human Resources Development.

The latter answered the call by setting up a harassment scheme designed to target Quebec's unemployed. This quest to get money from the jobless is taking place in the Quebec riding of Lotbinière, where the minister went and got \$6 million. In Quebec, over a period of just eight months, the minister got \$144 million, all this for the benefit of beautiful Ontario, and also to provide money for the federal government, so that it can interfere in areas of provincial jurisdiction. This is the reality.

Let us take a look at the social and economic impacts of that reform. A very good study done by the Canadian Labour Congress shows that, from 1993 to 1997, my riding suffered a shortfall of \$12 million. This hurts regional development and it results in people leaving the regions.

The Minister of Human Resources Development has the nerve to keep telling us, in the House, that the employment insurance reform is fair and equitable for Quebecers.

I have a suggestion. From now on, so as to better describe what he has been doing since he was first appointed, the minister should call himself not the Minister of Human Resources Development, but the minister of human misery development. Unemployment is a cash cow for the Liberal government, true or false?

Mr. Yvon Godin: True.

Mr. Odina Desrochers: In the 1999 budget, the government confirms that it misappropriated the \$7 billion EI surplus in 1998-99 and that it intends to repeat the performance with the anticipated \$5 billion surplus in 1999-2000. This surplus is still being underestimated.

In his 1998 report, the chief actuary, who is a credible individual, far more so than the Minister of Finance and the Minister of Human Resources Development—

Mr. Bernard Bigras: He is not a sovereigntist either.

Mr. Odina Desrochers: Relying on assumptions similar to those used by the minister in his budget, the chief actuary estimates that the annual surplus in 1999 will reach \$6.22 billion. And the shocker: by the end of 1999, the surplus accumulated by this government in the last few years will have reached \$26 billion, all of it lifted right out of the pockets of unemployed workers, SMEs and the most disadvantaged members of society.

• (1125)

I cannot say what I think of this Liberal government, Mr. Speaker, because it would be unparliamentary, but I am utterly disgusted with its arrogance and unfairness.

This government says we made no suggestions. That it does not know what to do about EI. I have news for it.

Here is what it would have been nice to hear from the Minister of Finance. There is nothing tricky about it, except that, if these fair social principles were observed, the Minister of Finance would lose his cash cow. He would no longer be able to pay down the deficit and meddle in the affairs of the provinces.

I will list what the Bloc Quebecois would have liked to have seen in this budget.

First of all, improved eligibility: abolition of the discrimination toward certain categories of unemployed persons based on their so-called presence in the labour force, such as the number of hours required for eligibility; reduction from the present 700 hours to 300 hours for eligibility for special sick, maternity and parental benefits.

Second, increase in maximum number of benefit weeks from 45 to 50.

Third, abolition of the so-called intensity rule which imposes a gradual decrease from 55% to 50% of the benefit level for claimants making regular use of employment insurance.

Fourth, transparency of the EI account: employment insurance account distinct from government operations and employment insurance rate determined solely by the employment insurance commission.

Fifth, reimbursement of EI contributions to those whose total insurable earnings are under \$5,000.

Sixth, elimination of the rules reducing the amount of benefits: abolishing the freeze on maximum insurable earnings; restoring the 52 week base period; calculating benefits on the number of weeks required to qualify during which earnings were highest; and allowing people to earn 25% of maximum benefits weekly.

These suggestions have been incorporated into six bills tabled in this very House. This, in my opinion, would create an employment insurance program which would be fair and equitable for the people of Quebec and for all Canadians.

I will now address another issue relating to employment insurance, fiddling with zones. This is the greatest invention yet of the federal government for depriving people of a program to which they are entitled and for creating an awful mess, like the one we have in my own riding of Lotbinière.

The Lotbinière county municipality is part of a zone where the unemployment rate is at 7.2%. As a result, a worker has to have worked a minimum of 630 hours to qualify for 17 weeks of benefits. In another region or zone right next to it, and still within the riding of Lotbinière, that same person would have to work only 490 hours to qualify for 23 weeks. The Lotbinière county municipality is at a considerable disadvantage because of this regional rate and is deprived of any possibility of access to active job creation measures such as the job creation fund and the short weeks program.

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When the employment insurance plan was created, it was supposed to help everyone without restriction and regardless of region. This government found a way to fiddle with the zones and to make sure that, in Quebec, as in my riding, no one understands. A person comes to me saying he lives in a certain municipality and has the right to draw 23 weeks of benefits. In another, he would be entitled to only 17 weeks. Try to explain that.

• (1130)

This plan is impossible. In this regard, I announce my intention to launch a vast operation to mobilize all the socio-economic and community stakeholders in the RCM of Lotbinière, the community decision makers, to get the Minister of Human Resources Development to correct his department's officials.

I will be tabling here in the next few months a complete file for the Minister of Human Resources Development. I hope he does not consider it a political action, an action by the Bloc Québécois. It will be an action by the entire population of the RCM of Lotbinière, which is part of the riding of Lotbinière, a follow-up operation, a necessary operation. It will be an operation intended to break this longstanding social inequity.

I would now like to speak about the agriculture section of this budget: a big improvement over last year. The Minister of Finance devoted a tiny paragraph to agriculture in his voluminous 276 page propaganda document. Last year, there was not a single line, so it is a vast improvement. He announced, once again, the disaster program the minister of agriculture announced hastily before Christmas.

This government has had two specialities of late: it announces programs during recesses and organizes leaks of the deliberations of parliamentary committees to the media.

For example, last week the Minister of Agriculture announced his program when all the members of the Standing Committee on Agriculture and Agri-Food were in Washington to take part in information sessions organized with American officials and politicians to prepare future WTO negotiations. What a nice show of transparency on the minister's part.

Let us hope that, in its dealings with the provinces, this government will be fair and equitable toward Quebec, particularly hog farmers, who were saved by the intervention of the Lucien Bouchard government. If the recent social union agreement is any indication, we should expect the worst.

Let us now turn our attention to the future WTO negotiations. Agriculture is the first item on the agenda. These negotiations are under the supervision of the Minister for International Trade, who is an Ontarian, with the help of the Minister of Agriculture, another Ontarian, and of the Minister of Industry, another Ontarian. It is these three ministers who will represent Quebec's interests.

Needless to say I am concerned. I am even distressed by the fact that these Ontarians will make decisions for us Quebeckers. The social union tells the tale: one billion for beautiful Ontario, where the vast majority of federal Liberal members come from.

It is time we talk about sovereignty. To the people of Lotbinière and of Quebec I say we have to mobilize. We must talk more and more about this blueprint for our society, this project for the future, this project that gives hope to our young people, that will ensure Quebeckers' full development, that will give us the international prominence that we deserve, and that will finally liberate all Quebeckers from the yoke of the federal government. That project is Quebec's sovereignty.

Mr. Hec Clouthier (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, I am afraid my French is not very good. It is pretty rough around the edges. My friend, the member for Lotbinière is very troubled. Perhaps he could tell me why he is afraid of anyone from Ontario or from Canada's other provinces.

• (1135)

The member for Renfrew—Nipissing—Pembroke would like an answer from the member for Lotbinière. I think the member for Lotbinière has a problem. He did not invent sliced bread. I call on him to explain the equalization payments Quebec receives, which are over \$1 billion. Can he explain that to me?

Mr. Odina Desrochers: Mr. Speaker, the member has just shown that information gets distorted when it goes from one side of the House to the other. There is a psychological barrier in the House, and the federal Liberals are unable to understand how unfair they have been to Quebec in the last budget.

The budget contained \$1 billion in health transfer payments for Ontario as opposed to only \$150 million for Quebec. Equalization payments were withheld for three years. With equalization, normally, if the federal government were fair and spread its research and development dollars around equitably, not only would we not have received a cheque, we would have given one to other provinces.

This government is reducing Quebec to poverty, and I hope that the members opposite, including Jean Chrétien's valiant Liberals, will realize it.

Mr. Claude Drouin (Beauce, Lib.): Mr. Speaker, unfortunately I missed the start of the hon. member's speech, because I was held up in committee. What I did hear, however, sounded absurd, and I wonder how he could say such things here in the House.

If the hon. member for Lotbinière absolutely must work for separation, let him go to Quebec to do it, let him run provincially. Here we are working for Canada, working in the interests of Quebeckers and of all Canadians. That is what the House of

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Commons is for, and there is nothing shameful about receiving a salary from the Government of Canada.

But when reference is made to equalization payments, the social transfer, Ontario ministers, I would also point out to the hon. member for Lotbinière that Stéphane Dion is, to the best of my knowledge, a Quebec MP who is working very hard in the interests of Quebecers and Canadians, for one can do both these things.

If he claims that the amounts allocated to Ontario, British Columbia or Alberta as transfer payments are unfair, then let him do the calculations.

An hon. member: You have borrowed from the employment insurance fund.

Mr. Claude Drouin: I wonder why there is shouting from the other side. We listened to them; let them listen to us. Let them show us some respect. When it is said that Quebec receives \$960 per capita in transfer payments, whereas Ontario receives \$836, is this equitable? No.

In 1990, the previous government asked the three richest provinces to accept a two-year freeze on transfer payments so as to give the other provinces, including Quebec, a chance to get through the recession. That is now past. The governments were notified that there would be a return to equity as far as transfers were concerned.

Mr. Bouchard, then a minister in the Conservative government, had said that this was necessary. Now he claims to have never heard of such a thing. Odd, since he was there. As for equalization payments and the unexpected \$1.4 billion cheque given to Quebec, which could give it the possibility of eliminating its deficit, there is no mention of that.

Mr. Gérard Asselin: We don't want charity. We pay \$30 billion in tax money.

Mr. Claude Drouin: Yes, but we get 29% of Canadian transfer payments, although we account for 24% of the population. What do the hon. members across the way have to reply to that? Let them stop shouting and try to find some solutions to the problems, instead of always blaming someone else and never taking a look at themselves in the mirror.

Mr. Odina Desrochers: Mr. Speaker, it makes me laugh to hear the member saying the Minister of Intergovernmental Affairs defends the interests of Quebecers. It does not swell my confidence at all. We have a hard time understanding him, here in the House.

• (1140)

He landed in Quebec last week to try to explain the budget, when he has a hard time understanding the Canadian Constitution. It is clear. Education, health and municipalities are provincial. It is easy to give out figures, as the member for Beauce has just done. It is

easy to treat us as separatists. I know no Quebecers who do not want to become increasingly sovereignist in this province.

When we get taken, as was the case in the recent budget, when we see the social union, they can talk all they want about transparency. When were we consulted about investing only \$150 million? The Prime Minister did not even honour his signature. And what about social union: a fine bit of blackmail. "We need you in the next election. We need you to fight the sovereignists. We will give you money. A million dollars in Ontario, a bit to B.C. and to Alberta". Do people find that fair and equitable?

These people must be more responsible when they speak in the House of Commons.

[English]

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Mr. Speaker, is my hon. colleague aware of the way the federal government treats British Columbia and the way it has closed the only land base in the province that is most likely to have a major earthquake in an urban area?

Is he aware that British Columbia gets very little in procurement from the federal government? Is he aware that British Columbia does not have the representation in the House of Commons or in the Senate that it should have?

[Translation]

Mr. Odina Desrochers: Mr. Speaker, it is true that I paid particularly close attention to the issues of Quebec, but I know that all the provinces are penalized by the federal government's actions. I can see the concerns of my colleague from B.C.

Everyone knows the budget was unfair. Everyone understands that this government is centralizing. Everyone, except the federal Liberals, understands that this government makes a mockery of provincial jurisdictions. There is a problem. There are only some 150 people in Canada who do not understand that there was nothing for the provinces in this budget and that there was nothing to promote development.

I support my colleague, and the Bloc Québécois supports any cause that defends provincial jurisdictions.

[English]

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, I thank the hon. member for his comments on the budget, many of which tend to dispel the myth the government is trying to create, the myth that this is a good news budget, the myth that is being perpetuated by the government's spending of millions of dollars to advertise it as a good news budget.

At the end of the day the people in Halifax West and in various other ridings across the country will ask themselves whether they

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have a job, whether they will still have to stand in line for health care, whether they will get out from under the heavy student debt load they are experiencing, whether they will have a place to live, whether they will be getting EI.

One very important issue that was not addressed by the budget was the question of a national shipbuilding policy for Canada, which would certainly help the Atlantic provinces with employment and with economic spin-off. There was a meeting a while back which involved the parties, but the Liberals did not send anyone to it. Will the member comment on whether the budget should have addressed the issue of a national shipbuilding policy?

[Translation]

Mr. Odina Desrochers: Mr. Speaker, not too long ago, the Bloc Québécois supported the unemployed in New Brunswick. This was a show of solidarity. We realize that the federal system is making people leave the Atlantic region in droves.

People from that region showed more common sense than Quebecers. They got rid of them. They will take care of them at the next election.

[English]

Hon. Andy Scott (Fredericton, Lib.): Mr. Speaker, I welcome the opportunity to participate in the budget debate. I express gratitude to the people of Fredericton and in fact to all Canadians for the sacrifice and the patience they have shown in the last five or six years as we have attempted to deal with the deficit we inherited upon taking office in 1993.

In order to understand the 1999 budget, we have to go back at least that far and recognize that in the sixties and seventies, with all the best and noble intentions, federal and provincial governments of all political stripes attempted to bring about regional equity in terms of economic development in Canada. I would also hasten to add that for the most part most of these programs worked.

• (1145)

I take some offence to those who would suggest that this entire exercise that has been characterized as the welfare state has not been a success. In a vast majority of cases it has been very successful. But the country's economy did not grow at the rate that was anticipated, and as a result we were not able to sustain the rate of growth of some of these social programs. Very quickly it affected many Canadians in a way we would rather not have happened, but Canadians understood their responsibility, Canadians understood what government had to do and they made some very serious sacrifices. We owe Canadians a debt of thanks.

We have been able to make those programs sustainable into the next millennium. We have been able to deal with the deficit which

we inherited. The 1999 budget is here and the deficit dragon has been slain as many have said and we are looking to reinvest around two fundamental areas. The first fundamental area around which we must invest is wealth generation. The second is to determine the appropriate way in which the wealth that is generated serves the collective and public good.

The government with this budget has demonstrated our position that economic growth in Canada will accompany a shift away from what for the last 100 years was almost entirely a resource based economy to a knowledge based economy. Hence there is a significant investment in all kinds of research. There is research around pure science, applied research, information based research, research in the social sciences and humanities, public policy and program research. Health research has been mentioned by any number of speakers to this point. There is also health care best practices and research into the new demographics and how we are going to deal with the aging population.

My own constituency of Fredericton has a significant IT industry employing thousands of engineers, computer programmers and others in the knowledge based industries, and that is growing every day. In fact our unemployment rate is 2% better than it was in 1993 and that is in the face of tremendous restraint as a provincial capital, not only the restraint that was exercised by the federal government but also a period of restraint by the provincial government.

I commend the Greater Fredericton Economic Development Corporation and Jacques Dubé who works with our municipalities, the province, the cities and municipal councils of Fredericton, Oromocto and New Maryland, with the chambers of commerce and the local labour development board, and most important in the face of the need to invest in knowledge and research, the universities, UNB and St. Thomas. I also have to pay tribute to ACOA, the regional economic development agency, for its foresight and good work. It assists universities on a regular basis in a way which I think very often is unappreciated by some members of the House.

The best example I can think of as the kind of economic development opportunities that will spring out of this R and D is a small project at UNB. It was announced in the last six months. It was financed through the transitional jobs fund, which has been characterized in other less flattering ways as a program by other members of the House. In this case the transitional jobs fund was used to invest in a metal detection research project at UNB. When items go through the metal detectors at airports and other places, it can be done with more sophistication.

Mr. Speaker, I am reminded to mention that I am splitting my time with the Secretary of State for Science, Research and Development and Western Economic Diversification.

This project has already created jobs in Fredericton. It presents a wonderful opportunity for the kind of economic growth our region

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needs if we want to move beyond our traditional position of not being at the national average in numbers of unemployed and so on.

• (1150)

Our region felt the impact of the last five or six years more than most because we were so heavily dependent, whether it was on national defence or transfers from the government. Therefore, when the federal government went through a period of restraint we felt it more than anyone else.

It is important for us to take our place in line as we reinvest. We have dealt with the deficit and are dealing with the debt. As we reinvest it is very important that our region makes its case for the kind of investment that will allow us to step away from the traditional transfers that are so often associated with Atlantic Canada.

On the question of government spending and the quality of life issues, it is obvious that the Government of Canada heard Canadians. That is the reason it has made the significant investment of \$1.5 billion in health care.

I have to remind the House, particularly when I hear members of the Reform Party and Conservative Party talking about the money that is being restored is money that was cut earlier, in the 1995 budget where the reduction in transfers to the provinces was announced, the official opposition had the opportunity to present a motion of non-confidence in the government. At that time significant cuts had been announced in terms of correcting the imbalance between revenues and expenditures.

However it was not the cuts which caused the Reformers to suggest non-confidence in the government. In fact, at that time the opposition said that the government did not cut enough. I remember this specifically because I was the chair of a caucus committee that was concerned about the CHST and the impact on our region and on provinces with less resources. Notwithstanding the current debate in terms of the health care system and so on, when those decisions were originally taken, we must remember the position of the opposition at that time.

As we talk about the 1999 budget, in addition to what has been announced, we have also invested in children through the national child benefit. We have invested in students through the millennium scholarship fund. We have invested in research at the universities through the innovation foundation. We have increased the CHST, the first time by \$1.5 billion and we have increased it since then by an additional \$11.5 billion.

This is important to recognize because when the reductions were made in 1995 they affected universities, they affected welfare and they affected health. When we are talking about the money that has been restored, we have to talk about the money that has been

restored for health, post-secondary education and welfare, all of this before the 1999 budget which has reinvested a significant amount of money.

On top of this, we have provided low and medium income tax relief. We have invested \$375 million in the quality of lives of the members of the armed forces. This is very important to me as I represent CFB Gagetown in my constituency. We have invested \$400 million in the criminal justice system.

I would like to offer my congratulations to the Minister of Finance and the Prime Minister for supporting the Minister of Finance and to all Canadians who have been the source of the sacrifice and the determination that has allowed this to happen.

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, as you probably know, last week the ministers of the crown were in the province of Quebec rightly correcting distortions Lucien Bouchard had made, which was to say that with 24% of the population, Quebec was not getting its fair share of money. These were absolute distortions. As a matter of fact I would characterize them as lies that the premier of the province of Quebec was engaged in. They correctly pointed out that instead of there being less than 24%, which represents the population, I believe the number was 32%, 33% or 34%, or whatever it is. They were correcting the records.

For the benefit of the member, I would also like to correct the record of the Liberals. At the same time that Bouchard was putting out those ads, the Minister of Health was putting out ads talking about how health was the most important thing in the world to this government. He was putting \$3.5 billion in and \$11.5 billion, all of these numbers, but forgetting completely, and as a matter of fact I charge distorting the truth, the fact that there has been—

• (1155)

The Acting Speaker (Mr. McClelland): We are not going to do from the back door what we cannot do from the front door. I would invite the hon. member for Kootenay—Columbia to put the question.

Mr. Jim Abbott: Mr. Speaker, if there has been \$16 billion taken out of health care—forget CHST and just talk about health care—and it will take the government five years to put a total of \$11.5 billion back in, why should this be characterized as anything different from the kind of advertisements the premier of the province of Quebec put out?

Hon. Andy Scott: Mr. Speaker, the member is half right; I think the premier of Quebec was wrong.

The transfers to the provinces around health are very complicated. Either the hon. member does not understand the complexity

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of these transfers or he is involving himself in the kind of activity he characterized others as being involved in.

We have made a significant shift in the way the provinces receive the funding from the federal government by way of tax credits, tax points. Those tax points cannot ever totally deal with this problem because those parts of the country, such as New Brunswick, that do not have the same level of economic activity would not be able to provide the same level of activity as other richer provinces. That is the reason the system was divided between tax points and cash transfers when those transfers were originally announced. That is also the reason that in some period of time during the course of this, I think it was in 1981, that the cap was put on the transfers to the richer provinces.

I and the province of New Brunswick have taken the position that it is time we took those caps off. I am sure the member from British Columbia would welcome that decision. As for the transfers, it is a lot more complicated than the hon. member would have us believe.

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, the hon. member opposite mentioned ACOA and economic development. ACOA has been a key player in the Canada infrastructure program, cost shared by the federal government, provinces and municipalities. This has aided a lot of small communities get basic infrastructure which they needed.

Can the hon. member tell me why there is nothing in the budget which would aid the continuation of this program for those vital infrastructure projects?

Hon. Andy Scott: Mr. Speaker, I would share the member's enthusiasm for the infrastructure program and ACOA. I only say the reason the budget did not contain another infrastructure announcement is that the Government of Canada decided to invest in health care, which is where Canadians wanted us to invest. I look forward to the possibility of infrastructure investments in future budgets.

[*Translation*]

Hon. Ronald J. Duhamel (Secretary of State (Science, Research and Development) (Western Economic Diversification), Lib.): Mr. Speaker, I am very pleased to have this opportunity to make a few comments on the budget, which I reviewed very closely and which I discussed with Canadians across the country.

[*English*]

I made well over 50 calls and talked with well over 200 people about this budget. I want to share some of their views.

Most people felt that it was really a very balanced approach to the finances, to handling or managing if you wish, the finances of the nation. They were pleased with that. Clearly there were some

who would have preferred a little more here or a bit more there, but overall I think it was fair and objective. If we look at the newspapers and the people with whom we talked, the report would be an extremely positive one.

I will briefly make the following points, the first one being about the tax reductions. Some people have tried to pooh-pooh them, tried to say that they were too small, too modest. Of course I would like, as I am sure my colleagues would like, to pay fewer taxes. But the truth of the matter is that if one looks at what was done last year, add what was done this year, when all of that is implemented there will be \$16 billion plus worth of tax reductions.

• (1200)

I want to share with colleagues a very interesting fact. Let us pretend for a moment that I have the authority to give every individual tax filer a dollar a day tax break. Most people would say that is not a whole lot, and it is not really. However, at the same time there are 15 million taxpayers in the country. If we were to multiply the \$15 million a day by 365 days a year, we would find the cost to the federal treasury in lost revenue would be \$5.4 billion. That is a whole lot of money. It all depends on from what end we look at the decision.

Some people have tried to suggest that the transfers for health are not terribly significant. Of course that is not true. They are large. They are immense at \$11.5 billion over the next five years. That is a lot of money. A lot of people have not talked about the \$1.4 billion in research which will permit a number of important initiatives to try to understand better what we get from the \$80 billion expenditure in health in Canada on a yearly basis. There are significant investments in health which are seen extremely positively.

The area of science, research and development has not been talked about a whole lot, a group of programs for which I have special responsibility. I want to share with my colleagues some of the comments made with regard to those decisions. I want to make sure they understand that they are not just coming from me. I quote from the Social Sciences and Humanities Research Council of Canada:

[*Translation*]

The federal government must be congratulated for having made such a commitment to research and for having paved a new way for integrated research in health.

[*English*]

Let us go to another organization, the Natural Sciences and Engineering Research Council of Canada:

NSERC welcomes the 1999 budget decisions. We believe that many members of the science and engineering community will want to join me in expressing their appreciation for this vote of public support and confidence in their activities.

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Here is another example with regard to the Networks of Centres of Excellences, the NCEs, as they are often called:

We are delighted at the 60% increase in the NCE budget. With this new funding, we will be able to add eight more centres of excellence.

[*Translation*]

And what did the AUCC have to say? It stated:

We are pleased that the government has made knowledge and innovation a key priority for the future.

[*English*]

We are pleased that the federal government has made knowledge and innovation a key priority for the future.

That is one of the points we must remember. In the budget the government has built upon previous budgets. For example, in the 1997 budget there was a massive investment of \$800 million in the Canada Foundation for Innovation. Then the budget of last year added to the granting councils and a number of other initiatives so we would be doing leading edge research, which is what we are talking about when we talk about a knowledge based society and a knowledge based economy.

We are talking about giving Canadians the tools to make sure they can create jobs; to make sure they can create the quality of life we now enjoy; to make sure we can increase that quality of life for all Canadians; and to make sure we keep more of our youngest, our brightest and our best in Canada.

University of Toronto president, Robert Pichard, had this to say:

The University of Toronto is very pleased with the federal budget. This is the third federal budget that has strengthened our cause. We are very grateful for the new support.

[*Translation*]

We applaud the federal government's will to increase its investments in all areas of research.

[*English*]

The Canada Foundation for Innovation said:

These new funds mean that institutions will be able to offer the necessary working environment to keep our best researchers in Canada.

• (1205)

It is clear that we have invested heavily in innovation and knowledge. It is clear that the budget reinforces key measures taken in previous budgets. I have mentioned those. It is clear that we have announced an innovation strategy that reinforces key building blocks for renewing Canada's knowledge based economy. The key building blocks are there for improving that which we have, renewing Canada's knowledge base, clearly investing in research and development and innovation, and supporting the commercialization of knowledge.

The budget sets a direction for reducing our level of taxes to make Canada a location of choice for knowledge workers to live and to work. It does not provide all of the answers, but it takes a number of positive steps in the right direction.

Let us talk about the \$1.8 billion invested in science, research and technology. Creating knowledge, what have we done in that area? We have invested in the Canadian Foundation for Innovation. We have invested in the Natural Sciences and Engineering Research Council. We have invested in the Social Sciences and Humanities Research Council. As well we have invested in the National Research Council.

[*Translation*]

Investments are also being made in the areas of research and development and biotechnology.

[*English*]

Let us look at the second category of disseminating knowledge. We have invested \$60 million in Smart Communities and \$60 million in GeoConnections. Let us talk about commercialization knowledge.

[*Translation*]

There is the commercialization of knowledge: centres of excellence networks, \$90 million; Technology Partnerships Canada, \$150 million; Business Development Bank of Canada, \$50 million; Canadian Space Agency, \$430 million to stabilize the agency.

[*English*]

Let us talk about supporting le soutien de l'emploi, surtout chez les jeunes. We have the youth employment strategy at \$465 million and the Canada jobs fund at \$110 million.

We have made the right investments for Canadians in order to make sure that we create the jobs and the quality of life that they expect as a result of government working in partnership with others.

[*Translation*]

The budget provides considerable reinforcement for the key measures in the last three budgets to boost productivity, encourage innovation, and improve the well-being of Canadians in a knowledge-based global economy.

The keys to improving productivity have always been capital investment, innovative entrepreneurial spirit, and an increasingly skilled workforce.

In conclusion, I will just mention that there is also considerable funding for minorities, who will now be in a better position to build on what they have. The country that can provide its people with better tools, including the necessary training, will be a world leader.

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[English]

The budget is about providing Canadians with the appropriate tools, including the training and education required and the climate to succeed in a knowledge based economy. The country that best provides these tools including the necessary training and education will be a leader in the 21st century.

Mr. Gurmant Grewal (Surrey Central, Ref.): Mr. Speaker, budget '99 did not give any meaningful tax relief to Canadians.

In fact the budget discriminated against parents who chose to stay home to take care of their children. The budget did not make any significant efforts to pay off the debt. The budget did not do anything for small businesses. They are completely left out of the loop in the budget. The government's \$24 billion in cuts since 1993 have caused the destruction of our health care system.

Will the hon. member ask his government to cancel the damage control ad that is running in the newspaper, wasting millions of Canadian taxpayer dollars? Is this not simply an ad to hide a pay more, get less budget? This ad denies Canadians the right to know or the right to express themselves. It is a campaign to deny that the budget destroys health care. Will the member ask his government to stop that ad?

• (1210)

Hon. Ronald J. Duhamel: Mr. Speaker, I thank my colleague for the question. I would have hoped he might have been a bit more objective. Clearly the government has a responsibility to inform Canadians with regard to the programs it has and to the decisions it has made in the budget. That is exactly what is happening.

With regard to the comments about destroying the health care system, this is absolute nonsense. We had a \$42 billion deficit when we came into power. That has been eradicated. What has been the major investment that has been undertaken subsequent to that? It has been in health with \$11.5 billion dollars in transfer over five years to the provinces. There will be \$1.4 billion to undertake research which will improve the quality of health care for all Canadians throughout the nation.

With respect to the other comments that he made, particularly the reduction of taxes, I indicated how superficial the Reform Party agreement is. If we gave a dollar a day tax reduction to the 15 million Canadians who file taxes, it would cost the government \$15 million a day. In one year it would cost \$5.4 billion. Does Reform not get it?

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, first, I am sure the hon. member recognizes that the deficit was put there by previous Liberal governments. I know he will take responsibility for that.

I would like to quickly touch on two issues. One is the \$5.4 billion per year. I assume if a dollar a day per taxpayer adds up to \$5.4 billion per year the hon. member recognizes that when his government charges a dollar a day to the taxpayers of Canada it also generates revenue of \$5.4 billion per year, which it has been increasing and not decreasing over the last five years.

I have a question about research and development. I give full marks for the dollars being put back into the budget for research and development. Would he touch on the Canadian aerospace funds of \$400 million which were recently detailed in the WTO report as being an illegal subsidy to Canadian aerospace?

Hon. Ronald J. Duhamel: Mr. Speaker, I have three points to make. I would have hoped my colleague from the Conservative Party would have been a bit clearer and more precise than my colleague from the Reform Party.

Over nine years the Tories let the debt climb to almost \$600 billion; they almost tripled it in nine years. When we came into power in 1993 the debt was \$190 billion. It took us about four years to get it down to zero. He wants to forget that, but I will not let him forget and neither will my colleagues.

With regard to the TPC he should know that we are following the interim report very closely. We want to make sure that we respond in an appropriate kind of manner. I assure my colleague that we will do so.

With regard to the overall investments in science, research and technology, this is good news for all Canadians: young Canadians and people who want to stay in Canada. This is good news for Manitoba. This is good news for every province and each of the three territories.

I hope my colleague will stand and applaud the government's decisions in that area as well as decisions in other areas such as gradual tax reductions which will accumulate and will translate into significant savings. We are not pie in the sky. We will not promise something we cannot sustain and then have to remove. We will do it step by step and we will get there just like we did with the elimination of the deficit.

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, while the Tory members and the Liberal members are arguing with each other about whose to blame, I can categorically say that they are both to blame for the sorry state of affairs in Canada today. I will be sharing my time in debating the budget with the member for Winnipeg North Centre.

Since the Liberal government came to power 500,000 more Canadian children have slipped below the poverty line. Those figures are shocking.

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• (1215)

In the budget we are debating today the finance minister announced \$300 million for the national child tax benefit. I know there are some members from the government who will argue that this was a noble gesture, but we have to say it is one that does absolutely nothing to address the fundamental flaws in the benefit systems, namely that it is not indexed to inflation and it does nothing to assist the poorest of the poor, kids and parents who are on welfare.

This last policy is in keeping with a continual bashing of poor people by this government and the government before it. It is really abysmal that the last time a federal budget increased support for families on social assistance was in 1985.

Deindexing of the child tax benefit means that the value of the child benefit declines in real terms by 3% each year. It really allows the government to get away with saying that it is actually increasing dollars to kids in working poor families while knowing full well that those dollars will be recouped. It is part of a culture of deception, a culture that has been cultivated by the finance minister and by this government. This budget fails Canadian children again.

This budget also fails the homeless. The federal budget is a national disgrace on housing and homelessness. Not a single penny has been allocated for new spending and this means no new social housing units this year and no money for homelessness initiatives.

A serious federal response to this disaster requires money to be put on the table. This budget was the ideal time for the federal government to show us it is ready to take on this issue.

In January and February of this year I visited large urban centres and smaller communities across Canada to see for myself the consequences of deliberate public policies that leave Canada with the dubious distinction of being the only industrialized country in the world without a national housing strategy. What I saw, what I heard and what I experienced shocked me and should shock the finance minister, as the issue of growing poverty and homelessness becomes even more visible and more tragic as more people die.

In every community I visited I was struck by three basic issues, the lack of adequate incomes and high rents that drive people into poverty, the impact of the lack of new social housing construction, and the desperate need to improve and maintain the standard of low income market housing starts.

This budget was an opportunity for the finance minister to recall his own words in 1990. I will recall those words for him. Then in official opposition as chair of the Liberal Party's task force on housing, the now finance minister condemned the Tory government for doing nothing while the housing crisis continued to grow out of control: "The government sits there and does nothing. It refuses to apply the urgent measures that are required to rebirth this deteriorating situation. The lack of affordable housing contributes to and

accelerates the cycle of poverty which is reprehensible in a society as rich as ours".

Three years later the finance minister steamrolled his own report and in its place introduced a budget that slashed all federal funding for the creation of new social housing. That single act alone meant that 75,000 new social housing units that had been targeted for construction were never built. This was a decision that has now denied tens of thousands of families the right to decent and affordable housing.

This budget comes at a time when Canada is facing one of its largest national disasters in its history. The big city mayors, the city councils of Toronto, Vancouver, Ottawa-Carleton, Nepean, over 400 organizations and 1,200 individuals have recognized the homelessness crisis in Canada as a national disaster. However, in no way does this budget even begin to address this disaster, thereby condemning hundreds of thousands of people to struggle in misery, even risking death, without federal relief.

This budget also comes at a time when the Prime Minister has been invited numerous times by the mayor of Toronto, the Toronto *Star*, the Toronto disaster relief committee, and the leader of the NDP to tour the disaster in the city of Toronto and to see with his own eyes the destruction it has wrought on Canadians.

Even though it is the Prime Minister's responsibility to review the disaster that is the direct result of his government's policies, he has not apparently had the time nor the commitment to do this.

• (1220)

Maybe if the Prime Minister or the finance minister saw the crisis firsthand like I have done, they would be moved to action. Anything less, and this budget is much less, is a devastating shame.

The budget also fails Canadians on health care. Let us put the so-called health budget in perspective. Liberal cuts to the Canadian health and social transfer since 1995 now amount to \$21.5 billion. More than half of that was in health care funding.

This year the budget puts back only \$2 billion, not exactly the cause for celebration that we have been led to believe. Members of the government keep repeating \$11.5 billion. That is what they want us to remember about this budget.

What they want us to forget is that \$11.5 billion is spread out over five years and only puts back half of what has been taken out. It gets worse. We will not get the ongoing benefit of the \$11.5 billion because it is not cumulative.

By the end of the next five years, only \$2.5 billion will have been permanently added to the transfer. It is like a wage bonus instead of a wage increase. It is a one time fix that really leaves us no further ahead.

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In fact, the federal share of health spending is not going to change significantly either. This is a real measure of what has happened in terms of public policy around health care.

When medicare began, the federal-provincial ratio was 50% federal dollars and 50% provincial dollars. When the Liberals came to power, the federal share dropped to 18%. Now it is down to 11%.

In five years after this so-called reinvestment in health care, we will only be back up to 12.5%. We have to ask how much clout will 12.5% buy with provinces that are sliding toward two tier health care.

Overall this budget, despite being characterized as a good news budget, actually widens the gap between the rich and the poor. Information from the National Anti-Poverty Organization has made it clear that if we look at two single people, one earning \$15,000 and one earning \$100,000 and apply the so-called tax relief measures in this budget, in actual fact the gap between their incomes will actually increase by \$658. It is very clear that this budget is actually increasing inequality.

On education as well this budget gets a failing grade. I was at a community college in Vancouver, Langara Community College, just the other day talking to students. They asked me whether there was anything in this budget that would help students with the incredible student debtload they have.

I searched high and low. I went through every page. There is not a single item in this budget that will assist students in Canada who are now reeling and suffering from high tuition fees and student debt.

Even the Canadian Council on Social Development gives this budget an F, a failing grade, when it comes to post-secondary education.

This budget has also failed unemployed workers who are still suffering from the massive cutbacks to the unemployment insurance program while the \$20 billion surplus sits there.

We want to say to the government that this budget has failed Canadians who are most in need. I heard a Liberal member earlier talk about the sacrifices that have been made.

There are people in my riding of Vancouver East who are still hurting, who are still unemployed, who are still on the street, who are still suffering from high student debt. There is nothing in this budget that will help those people.

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, I want to first of all congratulate and commend my hon. colleague for her very relevant remarks on this budget.

She mentioned the gap widening between the rich and the poor. She talked about how this budget affects those who are most in need.

A small community in my riding of Halifax West, a black community called Upper Hammonds Plains, is adjacent to a large water supply which is the water supply for Halifax and Dartmouth. The water supply runs right past this community. In fact, land was taken from this community to make this water supply available.

These people do not get water. Seniors, young people, people within the community cannot get water unless they pay an astronomical price to hook up. Yet this budget could have resolved that kind of problem by putting money into an infrastructure program that would enable a project to go ahead to give water to this community.

This is another example of how this budget has not really dealt with the very real problems of people within communities that are necessary to be dealt with in order for people to progress.

Would the hon. member agree that programs of this nature should have been included in the budget programs aiming at the homeless, seniors, young people and so forth?

• (1225)

Ms. Libby Davies: Mr. Speaker, it is true that one can go to any community in Canada and see very critical situations where local communities have devised the solutions that are necessary but which lack, in many cases, the federal resources such as an infrastructure program. The Federation of Canadian Municipalities has been calling for a nationally shared infrastructure program to do exactly the kinds of things the member describes.

I also visited communities in the far north of Manitoba with my colleague from Churchill. These communities basically had people living in homes with no sewage or water hook-up. It is unbelievable to think that this still exists in Canada today.

I would agree with the hon. member that these kinds of basic necessities are things that should have been addressed not only in this budget, but because of the massive cutbacks that we have seen since 1993 we now have a crisis situation in many of these smaller communities and certainly in the larger cities as well. We still see people who are trying to get by even without the very daily essentials of shelter, water, adequate housing, adequate income, food and so on.

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I congratulate my colleague from Vancouver, who toured the country and who has seen first hand how this government has hurt the homeless.

The EI changes mean that 800,000 Canadians no longer qualify for benefits. How many children go to school hungry? British Columbia has lost \$1.8 billion in EI benefits over the last four years.

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What impression did my colleague form in touring the country? I would like to know if the comments I heard about employment insurance were similar to those she heard, both from those who no longer qualified for EI benefits and from the homeless.

[English]

Ms. Libby Davies: Mr. Speaker, in our travels across Canada and looking at emergency shelters, talking to activists and people living in shelters or on the street, I talked to them about homelessness and housing. My colleague talked to unemployed workers who were suffering because of the EI cutbacks. We heard much the same thing. I talked to unemployed construction workers who were living in emergency shelters because their last unemployment insurance cheque had run out. They were now waiting to go on welfare because they had no housing.

Surprisingly, I also talked to employed construction workers who were living in emergency shelters in Toronto. They found the rents were too high for their low wages. Because they were involved in short term work, they knew they would not qualify for EI and would then face with a situation where they could not afford adequate housing because of the unaffordable rents.

The cutbacks to the EI program are directly contributing to the increase in poverty and homelessness in Canada. If anyone does not believe that they should visit a shelter and talk to people to find out what the reality is.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am pleased to have this opportunity to speak on the 1999 federal government budget which I and my colleagues believe is increasingly being recognized more for its usefulness as a public relations tool than for its substantive impact on the lives of Canadians.

I want to begin by following up on the comments made by a colleague of mine, the Liberal member for Saint Boniface, who tried to suggest that it was perfectly legitimate for this government to spend \$3.6 million advertising this budget on the grounds that it was providing some sort of public service to Canadians. I would urge all members across the way to look at the ads, listen to the radio ads and tell me where there is any element of public service. It is absolutely clear that the expenditure of \$3.6 million does nothing more than provide a public relations exercise for this government to deal with its political crisis. It is sheer propaganda. There is no public service in those ads.

• (1230)

I ask the question: Is it not obvious that these ads are necessary because the government failed to convince Canadians that this truly was a health care budget? Is it the case that Canadians, and particularly Manitobans, are seeing through this government's

propaganda and in fact recognizing that the Liberals are putting back a little bit of what they took out of our health care system and acknowledging that we are in this crisis today in large measure because of Liberal government policy to begin with?

My question today and every day will be: Will the government put all of the money that is available for health care into patient care and not into propaganda?

There are two criteria by which one must address any federal budget. The first is to ask the question: Does the budget serve as a road map for achieving the stated objectives and goals of the government? The dilemma for the government is: How does it map out a strategy if it has not been able to recognize the critical nature of the health care system or to recognize its own responsibility and culpability in the chaos that we are now finding in our health care system right across this country?

I do not need to remind my colleagues in the House that it was just a couple of months ago that members on the Liberal benches stood in the House and suggested that there was not a crisis in our health care system. They ridiculed members in my caucus and, by implication, all Canadians who were raising concerns about the crisis that we were finding in health care systems from one end of this country to the other.

There is no question that all across Canada—and Canadians know this—years of federal neglect and cutbacks have taken their toll. But the fact that the Liberal government felt compelled to come up with a so-called health budget resulted from the cries and pleas of hundreds of thousands of Canadians who faxed, who wrote, who spoke out, who yelled from the rooftops about the impact of federal Liberal decisions on our health care system. It was only with constant public and political pressure, and a relentless stream of individual horror stories, that the government finally was forced to at least acknowledge some of the problems at play in Canada's health care system and to put some money back into health care.

The other criteria by which one must analyse any federal budget is to ask whether the budget seeks to improve the lives of Canadians. How does it shape the economic and social realities of its citizens? The main purpose of a budget is to show Canadians what are its values, what are its priorities and it makes political choices based on those priorities and values.

When a government then chooses a tax break of \$8,000 for a millionaire and does nothing for a single parent on social assistance, it shows that its values are fundamentally one sided. When it engages in incredible hoopla about a health care budget but fails to address the long term survival of Canada's health care system, it shows that the priorities of the government are shortsighted and politically motivated.

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Canadians have now had a chance to look closely at this so-called health budget. In their reflection I think they bring to mind that old saying "If you are starving you do not refuse a meal". The fact that there is money for health care is certainly an improvement after years of cuts. I will acknowledge that and my colleagues have acknowledged that. Health researchers have indicated that they are pleased there is some additional money for them. Nurses, although still worried about how they will survive in their jobs, have acknowledged that at least the government is prepared to spend a little money to look into the problems of the profession.

• (1235)

However, after all is said and done, it is clear to Canadians with every day that passes that there is very little in this budget to ensure the preservation and strengthening of medicare in this country. There is absolutely no attempt to look at and address the root causes of ill health and there was not even a signal that this government is prepared to keep up to its promises around a national home care plan and a national drug plan, both of which are desperately needed in this country today.

What is so striking about this budget, when we strip away all the hype, is just how little it offers. This is truly a lesson in underachievement. It may solve the Liberals' political crisis, but it does not come close to solving the Canadian health care crisis.

If there ever was an opportunity to take dramatic steps to set things right after the damage this government has done, this was it. The deficit was gone and enough surplus money was there to make a difference. But instead, by holding back, Canadians will have to wait five years just to return to where they were on health care in 1995.

Let us for a second put the health budget in perspective. Liberal cuts to the Canada health and social transfer since 1995 now amount to \$21.5 billion and more than half of that is in health funding. This year the budget puts back only \$2 billion, not quite the cause for celebration we have been led to believe.

Members of the government keep repeating \$11.5 billion. That is what they want us to remember about the budget. What they want us to forget is that the \$11.5 billion is spread over five years.

It gets worse. We will not get the ongoing benefit of the \$11.5 billion because it is not cumulative. By the end of the next five years only \$2.5 billion will have been permanently added to the transfer. It is like a wage bonus, instead of a wage increase. It is a one time fix that leaves us no further ahead. Where does that put us in terms of the federal share of health care spending in this country? Where does that put us from the days when it used to be 50:50 federal-provincial cost sharing? Where does it put us in terms of when this government took over in 1993, holding an 18% share of health care spending in this country? At the end of five

years this budget, by all accounts, will get us up to 12.5% of all health care spending.

I remind all members opposite of the advice of their former adviser, Tom Kent, who said that it is absolutely imperative as a starting point for the federal share to get as quickly as possible up to 25%. Only then will we have the ability to ensure that medicare is preserved, strengthened and enhanced.

The government has made a small step toward accepting the blame for the health care crisis that it has contributed to. There is some repentance in this budget.

Our challenge to all members of the Liberal government is to develop policies, think creatively and pursue noble goals around actually preserving our medicare model. It will not happen at this rate. The private control of health care is increasing at a rapid rate. Members across the way, especially those from Ontario, will know what has happened to the home care system in that province and how big, private owned American companies like Olsten are taking over the health care system.

I urge members opposite to join with us in preserving medicare and ensuring that the principles of medicare are applied to the whole continuum of care.

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, I commend my hon. colleague for her very important remarks concerning the budget.

One important point that she raised with respect to the budget was, as a measurement, one should ask the question: Does it seek to improve the lives of Canadians? I think that is a very important point. We know that over the past number of years the government has been taking a very close look at equal pay for work of equal value. There have been a lot of studies and negotiations and a decision was rendered in terms of certain occupational categories to show that the people in those categories were not being paid properly and yet the government insists on not correcting that situation.

• (1240)

I did not see anything in the budget which would work toward improving the lives of those Canadians who have been underpaid, a lot of them female in a lot of the categories. I did not see anything in the budget that would help to improve the lives of those Canadians.

Would the hon. member care to comment on my observations in that regard?

Ms. Judy Wasylycia-Leis: Mr. Speaker, I appreciate the question from my colleague. It is a very important issue.

One has to ask the question: How can this be called a health care budget when there is nothing in it to deal with the economic and

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social disparities in our society which contribute to ill health, disease and poor quality of life? How can it be fathomed, this being a federal health budget, when we have third world conditions on reserves and when a reserve such as God's Lake Narrows in my province of Manitoba has just reported 12 cases of TB? That certainly is an important issue that the government has failed to address. There must be a focus on disease prevention and health promotion.

The other issue my colleague raised concerned economic disparities. As the gap grows between the rich and the poor and those at the low end of the wage scale do not see any benefit and are not able to improve their quality of life or even their ability to survive on a day to day basis, how does that affect their health? We know from study after study that money may not buy happiness, but it certainly does buy health. We know that when one's income improves, one's health also improves.

Our concern with the budget is not only its failure to acknowledge that, but that it actually worsens the situation by not dealing with unemployment, by not dealing with wage inequities, by not dealing with homelessness, by not dealing with poverty and by not dealing with deplorable living conditions on and off reserves in the country. This government is actually contributing to ill health and the spread of disease in the country and it is not doing one thing to build a healthier society over the long term.

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, I will be sharing my time with the hon. member for Cambridge.

I take this opportunity to compare the content of the 1999 budget with the results of my pre-budget consultations. In doing so I challenge the opposition's thesis that this is a budget which ignores the priorities of Canadians and does not address the concerns and issues facing Canadians today.

During August, September and October I held numerous meetings with various groups of constituents, including local business representatives, community activists, a local Rotary chapter, members of the Women Entrepreneurs of Canada and an arts focus group.

In addition, I solicited input for the budget from constituents through my summer householder and I received numerous calls and letters with additional suggestions.

At all of my consultations I distributed two budget charts. One chart clearly demonstrated that for the 1998-99 financial year the interest payment was estimated at \$44 billion. Moreover, the chart also clearly indicated that an operating surplus of \$47 billion existed prior to the interest payment.

Budget chart number two analyzed interest rate sensitivity and showed how significantly the interest expense increased with

minor increases in interest rates. An increase from 7.2% to 7.5% triggered an additional charge of \$1.7 billion.

I am pleased to report that my consultations produced the following results.

First, paying down the debt was the recommendation most often made. Virtually everyone thought that some form of action was necessary. Many constituents felt that paying down the debt was the best way of reducing future interest expenses. Constituents also noted that our current debt level leaves us vulnerable to a recession and rising interest rates.

• (1245)

Second and on the other hand, very few argue that debt reduction should be the government's singular priority. Most felt that we should be able to reduce debt and address one or more other needs. A close second to paying down the debt was restoring funding to health care with increased emphasis on preventive and home care approaches. The great majority called for the federal government to restore the health care component of the provincial transfers. Constituents specifically noted the reduction in the number of hospital beds, the waiting time for emergency treatment and that the waiting lists for surgery had become intolerable especially in the province of Ontario. Constituents also felt that the health care system needed more innovation and flexibility.

A week or so before the budget I met with a constituent of mine, Mr. Sam Dionofio, a member of the executive committee of the volunteer board of the Heart and Stroke Foundation. He encouraged me to support funding for the Canadian institutes of health research which in turn would greatly enhance cardiovascular and cerebrovascular health research. He advised me that the Canadian institutes of health research represents an opportunity to greatly expand Canada's health research efforts and Canadian productivity. It would ensure that our health research capacity is strengthened relative to the changing global environment and he urged me to note that health research represents an investment in our future and economic well-being. While debt repayment was also cited as a priority the previous year, this year health care priority and health care spending showed a marked increase as a concern by my constituents.

Third and interestingly enough, there was no widespread call for major tax cuts but a reduction of almost every tax was more or less mentioned once or twice. However, most constituents felt that if the government were to cut taxes, the greatest consensus was for general tax relief for low income people. Other tax changes included cutting employment insurance premiums. I was delighted to see that the top priorities of my constituents were also the top priorities of the government and that they were addressed in the 1999 budget.

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The 1999 budget takes action on three fronts. First, it maintains sound economic and financial management. Second, it invests in key economic and social priorities. Third, it provides tax relief and improves tax fairness.

The budget acknowledges that strong economic growth and a reduced debt burden better enable the government to fight tax relief and thereby make key investments. This is why the 1999 budget confirms that the era of deficit financing is over and that the government will continue to deliver balanced budgets or better again this year, in 1999-2000 and 2000-2001. This will be only the third time since Confederation that the federal government has been deficit free for at least four consecutive years.

The budget goes even further. It acknowledges that another key issue for any nation is its national debt. Last year Canada's debt to GDP ratio saw its largest single yearly decline since 1956-57, from 70.3% to 66.9%. In the current fiscal year of 1998-99 it should still fall to about 65.3%. By 2000-01 the debt ratio should be down to just under 62%. This progress on debt reduction brings with it real bottom line benefits to Canadians.

In 1995-96 when the debt to GDP ratio was at its peak, 36 cents out of every federal revenue dollar went to paying interest on the debt. Last year with the debt ratio dropping, the portion of each revenue dollar servicing the debt fell to 27 cents. What does this mean to Canadians? It means that we are freeing up moneys to strengthen health care, access to knowledge, to provide needed tax relief, to fight child poverty and to invest in a more productive economy.

The government is committed to keeping the debt to GDP ratio on a downward path. A key element of this strategy is a debt repayment plan.

• (1250)

The government will continue to present a fiscal plan which will include a contingency reserve as a buffer against unexpected financial pressures. The current plan contains a contingency reserve of \$3 billion each year. When that contingency reserve is not needed, such as last year, it will go directly to paying down the public debt.

Second, I wish to address the budget's investment in key economic and social priorities by investing in health care, research and innovation and other key areas to improve Canadians' ability to work and to improve their quality of life. Action to sustain and strengthen health care is a key priority of this government and a central initiative of the 1999 budget.

The budget announced that the provinces and territories will receive from the federal government an additional \$11.5 billion over the next five years specifically for health care. This funding marks the largest investment this government has ever made. This

investment is helping our provinces deal with Canadians' concerns about health care, waiting lists, crowded emergency rooms and diagnostic services.

However, the commitment to strengthening health care does not stop there. Among other things, the budget announced that the federal government will further invest in research and health problem prevention. Specifically, funding for health research and innovation was increased by \$500 million. Of these moneys the budget set aside \$240 million to support the Canadian institutes of health research, the innovative proposal developed to integrate health research relayed to me by my constituent, Mr. Dionofvio. The proposal was wholeheartedly supported by the Heart and Stroke Foundation.

Last but not least, the budget also invests \$287 million to improve efforts to prevent health problems from occurring. One of these initiatives includes \$75 million to the Canadian prenatal nutrition program to help high risk pregnant women to have healthy babies. In the past the Women's Health Centre and the Parkdale parents primary prevention program at St. Joseph's Hospital in my riding have been beneficiaries of this program which, in turn, has benefited new born babies ensuring that they have a healthier start in life.

I conclude by quoting a statement made by the Minister of Finance when he visited my riding in November: "We understand where our priorities lie. We will balance the books and we will pay down the debt, but we will do so much more. This great nation is more than a balance sheet".

I believe that the 1999 budget not only attains the goals noted in the Minister of Finance's statement but it also embodies the spirit of that statement. We are building today for a better tomorrow.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, I have a couple of quick questions for the hon. member.

Yesterday Stats Canada came out with a report that said personal incomes grew last year at one of the fastest paces of this decade. We applaud that. But it still was not enough to keep up with the even faster rate at which governments are pulling money out of Canadian pockets.

I would like her to respond to what Stats Canada has said. Also, in 1993 when we came to this parliament it was announced that we had to do something. There were 1 million children living in poverty. Now we have 1.5 million. These miracle workers over there have not solved that problem. Will this be the budget of budgets that will take care of those difficulties? I would like her response.

Ms. Sarmite Bulte: Mr. Speaker, I thank the hon. member for quoting me some statistics. I would like to quote him some statistics as well.

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It seems that in 1998 453,000 jobs were created. Another 87,000 jobs were created in January. Unemployment is down to 7.8%. I submit that the plan put in place by this government in the last budget and since 1993 has been working. The statistics prove it.

With respect to child poverty, this government is to be commended for what it has done. In the 1997 budget \$8.5 million was put into the Canada child tax benefit. In last year's budget there was another \$8.5 million for a total of \$17 million. In the 1999 budget there is another \$300 million for low income families and children.

• (1255)

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, I have great respect for the previous speaker from the Liberal Party and I have a very simple question.

Does the member know how much was in the EI surplus or how much is in it and can she tell the House, in her opinion, where it is?

Ms. Sarmite Bulte: Mr. Speaker, I thank the hon. member for his question. I have the same great respect for him as he has for me.

I point out to my hon. colleague across the way that there is no surplus. I suggest the member look at the budget sheets we have. Income goes in under the consolidated revenue fund and expenses are made. There is no surplus fund. There is no reserve fund. I believe the media feed these things that are not true. It does not exist and has not existed since 1986. One of the concerns noted by my constituents is to bring EI rates down and they have actually come down.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, the hon. member mentioned in her dissertation the effect that interest rates have on the deficit and the paying off of the debt and the deficit. Is the member aware that the Canadian Bond Rating Service has criticized the last budget as being heavy on spending and light on tax and debt relief? In fact, that could reflect an increase in interest rates and this government obviously would then have to pay more money in order to service the debt.

I would like to have the member indicate what the long term plan of the government is to retiring that debt. We see a contingency fund of \$3 billion that will be used to retire the debt only if it is not used for something else. Perhaps the member would like to answer those two questions regarding interest rates and the contingency plan.

Ms. Sarmite Bulte: Mr. Speaker, not being an economic expert I cannot really comment on the bond ratings. One of the things this government is trying to do through our debt payment plan, which I noted during my discourse, is reduce the debt to keep interest rates down. That is the way to keep them down.

One of the fears mentioned by my constituents was that by not paying down that debt, by not paying attention to that debt, we will have a problem and we will be subject to interest rates going up. The interest rate sensitivity is important and it is also equally important that we continue to pay down that debt.

Again, I think this plan of action the government has speaks for itself: 7.8% unemployment and more jobs created in this country than in any other G-7 country. I submit the Minister of Finance is on the right track.

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, I am pleased to address the budget tabled on February 16 by the hon. Minister of Finance.

I begin by congratulating the hon. minister on his sixth budget. This is a budget that once again confirms that the era of deficit financing is over. This is the second year in a row for a balanced budget. The minister should be particularly proud of his accomplishment given that this has not been done since 1951-52. The Minister of Finance also deserves credit for listening to Canadians and for his strong leadership on this issue.

This budget incorporates many suggestions made by constituents from my riding of Cambridge who are members of my community advisory council. In particular, the minister has listened to their suggestions about how to address the health care crisis, the need for greater accountability in health care and the need for tax relief.

When the Liberal government took office in 1993, we inherited a \$42 billion deficit and in just four years we had moved to a \$3.5 billion surplus. Today with another surplus we are starting to see the results of the deficit battle and we are working to improve the quality of life for all Canadians in three key areas, health care, knowledge and innovation, and tax relief.

The first and the largest investment, I should say reinvestment, is in our health care system. Medicare is one of our most cherished social programs. It guarantees to all Canadians regardless of their financial means equal access to high quality care services based on need, not ability to pay.

• (1300)

As members of my community advisory council have told me, the number one priority of our health care system should be to heal people. In order to do that it is vital that we identify priorities and spend resources responsibly. That is why this budget announced that the provinces and territories will receive \$11.5 billion. There will be a \$3.5 billion immediate one time supplement with a remaining \$8 billion to be provided over the next four years. This is an investment to help provinces, and communities like Cambridge,

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deal with immediate health care concerns, waiting lists, crowded emergency rooms and diagnostic services.

The commitment to strengthen health care does not end there. The 1999 budget also announced that the government would further invest about \$1.4 billion in health information systems, research, first nations and Inuit health services, and health problem prevention.

Of course good health and effective health care are much more than an issue of hospitals and clinics. Canadians want and deserve to know how their health care dollars are being spent and with what results. They want more accountability. This budget will help to deliver that by investing nearly \$330 million in health information initiatives such as building a national health surveillance network to electronically link laboratories and public health offices across the country; by establishing a Canada health network, accessible by computer and telephone; and by providing better reports on the health of Canadians and the functioning of the health system.

Further, this budget invests \$287 million to improve efforts to prevent health problems from occurring. These initiatives include: the Canada prenatal nutrition program; modernizing and strengthening the federal food safety program; improving the management and control of toxic substances in the environment, in food and in drinking water; continuing to explore innovative approaches in the area of rural and community health; and combating diabetes.

This budget also makes a significant \$550 million cash infusion into funding for health research and innovation.

I have already outlined the government's significant investment in health and medical research. The budget also takes additional steps to promote knowledge and innovation with a \$1.8 billion investment over this fiscal year and the next three years. Included in this \$1.8 billion will be an additional \$200 million for the Canada Foundation for Innovation to support world class research infrastructure in the areas of health, the environment, science and engineering; \$60 million to establish one smart community demonstration project in each province; \$60 million for the GeoConnections initiative; and an additional \$90 million for the networks of centres of excellence.

The final two elements of this budget's investment in knowledge and innovation are especially relevant to many businesses in my riding of Cambridge. This government understands the benefits of investing in knowledge and innovation.

The third most important element of the 1999 budget is tax relief. Our government is committed to substantially reducing taxes as and when we can and in the fairest way possible. This budget proves that. However, we must not forget that for tax relief to be permanent, it must be affordable and not jeopardize the soundness of Canada's finances. As resources become available, the government will provide as much tax relief as possible. This will occur year after year with each budget building on the progress made this year and the years before. This is the responsible way.

• (1305)

Canada is doing well. We are deficit free. Our unemployment rate while still too high at 7.8% is the lowest it has been since 1990. We are outpacing the rate of job creation in any other G-7 country: 368,000 jobs in 1997 and 453,000 in 1998 and there are additional measures in this budget that will continue this trend.

We are staying the course. We are investing in key national priorities such as health care, job creation and tax relief. We are continuing to pay down our national debt. We are providing a balanced approach to government and fiscal management and Canadians are starting to see the results.

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, the hon. member in his comments made reference to the many suggestions received by his constituents prior to the budget. The hon. member who spoke before him made the same comment. I certainly want to commend them on that very important aspect of a parliamentarian's work, that is, consulting with constituents and getting that kind of input.

I notice that certain statistics were cited about jobs that were created. We all know that statistics can be interpreted and phrased in a way to say what we want them to say. I tend to look at what is really happening in the area.

When I look at my riding of Halifax West and in other parts of my province, I see industries closing down. The Volvo plant was shut down in Halifax which put many people out of work. In Cape Breton there is the Devco situation and the phasing out of the mine which is putting people out of work.

We end up with a vicious circle. People are out of work. I do not see in the budget any real commitment to have a plan to offset those kinds of disadvantages. We get a circle where people become unemployed and it is difficult for them to get EI because the criteria are much more strict than it used to be. It is difficult to get training. This perhaps leads to health problems, depression, family breakdown. We are right back to needing additional health care and additional services to carry on to meet the needs of the people who suffer from being unemployed. Any money that was put in to this great health budget is very quickly eaten up, to the point where we are worse off than we were before if we do not tackle the industry problems and those kinds of issues.

I ask the hon. member, what is being done? What concrete measures have been taken to offset the kinds of problems I cited that lead to unemployment and a downturn in the economy in my area?

Mr. Janko Perić: Mr. Speaker, I want to thank the hon. member for that question.

I remember that way back my community of Cambridge was considered to be the shoe industry capital of Canada. The shoe industry died out and the high technology industry moved in. Only five years ago the unemployment rate was 11.2% and today it is 7.8%, but it is still too high. Fortunately for my community the

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high technology industry is growing and prospering. I understand the situation is not the same in other parts of the country.

With this fiscal approach to economic growth, I believe that the private sector will continue to create jobs. Hopefully jobs will be created in the hon. member's community as well.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, would the hon. member not admit that what the federal government has done over the past five or six years is to download its responsibilities for Canadians in various social services to the provinces, and because of the belt tightening by the federal government the provinces have now had to download their responsibilities to the municipalities?

I do not believe there is a municipality in Canada that has not suffered from a lack of provincial funding in terms of municipal services. The provinces turn around and say that it is because of a lack of federal funding for the various concerns, whether it be infrastructure, education or health. Would the member not agree that that was basically the premise of the federal government?

• (1310)

Would he not agree that the \$7 billion for this year alone taken from unemployed workers and employers who also pay that premium, money that does not belong to the federal government, is really the basis for the surplus of this budget?

Mr. Janko Perić: Mr. Speaker, before I was elected, I worked in a factory in the automotive industry. I contributed to the unemployment fund. I was lucky that in 25 years I did not draw from that fund for a very long time.

Maybe the member remembers the fiscal situation of this nation in 1993 and can compare it to the situation today. He should recognize there is a confidence among Canadians in this government.

I do not want to point fingers at any government of the past 30 years. We as a society enjoyed life and handouts, but the time has come when we cannot afford to hand out and spend, spend and spend. Today we have to be fiscally responsible and accountable, not just to ourselves but to our children and their children.

[*Translation*]

Mr. Jean Dubé (Madawaska—Restigouche, PC): Mr. Speaker, before beginning, I would like to inform you that I will be sharing my time with the hon. member for St. John's West.

I rise today to voice my disappointment, and that of the people of Madawaska—Restigouche, in the most recent federal budget. The government's intention was to pull the wool over Canadians' eyes,

but most of them have seen through it to what the government really had in mind.

The chronic unemployment problem in a number of this country's regions remains unchanged. The excessive tax burden remains unchanged. The battle against poverty remains unchanged. The issues around proper use of the employment insurance fund remain unchanged.

And if this is supposed to be a health budget, as the government expects us to believe, I would like to have it explained to me how restoring funding to its 1996 level can be a cause for celebration for the Liberals. Since 1993, the Liberals have cut only 9.4% in government program expenditures, while they have slashed 34.2% from transfer payments for health.

In other words, 57.5% of program cuts made by the Liberals have been made at the expense of the old and the sick. Hospitals are short-staffed and waiting lists for treatment continue to grow. The provinces cannot improve this situation unless there is a real reinjection of federal funds into the health system.

What did this government offer them, in its budget? The Liberals will reinject \$11.5 billion into provincial transfers for health care and education over the next five years. Of this, \$3.5 billion will be paid immediately in the Canada transfer for health and social programs as a one time additional payment, and the provinces can use it up within the next three years.

The votes accounted for in 1998-99 will be placed in trust until the CHST legislation is passed. It is a shell game. The other votes will be paid out in stages. The floor is raised to \$15 billion and will stay there.

Despite all the Liberal fanfare, spending on health care will reach only 1996 levels. The financial commitment over five years contains no indexation mechanism taking inflation and demographic changes into account leading to an annual increase of some \$3 billion for health care costs, totalling \$80 billion annually.

• (1315)

An overall plan is needed to get the health care system working again. Unable to establish priorities and a long term plan, the Prime Minister and his Minister of Finance have managed to balance their budget on the backs of workers, the poor, the sick and the old.

They are now trying to care for the sick, left through their fault on a waiting list, by putting a band aid on them. Workers and Canadian businesses were hoping for more of a break in this federal budget. Unfortunately, all they got was the usual Liberal rhetoric. The government is going to take away \$3 and give them back \$1, for their own good.

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It is as though the government thinks that it can fool Canadians and that Canadian workers and businesses do not understand that the money now being spent by the government is coming out of the EI fund.

In this regard, the Minister of Human Resources Development seems to be seeing the light. A few weeks ago, the *Journal de Montréal* reported what the minister thought about the EI fund. In a burst of frankness, he admitted that the \$20 billion surplus in the fund was actually an illusion because it had already been spent. He expressed his doubts about how the fund had been used and recommended that there be a public debate on the issue.

Although they are only a beginning, I applaud the minister's reflections and hope he has the courage to defend them in cabinet, because the pillage cannot go on. The Liberals continue to think that they know better than Canadian taxpayers how to spend the money the latter have earned by the sweat of their brow. The government can increase the basic personal exemption by \$500 and look for praise, but the reality is that it could have done much better.

Since the 1997 election campaign, my colleagues and I have maintained that the basic personal exemption could be increased to \$10,000, instead of the meagre \$7,131 proposed by the Minister of Finance and his government. This would have given all Canadians some long-awaited tax relief and would have meant that 2 million low income Canadians no longer had to pay income tax. These 2 million Canadians could have breathed a little easier and put more food on the table. If raised to \$10,000, the basic personal exemption would have left a single person with \$700 more, and a married person or single parent with \$1,500 more. What a pity that this will not happen.

The federal government's hike in Canada pension plan contributions in 1997 will add \$120 in taxes on the Canada pension plan in 1999. Net social security taxes have increased \$60 in 1999. Because the improved basic personal exemption takes effect only on July 1, 1999, an individual with an income of \$39,000 will have to pay \$3 more in federal taxes in 1999. And the federal government calls this a tax decrease.

The government is refusing to lighten the tax burden that is crushing Canadian workers and making the Canadian economy less competitive. High taxes penalize initiative, are a hindrance to job creating investment and encourage highly skilled Canadians to move on to greener pastures.

[English]

Indeed Canadians have not been duped by this smoke and mirror budget. What has been handed down has fallen short on what was needed for low income Canadians, taxpayers and workers. Canadians can take heart, however, that some of their elected officials are listening to them and are willing to offer them the much needed relief they deserve.

• (1320)

Unfortunately they will have to wait another few years to tell the Liberals just what they think of their so-called good news budget. Meanwhile, we as Progressive Conservatives will continue to listen, to consult and to put forward positive solutions in terms of economic development, taxation relief and social programs.

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, the hon. member used a term that was quite relevant when he talked about the budget being a smoke and mirror budget.

I say that because I think about the very practical problems which could have been addressed in the budget, one being support for Halifax's bid for a piece of the pie with respect to becoming a superport. Here we are on the brink of making history. We stand at a point where we can benefit not only the Atlantic area but all of Canada by Halifax being properly supported to win the bid to handle the post-Panamax ships. Yet there is nothing in the budget that made any real commitment to that.

The closest I have seen was just the other day in an article in the paper saying that the federal minister promised support if metro won the bid. I do not feel that businessmen go on the if prospect. If there had been a firm commitment stating some amount that was reasonable and tangible—surely we have experts who can figure out exactly what it would cost for our port to be upgraded to handle these ships—we would stand a much better chance of gaining that bid. Other areas have done it. I think New York has put a price on what it would cost for it to fix up its harbour but we say we cannot do so.

Does the hon. member agree with me that the budget has been very deficient in nailing down concrete specific action which would encourage economic development not only in Atlantic Canada but right across the country?

Mr. Jean Dubé: Mr. Speaker, I thank my colleague for his question. He hit it right on the nose when he said the government had no plan.

Certainly with the recent closure of Devco in Nova Scotia one would have thought the Liberal government would have had a parallel plan like we did when the base was closed in Summerside and the GST centre was opened.

Unfortunately the long term plan of the government is not in place and there was no announcement for these workers. The superport would certainly have been great compensation for this closure.

We can look at the budget and what it says about the \$11.5 billion for health care in the next five years. It is an important factor. The member has probably heard a lot about it in his own riding. People are on waiting lists, waiting for serious operations.

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Nurses and other workers are overworked. The \$11.5 billion in five years will take us back to the point where we were in 1996.

We must take into account the aging population and inflation. Just to show how the government's long term plan works, \$3 billion a year times five years is \$15 billion. Since 1996 we have had a very large shortfall, but certainly the government has no long term plan. Unfortunately that is the case for Nova Scotia as well.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member referred to the cash transfers that we outlined in the budget. I think he misspoke himself with regard to the \$3.5 billion which is presently available to all provinces. It has been paid into a trust to permit that very thing. They are not separate.

Is the member aware of the tax point consequences with regard to overall health transfers to the provinces? Is he familiar with those and that in fact the amounts he is talking about have not taken into account the increase in tax revenue the provinces are getting because they have taxing authority?

• (1325)

Mr. Jean Dubé: Yes, Mr. Speaker, I take them into account. I know about tax points. I would like to bring to the attention of the hon. member that the day after the budget presentation the Liberal finance minister of New Brunswick applauded the budget. After we reacted to it, a couple of days later the same finance minister said that there would be shortfalls in New Brunswick.

There are shortfalls in the budget for New Brunswick as far as transfers are concerned. There are shortfalls as far as health care is concerned. If we read the fine print in the budget, we see that in five years we will be back at the same place where we were in 1996.

The member may call this a good budget, but unfortunately there are people who are still waiting for a good budget.

Mr. Charlie Power (St. John's West, PC): Mr. Speaker, I join with my colleagues in congratulating the hon. member for Madawaska—Restigouche on his insightful remarks and thanking him for sharing his time with me.

I am pleased to participate today in the budget debate that pretends to repair some of the damages inflicted by the Liberal government on our health care system. In reality it only offers empty platitudes and grossly inadequate action to address the very serious problems in the Canadian health care system.

Some might find it convenient for their own partisan political reasons to characterize the budget as the health care budget, despite the fact that it represents only nominal measures to compensate for the savage cuts the government and the finance minister have made

to transfers to the provinces for health, education and social assistance.

I would like to be able to stand here and praise a budget that actually does something for Newfoundland and Labrador. Instead, the budget is devastating to the province of Newfoundland and Labrador. Not only does it not transfer adequate money back to the health care and education systems, but it does not do anything for the economy of Newfoundland and Labrador. With its equalization changed to a per capita basis, the government has actually made it unbelievably difficult for Newfoundlanders to stay in Newfoundland and to expect reasonable levels of Canadian service.

In the brief time I have I will compare two budgets: the budget of last year which was the education budget and the budget of this year which is the health care budget. We were reminded by the Liberal fanfare of last year's budget that they had the education budget even though it accomplished precious little to actually improve the situation of students. Members opposite appear to be of the opinion that they have made the lives of students easier. Nothing could be further from the truth. If government members were actually listening to their constituents and listening to students they would know that every increase in tuition fees and student debt load makes it almost impossible for low income students to receive a higher education.

What did that higher education, post-secondary budget of last year do for education in Canada? Did it make education more accessible for students? The bottom line according to the Canadian Federation of Students is that the so-called education budget did very little to help students. Personal debts for graduating students are comparable to the size of mortgages and the money announced for the new millennium scholarship program will help only seven out of every one hundred students if and when it ever comes into place.

The reality is that the deep gouging in the federal transfers by the government have created a higher education system that is almost impossible for students to attain. These are the facts surrounding the budget which the Minister of Finance claimed would take important steps toward repairing the damage done in post-secondary education.

If his budget of last year for post-secondary education was such a failure in helping students, how can we expect the results of the health care budget of this year to perform? After years of Liberal cutbacks in transfers to the provinces, transfers they pay for health care, education and social assistance, many of the problems are of such a magnitude that they cannot be fixed by short term approaches.

There is a crisis in the emergency wards across Canada. There is probably not a member of the House of Commons, not a member of a provincial legislature, not a doctor, not a nurse, not a nursing assistant who does not have a terrible story to tell about the damage that has been done to our health care system.

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When I was home the other day I met a lady who is now in her mid-eighties. I spoke with her husband for a while. He told me that she would have to wait nine to twelve months to get a simple cataract operation done in St. John's, Newfoundland. That might not sound bad to the Minister of Finance or to the Minister of Health, Mr. Speaker, but if your mother or your aunt or one of your family had to spend the next nine, ten or twelve months of their lives not being able to pour a cup of tea for themselves or not being able to walk across the kitchen, you would have to say that there is something seriously wrong with the Canadian health care system.

• (1330)

The Liberals claim in this budget that they will put back \$11.5 billion in cash transfers to the provinces for health over the next five years. In other words, they are going to cap the transfers at \$15 billion. Despite the Liberal fanfare about the would-be health care budget, health care spending at that point will only be back to 1996 levels, which we know were atrocious. After the five year financial commitment, which comes with no escalator clauses and does not take into account the fact that inflation and demographic changes are going to add about \$3 billion a year to Canada's health care bill, on an accumulative basis the Liberals will have cut \$17 billion from transfers to the provinces. They have put very little of that back with this budget.

There needs to be a comprehensive plan for the rehabilitation of the health care system. The lack of priorities shown by the Prime Minister and the Minister of Finance and the absence of any apparent long term plan led them to balance the budget on the backs of Canadian workers, the poor, the sick and the elderly. Now they are trying to use a band-aid to cure a health care system which they themselves have put on the critical list. We all hope it is not too late to undo the damage done to the health care system by the billions of dollars of cuts made by the Liberal government. The inadequate measures that this government is offering in place of any kind of serious long term plan do not give anyone much real hope, faith or confidence that this is about to be done.

The provincial reaction from the Liberal government of Newfoundland and Labrador is that there are some really important questions which the Minister of Finance has failed to answer satisfactorily. Some of these questions are of particular interest to the people of Newfoundland and Labrador. Now we have two levels of Liberals, two levels of government telling us two different stories. One thing that has become clear is that the net effect on the transfers to the province of Newfoundland and Labrador will be substantially less than the finance minister indicated in his budget. His counterpart, the minister of finance for Newfoundland, calls the measures included in the federal budget laughable.

The numbers cited repeatedly by the Minister of Veterans Affairs, who represents Newfoundland in the federal cabinet, have been challenged by the media and by the Liberal government.

Specifically with regard to the impact of these transfers on health care, let us look at the reaction of the provincial minister of health, again a Liberal minister. I would like to remind my colleagues that she says the province is going to take a very hard hit, that this federal budget creates a two tier health care system and that it is not good enough. That is the Liberal minister of health for Newfoundland talking about a two tier health care system.

It is not the two tier health care system that so many speak of for the rich and poor. This is a two tier system in which for certain essential medical services people in Newfoundland and Labrador will have to go to Toronto or some other part of Canada. There will be two tiers of health care in Canada: one for the poorer provinces and one for the rich provinces. As the Liberal minister of health for Newfoundland says, that is simply not good enough.

Another factor in this budget is the changing of equalization to a per capita system. Is that going to help the poorer provinces of Canada? Nothing could be further from the truth. The change to an equalized system, pushed by the Ontario caucus of this Liberal government so that people in Ontario receive the same on a per capita basis as people in Newfoundland and Labrador, is not the idea of equalization. Equalization is one of the fundamental tenets on which Confederation is based. It says that money will be taken from the rich and well to do parts of Canada so there will be equal services in all parts of Canada. What really has happened here is that the poorer we are the less money we get and we are still supposed to supply a first class health care system. How can we do it without money?

This budget, if nothing else, has destroyed one of the fundamental principles of Confederation: the fact that the rich, the well off and the well to do are to help those in Canada who are not as rich or as well to do. What it means in Newfoundland on a per capita basis, because our economy has not been helped, because so many things in the province and in this country are not helping the regions of Canada, is that in the last three years it has lost 30,000 people. Those 30,000 people will not be on our rolls for the transfers from the Government of Canada to the province of Newfoundland and Labrador.

• (1335)

How will that benefit health care in Newfoundland? How will that give us a better system? We would love the Minister of Finance to visit Newfoundland, talk to his old colleague and friend Brian Tobin, and explain to him, the premier of the province, how this is supposed to be beneficial to us.

In Newfoundland we look at it in some ways as being another resettlement program which was created to resettle some of the smaller communities in Newfoundland during the sixties and seventies by a former Liberal government. In effect, this budget,

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with its equalization changes, will resettle a lot of Newfoundlanders to other parts of Canada.

I hope this budget is more successful at solving health care problems than the education budget of last year was at solving education problems. I can only say that our caucus and my colleagues on this side of the House are very skeptical. On behalf of the government and the people of Newfoundland, I say that we are downright suspicious that this will do anything for the health care system in Newfoundland and Labrador.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member referred to a two tier health care system. I am sure he will know that under the principles of the Canada Health Act we have a universal, accessible, affordable, comprehensive and publicly administered health system which means that every Canadian is entitled to a health care system which is the same no matter where they are in Canada.

The member seems to be talking about this raising or lifting of the ceiling for Ontario and B.C., because they have been getting less than their share, as somehow taking away from Newfoundland. It does not.

Does he not believe that each and every Canadian should get the same contribution to their health care? Is everybody not getting the same, equally?

Mr. Charlie Power: Mr. Speaker, obviously the member does not understand the function of equalization. The function of equalization is for the well to do provinces of Canada.

Mr. Paul Szabo: The CHST is not equalization. You don't understand.

Mr. Charlie Power: The transfer payments are meant for health, education and social services.

As equalization is changed so that everyone gets treated fairly across the country on a per capita basis there will be regions of Canada which simply will not have the funds to deliver equal and adequate health care, or what the member refers to as universal, affordable and high quality health care. It is simply not going to happen in the poorer regions of this country. There is no way to do it without money.

This budget was supposed to put money back into the health care system, but in Newfoundland that simply will not happen. The Liberal minister of health for Newfoundland, as well as the Liberal premier, who has so much in common with the finance minister, knows that we will have a worse health care system rather than a better one in Newfoundland and Labrador as a result of this budget.

Mr. Roy Bailey (Souris—Moose Mountain, Ref.): Mr. Speaker, I certainly have a great deal of sympathy with my colleague from Newfoundland in that he has outlined some distinct problems that province is having.

Those in my area were very disappointed with this budget. With our paved roads going back to dirt roads and with our railways being abandoned for hundreds of miles, the word transportation or roads was not mentioned. From a province which probably pays more money on a per capita basis in fuel tax, we got zip.

If it is true that there is a two tier system, how many tiers will there be if the present rate of funding continues?

Mr. Charlie Power: Mr. Speaker, in reality what is happening in this country, and this budget has done nothing to alleviate it, is that many tiers of service are being created. The idea of Canada, the idea of Confederation, the idea of sharing, the idea that the rich can help the poorer provinces is simply no longer a part of this government's priorities. There is an Ontario dominated caucus with Ontario dominated priorities. All I can say is that we are going to have a two tier health care system in Newfoundland. We have a two tier system of job creation. We have a two tier system of highways in Newfoundland. All I can see with this government's philosophy is a continuation of the deterioration of the fairness that used to be a fundamental part of Canada.

● (1340)

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, I have a quick question for my hon. colleague from the beautiful province of Newfoundland and Labrador.

Would he not agree that if the government wanted to give tax breaks or tax concessions to the majority of Canadians that a 1% reduction in the GST-HST, as we have in our province, would be a great start to reducing the tax burden on average Canadians?

Mr. Charlie Power: Mr. Speaker, it would be an excellent idea to reduce the GST or HST, but that is not going to happen as long as we have a Liberal government that is so enamoured with the GST-HST system.

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, I am delighted to participate in this debate and to focus on health care. I would like to say to my friends from the fifth party who are dispensing advice on the budget that it is like learning fire prevention from an arsonist.

Given the fact that they left us with a \$42 billion deficit, I cannot really believe that we can take some of their comments very seriously. I would point out to members of the fifth party when they talk about 1995 levels that we are talking not about borrowed

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money. This \$11.5 billion is not borrowed money. I ask members to keep that in mind.

This government has continued to build on the strong fiscal foundation that was first started in 1993. Our economic house was in a serious state of disrepair. Our financial house was sinking with a \$42 billion deficit, unemployment which had gone through the roof and investor confidence that was sluggish. The government rolled up its sleeves and presented to Canadians the state of our financial affairs. Canadians rallied to the cause. They understood that large deficits and astronomical debt would cripple Canada for generations to come.

Governing means that one has to establish priorities and has to work with all sectors of society to rebuild our economy. The 1999 budget continues to build on the sound and prudent fiscal management that the Minister of Finance has put into place over the past five years.

Canadians embraced the deficit reduction strategies of the government. Together we have been able to eliminate the deficit, bring in two balanced budgets and forecast two more balanced budgets. In 1998-99 Canada will balance the books or better. It is the first time since 1951-52 that the government has been deficit free for two consecutive years.

The Government of Canada has recorded four consecutive balanced budgets, which is only the third time since Confederation. Canada is the only G-7 nation to do so with a strong fiscal discipline to help Canada get into a position to focus again on the priorities that matter to Canadians.

Today I would like to focus on one of those priorities and that is health care. Investing in Canadians and in the future of health care is the cornerstone of this budget. Our publicly funded health care system is one of the key elements that defines our identity. Canadians point with pride to this particular social program. It is a policy that has helped to shape our quality of life as a nation.

Canadians have been increasingly worried about the future of health care. They are worried that this comprehensive program will not be there when they need it. Canadians told us that they want a health care system that will be able to meet the needs and the challenges of the 21st century.

The Canadian government, working in partnership with the provinces and territories and the volunteer sector, provides leadership in developing policies, enforcing health regulations, promoting disease prevention, enhancing healthy living and in strengthening and securing our health care system.

The government provides funding for provincial and territorial health systems throughout Canada through the health and social transfer, the CHST. This budget provided the largest single new investment in health care, \$11.5 billion over five years for the health of Canadians. Again, it was not borrowed money.

In addition to these increased transfers this budget injected \$1.4 billion over three years into a number of important health initiatives.

The recent federal, provincial and territorial health agreement reaffirmed all government support for the five principles of the Canada Health Act: universality, comprehensiveness, accessibility, portability and public administration.

• (1345)

This budget provides through future increases in the CHST \$8 billion, an additional \$3.5 billion as an immediate one time supplement that the provinces will have the flexibility to draw down on according to their needs, according to their own priorities.

For provinces like Ontario this budget proposes to eliminate provincial disparities of CHST allocation over the next three years. The provinces will then receive identical per capita CHST entitlements.

Further, investments in the health of Canadians this year and over the next three years include developing and improving health information systems to assist in establishing a more integrated, effective and appropriate system of health care.

In a round table I had in my riding last year on this with the Minister of Health, that was the very important issue that was brought to the fore. I am very pleased to see the minister responding in this way.

Areas of other investment include the Canadian institutes for health information, the Canadian health network, the Canadian healthy infoway and Health Canada information, improving accountability.

If we examine the Canadian health network as an example, this network will provide Canadians with one stop shopping for credible, current information on health promotion and disease, prevention, self-care and the performance of the health system.

In my riding of Oak Ridges hospitals such as York Central Hospital and Markham—Stouffville Hospital will benefit from these initiatives.

In fast growing communities like Richmond Hill, the tools have been given to address issues related to the ever increasing demands on our health care system.

York Central Hospital has told me that the federal budget is indeed good news, that it is a positive step that will help it relieve the increasing pressures to meet the growing health care needs of our rapidly growing community.

I point out, as did the member for Don Valley East, that the health care budget is a step in the right direction on a long term approach to working with our partners, the provincial and municipal governments, on one of the causes of homelessness.

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Many people who live with mental illness are homeless because they were discharged from institutions like hospitals. By targeting health care in this budget, by providing the provinces with more money for health, we are dealing with this issue.

I congratulate the Minister of Finance for listening to Canadians and for providing the necessary dollars to make sure we continue to have the best health care system in the world.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I listened to my colleague's speech with interest. It has a common theme. Liberal members always want to talk about what it will be like in the future. They never talk about their record.

Let us talk about their record for a second. Here is the Liberal record. Liberals cut \$21 billion out of health care. Now they want us to give them credit for putting \$11.5 billion back in over five years.

Fourteen hundred doctors left Canada in the last two years. Two hundred thousand people are on waiting lists and people in record numbers have to go to the United States for American health care because this government does not give Canadians proper health care. What does the member have to say about that abysmal record?

Mr. Bryon Wilfert: Mr. Speaker, I referred to members of the fifth party as taking advice on fire prevention from an arsonist. Listening to the official opposition, it is like asking a pyromaniac to hold the matches for safekeeping.

Our record speaks for itself. Very clearly we have done the job. That party would dismantle the health care system in this country. That party would take apart the very foundation that Canadians have in place.

Some hon. members: Oh, oh.

Mr. Bryon Wilfert: I would point out facts to the opposition members if they would stop heckling over there and listen for a minute but unfortunately they are not very good listeners. They like to prevaricate the truth but they do not like to listen to the real facts.

We are doing the job. We are continuing to do the job. In terms of providing the necessary health care, we have given the provinces and the territories the tools to do the job.

I would defy members of the opposition to put their health proposals on the table in comparison to this government's.

• (1350)

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, I ask the hon. member what his views are with respect to the money allocated in the budget to the military.

As members know, a very extensive report was done by the Standing Committee on National Defence and Veterans Affairs

detailing quality of life issues for our military. Recently we have seen stories coming out in the media about the terrible experiences that many families have had with respect to inadequate housing and the effects of moving from one place to the other.

It kind of bothers me when I see that the amount that was allocated is \$525 million over three years when the minister's own minimum estimate was \$700 million. Then we see the government still giving out money for things like a company producing a dumb blonde joke book. That speaks for itself.

What is the member's view with respect to the help that has been given to the military in this budget?

Mr. Bryon Wilfert: Mr. Speaker, I thank the hon. member for his question. I certainly applaud the government's moving in the right direction with regard to the money for our military.

Governments are elected usually from four to five years and they cannot do everything in one budget. It is a major step toward improving the quality of life for armed services personnel. It is clearly \$525 million better than we had before this budget. It clearly addresses many of the issues that the standing committee reported on. The Minister of National Defence has done an excellent job in listening to those concerns, providing those concerns to the Minister of Finance and clearly we are on the right road.

Mr. John McKay (Scarborough East, Lib.): Mr. Speaker, I would like to ask the hon. member a question with respect to the impact on Ontario. In Ontario the impact of the budget is that first of all Ontario will receive its share of \$3.5 billion. In addition there is a per capita amount that will affect both B.C., Alberta and Ontario. In addition there is a further \$2 billion, of which Ontario's share is approximately 40%.

I would be interested in knowing the hon. member's response to all of that money that is to flow to Ontario and how it should impact on a variety of issues.

Mr. Bryon Wilfert: Mr. Speaker, I thank the hon. member for the question. It is clearly outlined that in the most populous province in the country there has obviously been provincial restructuring of hospitals, et cetera, and these dollars will be extremely important to making sure that residents who live in Ontario will be able to get the kind of health care they need.

Again, in conjunction with the provinces, there is no question that these dollars will obviously be used by the provinces effectively. The Ontario government, having signed the health accord, has committed to making sure that the issue of chronic care beds that are needed and reducing the waiting period for ER as an example will be dealt with.

We hear the Premier of Ontario telling us that this is a good budget and therefore he likes where these priorities are going.

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Mr. Rey D. Pagtakhan (Winnipeg North—St. Paul, Lib.): Mr. Speaker, I am delighted to speak on budget '99 which has as its theme building today for a better tomorrow; yes, a better tomorrow for our adults and youths of today and for our fellow citizens yet to be born in anticipation of the coming century of the new millennium.

In today's news Statistics Canada reported that the Canadian economy for the whole of 1998 grew at the rate of 3%, turning in one of its best quarters of the decade at 4.6%.

For individual Canadians today's news reports that the disposable income for the whole year, when adjusted for inflation, was up 1.5% from 1997, a real gain in real income.

It is this type of economic growth that the federal government is committed to sustain and surpass. Indeed it is a key goal of the government to create a strong economy that generates well paying jobs and ensures a higher standard of living for all Canadians.

That is why budget '99 will invest more than \$1.8 billion over the remainder of this fiscal year and the next three years in advanced research, in innovation, in the information highway and in support of employment.

Before I focus on these budgetary items, let me at once say how extremely pleased my constituents of Winnipeg North—St. Paul received the news that among these other items, budget '99 is a health budget as well.

• (1355)

An additional \$11.5 billion, \$3.5 billion of which is an immediate one time supplement available this fiscal year, has been earmarked specifically to the health care system over the next five years, over and above the \$12.5 billion cash floor presently in the Canada health and social transfers. This is a truly substantial amount that has been welcomed by provincial governments whether of the NDP or Tory banners.

This additional allocation translates to \$425 million over five years for my home province of Manitoba. This health component of the budget reflects more than the amount itself. It reflects the common vision that all premiers and territorial leaders confirm as undertakings they had previously given in an exchange of correspondence with the Prime Minister at the first ministers meeting on February 4, 12 days before the budget was announced.

It reflects their undertakings that they remain committed to the five principles of medicare, universality, portability, accessibility, comprehensiveness and public administration. It reflects the common vision that they achieved in the framework for social union signed shortly before the budget was announced, that all levels of government, federal, provincial and territorial, would make themselves accountable to Canadians in an open and transparent manner.

This common vision includes the belief that research is at the core of a quality health care system, a system that will improve care and treatment, prevention certainly and hopefully a cure. It is about our hope as Canadians that a woman will overcome the tragedy of breast cancer and a man the tragedy of prostrate malignancies, that a grandfather and a grandmother will be spared premature loss of memory and that a son and daughter will regain nerve functions following a devastating accident or injury.

Hence, budget '99 has also earmarked a substantial amount for health research, \$25 million to create a new research fund henceforth to be called the nurses using research and service evaluations, or NURSE fund for short.

This new initiative is to enhance the leadership role that nurses deserve to play in the health care system now and in the future. Also there is \$35 million to the Canada health services research foundation.

In each of the next three years the Medical Research Council and Health Canada's national health research and development program will see an increase of \$27.5 million and \$2.5 million, respectively, to their annual budgets. This new allocation is to provide immediate support for advanced health research.

The Speaker: The member still has five and a half minutes but it is almost 2 o'clock.

[*Translation*]

We must now proceed to Statements by Members, but you will have the floor when we resume debate.

STATEMENTS BY MEMBERS

[*English*]

ONWARD WILLOW

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Mr. Speaker, Onward Willow Better Beginnings is an excellent example of neighbours working together to build a better community.

Onward Willow offers a number of services to help recent immigrants adjust to life in Canada. Its dedicated volunteers help new Canadians to learn English as well as locate proper clothes and furnishings. Onward Willow also helps low income families with its coat exchange and breakfast programs for children in area schools.

Most important, Onward Willow helps our newest residents to really become a part of the community because it creates an opportunity for them to meet their neighbours. It has greatly contributed to Guelph—Wellington's sense of civic and national

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pride by teaching its participants that they are welcome and that they do belong.

I congratulate Onward Willow Better Beginnings for its success as a community organization and to thank its volunteers for giving so much of themselves. Together there is no end to what we can accomplish.

* * *

UNITED ALTERNATIVE

Mr. Cliff Breitreuz (Yellowhead, Ref.): Mr. Speaker, the united alternative conference was a smashing success and if we want proof, look at all the howling yesterday from worried Ontario Liberal MPs.

Fifteen hundred delegates from every province have risen up and returned to their ridings to begin the work of saving our country from big government and judicial activism.

Unfortunately every noble revolution has its martyrs. Paul Barnes, the president of Nova Scotia's PC youth, has been expelled from the PC party because he chose to come to the UA with an open mind.

Two other bright young Atlantic Canadians, Kevin Lacey and Clinton Deveaux, have felt the heat too. Barnes, Lacey and Deveaux were among 300 young people from coast to coast attending the conference.

• (1400)

Young Canadians need a government that will lower their taxes. They need a criminal justice system that will protect them, not the criminals.

I salute Paul Barnes, Clinton Desveaux and Kevin Lacey for having the courage and the conviction to help build a better Canada.

* * *

SHERIDAN COLLEGE

Ms. Bonnie Brown (Oakville, Lib.): Mr. Speaker, job creation and training have been a central part of the government's agenda since 1993. The latest employment figures speak to our ability as a government to create the proper framework for Canadians to experience the dignity of work.

In Oakville, co-operation between government and the private sector has led to the creation of an innovative partnership among Sheridan College, the Gross Machinery Group and the Government of Canada.

Designed to meet the needs of the 21st century, Sheridan's computer numerical control centre offers industry based training for programmers, setters, operators and technical staff. This pro-

gram is a highly efficient way to prepare individuals to meet the skills level required by today's job market. The college's new centre of excellence demonstrates our government's willingness to help Canadian manufacturing companies in their quest to compete on international markets.

By doing so, we also contribute to the creation of a dynamic and productive future for all Canadians.

* * *

LAKEFIELD HERITAGE

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I rise to recognize publications like *Lakefield a look at its history*, published by Lakefield Heritage, co-ordinating editor Gordon Young.

This is a comprehensive book documenting life in the village of Lakefield from 10,000 years ago to the present day. This is a village known for its literary traditions.

The book was supported by local individuals and families and by many businesses, including Lakefield Research and Trentway-Wagar.

We should do all we can to encourage communities to document their heritage like this. History at this level is the history of those very individuals who built this nation. Books like this cement our sense of being Canadian.

Congratulations and thanks to Gordon Young and his colleagues, and to grassroots authors and publishers across Canada.

* * *

1999 CANADA WINTER GAMES

Mr. Joe Jordan (Leeds—Grenville, Lib.): Mr. Speaker, I wish to take this opportunity to provide an update at the midpoint of the Canada Winter Games taking place in Corner Brook and nearby communities in Newfoundland.

Following the first week of competition, local volunteers did a masterful job. Despite difficult weather conditions they arranged transportation for over 1,600 athletes, coaches and officials to leave Corner Brook while a similar number were arriving for the second week of action.

After week one, Ontario leads the medal standings and the race for the Canada Games flag. Manitoba leads British Columbia for the Centennial Cup which is awarded to the province showing the greatest improvement in its results from the previous Canada Winter Games.

These games are a celebration shaped by the vision of the host community and animated by the thrill of competition and the pride of athletes striving to achieve their personal best. The experience changes the lives of thousands of young athletes and the life of the host city and surrounding region.

S. O. 31

I know that all hon. members and Canadians everywhere join me in congratulating the participants and organizers in Corner Brook on their outstanding efforts—

The Speaker: The hon. member for Delta—South Richmond.

* * *

NISGA'A TREATY

Mr. John Cummins (Delta—South Richmond, Ref.): Mr. Speaker, Vancouver Island North residents gave the Nisga'a treaty an overwhelming thumbs down on the weekend, echoing the results of two previous grassroots plebiscites this year. More than 97% of the voters rejected the treaty as it now stands. Only two and one-half per cent of the voters, 76 people, supported the deal.

People are concerned about this treaty. Saturday's turnout represented 25% of the people who voted in the last provincial election in the North Island constituency.

British Columbians are fed up with the federal and provincial governments misrepresenting the terms of this treaty. They know that the real cost of the Nisga'a deal is almost three times what their governments claim the cost to be.

British Columbians know that because government underestimated the value of lands and resources the province is contributing to the deal, they will get stuck with 75% of the bill.

The people most affected by this deal have spoken. Is the Liberal travelling road show to the west listening? Is this government listening?

* * *

HIV-AIDS

Ms. Carolyn Bennett (St. Paul's, Lib.): Mr. Speaker, last week I was honoured to attend the review of the draft handbook for legislators on HIV and AIDS, law and human rights in Geneva on behalf of the IPU Canadian group.

The conference was attended by legislators from France, Switzerland, Kenya, Botswana, Côte d'Ivoire, Guatemala, India, Russia and England, who were all dedicated to develop a handbook for parliamentarians with respect to AIDS legislation in a human rights context.

The handbook will share best practices and will be a resource for countries developing legislation so they will know and can use what works in other countries and emphasize the need for ongoing evaluation.

I would like to thank the hon. member for Mount Royal, Barbara Reynolds and Serge Pelletier from the IPU for making this experience possible.

• (1405)

I would like to thank Nina Arron of Health Canada, Elissa Lieff and Patricia Lindsay of the Department of Justice and Carol Vlassoff of CIDA for taking the time to share their insights and expertise with me prior to the meeting. They are inspirational and passionate examples of the best of our public service.

The meeting reinforced how proud I am to be a Canadian. Our AIDS strategy and our approach to human rights are respected throughout the world.

The Speaker: The hon. member for Québec.

* * *

[Translation]

THE BUDGET

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, the last Liberal budget confirmed the inability of the technocrat who acts as Minister of Human Resources Development to protect the poor in our society.

A budget that provides an annual tax reduction of \$2,123 to a person earning \$250,000, compared to a measly \$115 for someone earning \$30,000 shows nothing but contempt for democracy and fairness, and is shameful.

How did the Minister of Finance manage to grant such reductions to his rich friends after having targeted for five years the poor, the students and those on welfare, and after shamelessly dipping into the employment insurance fund? Words are not strong enough to condemn the contempt shown by this government toward the poor.

The Bloc Québécois demands that the Liberal government use the EI surpluses to improve a system that has reduced hundreds of thousands of honest workers to poverty.

* * *

PARTI QUEBECOIS

Mr. Nick Discepola (Vaudreuil—Soulanges, Lib.): Mr. Speaker, the Parti Québécois could not have found a worse ally to put the referendum issue back into the forefront.

Last week, the Société Saint-Jean-Baptiste stated loud and clear that it intends to play a key role in the process to bring the issue of sovereignty back into the limelight.

With friends like the Société Saint-Jean-Baptiste, the Parti Québécois does not need enemies. And with former premier Jacques Parizeau, whose dogmatic position in favour of unconditional separation is well known, the next referendum campaign should be interesting to say the least.

S. O. 31

Sovereignists do not realize that Quebecers do not want to separate. They do not want Quebec to separate from the rest of Canada and they do not want a referendum on this issue.

Quebeckers deserve referendum peace. They deserve a government that looks after the economy, instead of thinking up referendum questions.

* * *

[English]

TAXATION

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, Arthur Friedrich of Calgary and his family are carrying out a very effective tax revolt. They are packing up and moving to the United States. He was a Liberal supporter and worked on the heritage minister's election campaign but sadly, he is now giving up on Canada because of taxes.

He comments that if he were cynical he would say that the government's attitude is to punish success. Mr. Friedrich and his wife scrimped and saved to build professional careers and security for their family but found that they were bludgeoned with more taxes every time they got a pay raise.

He said "I see my investments and pension evaporating before my eyes and the government doesn't seem to care. As a former Liberal, the decline of Canada is a bitter pill to swallow. I deeply wish things were different. I like Canada and I had really wanted to stay, but I no longer see any future for my children in this land".

Does that not say it all.

* * *

[Translation]

CANADIAN ECONOMY

Mr. Claude Drouin (Beauce, Lib.): Mr. Speaker, last week, the Bank of Canada said that the Canadian economy had performed better than expected in 1998.

Yesterday, Statistics Canada said that Canada's GDP had gone up by 1.1% in the fourth quarter of 1998.

Such results are not mere chance. The good news delivered in the last federal budget and the good news delivered by Statistics Canada reflect the good economic and financial management of the country.

This is an encouraging sign from the economic sector that sends a message to sovereignists to quit pushing so hard for Quebec's separation from the rest of Canada.

The sovereignists' message undercuts the efforts of those doing everything they can to keep the country together and encourage

investors and consumers to continue working for the betterment of this wonderful country called Canada.

* * *

[English]

DOWNTOWN EAST SIDE COMMUNITY REVITALIZATION

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, \$5 million over five years for the downtown east side community revitalization program was recently announced by the federal government. It is critical that the downtown east side benefit from this announcement as there is a crisis in the lack of adequate housing, treatment facilities, income support and employment.

If the federal government is surprised by the skepticism from the local community, it is because we have witnessed the dire consequences of federal cuts, the elimination of federal funding for non-profit affordable housing and EI cutbacks.

• (1410)

We are told these funds will open an office and study ways to bring people together and solve safety concerns. Instead of jobs for social facilitators, we need to ensure that these funds are used for addiction treatment programs, improving social conditions and improved housing.

Will the government make a commitment to these basic needs? Will the federal government make it clear that the focus will be on programs and services that will directly benefit those in need who live in the downtown east side?

* * *

[Translation]

KARINE VANASSE

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, I would like to pay tribute to a talented new actress from Drummondville, Karine Vanasse.

Karine plays Hanna in Léo Pool's film, *Emporte-moi*, which is entered in the Berlin film festival. In the film, which also features Pascale Bussières, Karine delivers a very mature performance and shows an impressive mastery of her art.

Upon completion of this film, the talented 15-year-old was chosen to co-host a television program for young people called *Les Débrouillards* with Grégory Charles, another actor from my riding.

I wish Karine many other experiences such as this one. She can now count herself among the artists helping to bring Quebec's culture to the world stage.

Bravo, Karine, and thank you.

Oral Questions

[English]

UNITED ALTERNATIVE CONVENTION

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, as I was flipping through the channels on my television this past Saturday, what did I see but Rodrigue Biron as a prominent speaker at the united alternative love-in. Not only was he given a high profile job, that of introducing the leader of the Reform Party, but in his speech he emphasized strongly how he was a card-carrying member of the PQ and BQ, two movements committed to the breakup of our country. He was received, let me say, with a standing ovation. What hypocrisy. Not long ago, we must remember, the Reform Party said no more prime ministers from Quebec.

In my view the Reform Party has not yet realized that we have an electorate that is sophisticated and tuned in to government and specific party initiatives and policies. With the Reform Party's antics and outrageous statements it seems it certainly has the knack for underestimating the public's intelligence.

All I have to say, Mr. Speaker, is you can change the clothes, you can do the makeover, but you cannot change the person. Reform is Reform is Reform, otherwise known as the flat earth party.

* * *

1999 CANADA WINTER GAMES

Mr. Charlie Power (St. John's West, PC): Mr. Speaker, the 1999 Canada Winter Games are being hosted in the city of Corner Brook in my home province.

The Canada games see our nation's finest young athletes represent their respective provinces and territories as they test their abilities in sporting competition.

I am pleased to stand today in the House and acknowledge the extraordinary accomplishments of one Newfoundlander who has distinguished himself with an exceptional performance at these games. Twenty-one year old Lee Churchill, a native of Hodge's Cove, Trinity Bay, has become a hero in Newfoundland and Labrador for capturing an amazing three gold medals in cross-country skiing. Over four days of competition, Mr. Churchill has single-handedly exceeded the highest number of gold medals ever won by the province of Newfoundland and Labrador.

I ask my colleagues in the House of Commons to join with me in congratulating Mr. Churchill and indeed all the athletes who are in Corner Brook.

* * *

HEALTH CARE

Mr. Joseph Volpe (Eglinton—Lawrence, Lib.): Mr. Speaker, this past week Reform members have had the unbelievable gall to suggest in the House that the government is less than fully

committed to Canada's publicly funded health care system. Reform must be thinking of its own pathetic history when it comes to health care.

Let us examine for a quick moment the record to see which party has been demanding that Canada adopt the two tier American style commercialized health care system. Which party's most recent policy book calls for "the complete rearrangement of the costs of health care insurance, such as basic deductibles, medisave accounts, choice of insurance coverage, and complete coverage for catastrophic illness"? Reform of course. Which party's leader has said that "we want to remove those sections of the Canada Health Act that deny provinces the flexibility to require some Canadians to pay at least a portion of their health costs"? Reform.

* * *

PROSTATE CANCER RESEARCH

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, in the past year, thousands of men and women wrote letters to the Minister of Health asking for more funding for prostate cancer research. Unfortunately instead of acknowledging the efforts of those dedicated people, the minister told a media conference in Vancouver last week that the four Liberal MPs in attendance deserved the credit for the increase in prostate cancer research funding.

The people who worked so hard to make this funding a reality do not appreciate being told that a bunch of Liberal trained seal party hacks made it happen. So I am doing what the minister should have done. I am acknowledging the dedication and resolve of those who successfully lobbied the minister to loosen the purse strings.

To the members of prostate cancer support groups across Canada and on behalf of every Canadian family affected by prostate cancer, I extend a sincere thank you to you for your efforts. It was because of you that more prostate cancer research funding was made available.

ORAL QUESTION PERIOD

• (1415)

[English]

TAXATION

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, yesterday Statistics Canada restated the obvious that taxes are up yet again thanks to the Liberal government. The Prime Minister cranked up income taxes and payroll taxes by a whopping 6% in one year so that even when the economy grows it is the government's income that grows faster than the taxpayers' income.

Oral Questions

Why did the Prime Minister tax away most of the income increases that Canadians managed to earn last year?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, because the economy is performing very well we are having the benefit of having an economy that is well managed and the revenues are coming accordingly. That gave the government the opportunity over the last two budgets to reduce income taxes by \$16 billion over a period of three years. There have been major tax cuts since we have been here.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the Canadian economy did not grow by 6% last year. The disposable income of Canadians did not grow by 6% last year. The average Canadian did not get a 6% increase in income last year. Yet the government takes 6% more in income and payroll taxes from those Canadians.

Why did the Prime Minister insist on a 6% higher tax collection last year with even higher taxes to follow in 1999?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, since we have been the government we have managed the economy in a way that we have managed to reduce the deficit from \$42 billion to zero. Now the big problem is that this government has managed the economy so well that people are worried that we might have more money in the coffers than predicted.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the record of this government is collecting \$42 billion more in taxes this year than it collected when it came to office. The worst part of it is who is being hit the hardest. It is not the high income Canadians. It is the poorer families.

In British Columbia a family with two children and earning only \$25,000 will pay a 70% tax on every extra dollar of income it earns. If the Prime Minister is not embarrassed by the highest taxes ever charged in Canada, is he not embarrassed by the fact that he is taking those taxes for the most part from the poorest Canadians?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have managed the economy in a way that, for example, this year the spending of the government will be 12% of GDP. That is the lowest in 50 years. We have managed to have more revenues because we have 1.6 million more Canadians who are working who did not have jobs when we were elected in 1993.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, this year the government went \$7.6 billion over budget in its spending. StatsCan has confirmed it. Canadians are now paying the highest taxes that they have ever paid in history. Out of all those people who are paying extraordinarily high taxes it is single income families that are paying the most proportionately.

Why do the Prime Minister and his government discriminate against single income families?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, since we took office, even though we were running a huge deficit, reducing taxes has been one of our priorities. Even when we were in deficit we started by selective tax cuts for Canadians with disabilities, for the charitable and voluntary sector, for students. The most massive tax cut of all for lower income Canadians was the child tax benefit going to low income working families, \$2 billion with this budget.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, earth to the minister. If they are cutting taxes, why does StatsCan say that they are now at record high levels? Why is the minister running away from the question?

• (1420)

Why is this government discriminating against single income families? Why is a family making \$50,000 paying \$4,000 more in taxes than a dual income family?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the facts are that from day one personal income tax reductions have been an important part of our government's fiscal plan. With this budget a two income family earning \$50,000 with two children gets a 15% decrease in its income taxes. The same family with a \$30,000 income pays zero federal income taxes. The same family with a \$20,000 income gets a federal tax credit of \$3,600. This is our commitment to the Canadian middle class.

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[Translation]

MILLENNIUM SCHOLARSHIPS

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the Minister of Human Resources Development said yesterday that the unanimous resolution of the Quebec National Assembly would resolve the matter of the millennium scholarships. This resolution asked the government to negotiate government to government.

How can the minister stubbornly refuse to respond to Quebec's demand and to negotiate government to government on this matter?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, yesterday, the Liberal Party of Quebec made an extremely constructive suggestion, and we welcomed it.

I can see that the Bloc Québécois is still blocking and trying to penalize Quebec students when what we want is to make sure that they have easier access to higher education.

Oral Questions

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, that is not what the resolution he said he is referring to says. The millennium scholarships represent a political decision to ensure visibility.

How can the minister say such a thing, namely, that he is prepared to negotiate, when he wants to send an official, when he himself refuses to assume his political responsibilities, because it is a political matter?

How can he refuse to negotiate government to government and hide behind Jean Monty, who should concentrate on settling the problems at Bell Canada, where he is cutting jobs, rather than getting involved in the millennium scholarships?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I am sure the president of Bell Canada would welcome the advice of the leader of the Bloc Québécois, who himself needed another advisor to tell him what to do in the coming year, in the person of the former premier of Quebec.

I can assure you of one thing. The three principles of the resolution passed in the Quebec National Assembly, as the Prime Minister of Canada wrote to Mr. Bouchard, may be met for the greater benefit of students in Quebec.

Mr. Bernard Bigras (Rosemont, BQ): Mr. Speaker, in his response to the Quebec Minister of Education's offer to negotiate, the Minister of Human Resources Development says he is prepared to negotiate any program whatsoever with him, yet he persists in refusing to discuss the millennium scholarships.

How can the minister justify his readiness to discuss any program with the government of Quebec, with the exception of the millennium scholarships for which he claims he wishes to delegate departmental employees to hold discussions with Quebec?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, first of all, legislation creating the foundation, an independent body, was enacted. Second, Minister Legault's letter called for us to ignore the National Assembly resolution and went back to the demand for opting out with entitlement to compensation, which is not part of the National Assembly resolution.

The preference was to ignore the principles of the National Assembly resolution, and to revisit the question of the right to withdraw with full compensation. This was negotiated last Spring, and we know what the results were.

Mr. Bernard Bigras (Rosemont, BQ): Mr. Speaker, how can the minister refuse to negotiate with the Quebec Minister of Education on the millennium scholarships, when he himself confirmed yesterday that he was speaking with the Quebec Liberal Party?

Is the minister not placing himself in a delicate position by speaking with the opposition rather than the government?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, we know very well that the Bloc gets its orders from the government every morning, and there is no complaint about that here in the House. It is perfectly normal for parties to speak to each other. If I did not speak with the leader of the Liberal Party of Quebec I would be faulted for that.

• (1425)

What is at stake here is to give Quebec students access to the millennium scholarships. I want to adopt a constructive attitude. A pathway opened up yesterday and I very much hope that Mr. Legault is going to accept the opening offered yesterday by the Liberal Party of Quebec.

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[English]

COMMODITY PRICES

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I address my question to the Prime Minister.

The agriculture minister, the finance minister and others have expressed concern about low commodity prices, and rightly so. Now the World Bank has confirmed that real commodity prices are likely to remain below 1997 levels for at least 10 years.

This means the crisis in farming, in forestry and in mining communities is not going away. Does the Prime Minister share these concerns? Will he consider convening a national summit to tackle the crisis?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, Canada has worked very hard to make sure that the commodity industry faces the situation in a very good way. We have increased the productivity of that sector and we have managed to keep exporting.

One of the reasons we are on Team Canada is to sell a lot of the commodities. We were criticized by the NDP for doing the mission which tries to sell Canadian commodities.

On the other side too, the commodity sector is not as viable as it was before. Exports used to be 60% in commodities and now it is—

The Speaker: The hon. leader of the New Democratic Party.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the fact of the matter is Canada is the most vulnerable of the G-7 countries to this crisis.

Does the Prime Minister recognize that low commodity prices continuing for at least 10 years will have a disastrous impact on communities that are dependent on agriculture, forestry and mining? Will the Prime Minister show some leadership here? Will

Oral Questions

he convene a national summit to work together toward solutions with those affected by the problem?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the leader of the NDP has awakened to the intensely competitive global marketplace.

In a news release today she said the only answer is for Canadians to work together to find solutions. That is exactly what we have been doing as a government since 1993. We are fighting for fair access in markets around the world.

Team Canada trade missions take advantage of that access. We have more research and development, more diversification, more value added economic growth. Canadian dependency on raw commodities has been cut from over 60% in 1980 to about 35% today.

The nation has been rid of its deficit and we already—

The Speaker: The hon. member for Compton—Stanstead.

* * *

SEA KING HELICOPTERS

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, the Sea Kings are so old that they have to be reskinned and ribbed, refloored and re-engined. Families are dependent on long term maintenance as a safety measure to protect their loved ones flying Sea Kings. The minister keeps saying we will not fly unsafe aircraft but his words differ from his actions.

Will the minister ensure that the money taken for the Persian excursion is immediately restored to Sea King maintenance so that pilots and their families can sleep at night?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, we will not fly an aircraft that is not safe to fly. We have a very high maintenance level. We are not robbing it from some other accounts that deprive the military of proper training or anything of that sort.

We recognize that while we well maintain the Sea Kings, they are getting on in years and will need replacement soon. We are in the process of developing a strategy with respect to their replacement.

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, the minister should change his lines as they are no longer credible. Considering that we had another safety incident yesterday with the Sea Kings, that brings the total to nine in the last month that we know about.

Will the minister not admit that it was a mistake to cut funds out of the maintenance budget of our 35 year old Sea Kings that will

now have to fly for another six to eight years, especially when the minister has no intention of even initiating the maritime helicopter program?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, we do not cut funds that are necessary for the proper maintenance of any of our equipment.

• (1430)

We have, as has any aircraft operator, maintenance difficulties from time to time, service requirements. Whether it is new aircraft or old aircraft we will continue to provide a very high level of maintenance because we want to ensure that our personnel are in fact safe when they fly these aircraft.

* * *

TAXATION

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, if you want the real facts you go to Stats Canada and not to the minister.

Take two Canadian families that earn \$50,000 a year. In one family both parents work outside the home and in the other, one parent stays home with the kids. One would think they would pay the same amount of taxes, right? No, in fact they do not. The family that has one parent stay at home pays \$4,000 more a year in taxes.

Why does the Prime Minister think that is fair? How does the Prime Minister think that is fair?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, we have to recognize that during the process of reducing taxes we have recognized a number of the disparities. Let me recite them for the member.

Where we have a single earner family we have a spousal credit of \$1,500. In addition, we have the age credit, the pension credit, the disability credit and the medical credit that can be claimed.

With the child tax benefit we give \$1,340 more to a single earner than to a double earning family. On top of that, a single earner can contribute up to \$13,500 to the RRSP of a spouse.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, in spite of all the credits that the minister brags about, these people are still paying \$4,000 a year more in federal tax and the minister is clawing back that money off the child tax credit.

The point is that last year single income families paid 92% more federal tax than dual income families. Under the 1999 budget that discrimination gets even worse. Families with a stay at home parent pay more than double the federal tax of a two income family regardless of what he says about credits. Families are having to live on credit now.

Oral Questions

Why does the government continue to discriminate against single income families?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, we have from day one recognized the overly onerous burden of the personal income tax and we have continually, in every budget, taken measures to reduce it.

Unfortunately we cannot afford the \$25 billion in fiscal goodies promised to us by the Reform Party with a \$9 billion black hole without telling us where it will come from.

If we were to undertake to introduce the Reform budget, the bonding agencies would just simply laugh at us.

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[Translation]

MILLENNIUM SCHOLARSHIPS

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the unanimous resolution passed by the National Assembly regarding the millennium scholarships provides essentially three things: first, Quebec's share will be determined by using demographic data; second, Quebec will select the students who will get the scholarships; and, third, the scholarships will be awarded while avoiding any duplication and ensuring the necessary visibility for the government.

Is this not a reasonable position, and will the minister come to the table and sign this with the Quebec Minister of Education?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I am pleased to see that the former Bloc Quebecois leader recognizes the content of the National Assembly's resolution. It is absolutely reasonable and I believe we will easily reach an agreement with the Quebec government and the foundation that will benefit Quebec students.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, if the minister really wants Quebec students to benefit from it, I should remind him, in an absolutely reasonable manner, that, on February 15, the Quebec Minister of Education asked to meet him to negotiate on the basis of that resolution, to sign an agreement and to settle the issue.

If the minister is serious about settling the issue, will he do the reasonable thing, assume his political responsibilities, sit down with Quebec officials, sign an agreement and thus allow Quebec students to benefit from the program?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, in his letter, Mr. Legault asked for government to government negotiations based on the right to opt out with full compensation for the Quebec government. What the member for Roberval is saying has nothing to do with that. The

Prime Minister himself wrote to Mr. Bouchard to confirm that the legislation makes it possible to meet the resolution's three reasonable objectives.

In a press conference held on January 25, Mr. Monty said he was fully prepared to meet the three objectives and the principles set forth in the resolution. So things are moving along.

* * *

• (1435)

[English]

TAXATION

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, the minister has had two days to answer questions from our party about single income versus dual income families.

The fact is that since day one the government has discriminated against single income families. The single income family will pay more than double in taxes what a dual income family making the same income will pay in this year's budget.

Why does the government continue to discriminate against single income families in Canada?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, one thing we have to recognize is that if two members of a particular family are both working, first of all they are putting in twice the working hours.

They also have close to twice the expenses: the work related expenses of clothes and travel and the expenses of not having someone at home doing the housework. There are added expenses with more than one person in a household working.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I am sure all the mothers who are staying home looking after their families will be very happy with the minister's remarks.

The fact is women who stay home to look after their families and parents who stay at home work as hard as those who are in the workforce, but the government does not give them one bit of credit for it. As a matter of fact it charges them for the sacrifice they make to stay home to look after their families.

What kind of government has that little respect for stay at home parents?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, we recognize there are many reductions that still have to be made to the personal income tax system. These reforms we began from the very first day that we took office.

We have a progressive tax system under which if you earn in a much higher bracket you are naturally going to pay more money.

Oral Questions

We recognized this in the last budget when we said that for the child tax benefit you pay \$13.40 less.

Some hon. members: Oh, oh.

The Speaker: Order, please. The hon. minister, if he wishes, may finish his response.

Some hon. members: Oh, oh.

The Speaker: Order, please. We will hear the minister.

Hon. Jim Peterson: Mr. Speaker, having dealt conclusively with this issue, I feel there is nothing more to add.

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[Translation]

IMMIGRATION

Mr. Réal Ménard (Hochelaga—Maisonnette, BQ): Mr. Speaker, a number of regrettable cases of immigrants being threatened with deportation have been brought to public attention by the media.

The fact that the reports provided to the minister are apparently incorrect would indicate that her officials are mocking her.

Should we not be concerned about cases such as the Castillo family case, in which Immigration Canada wants to deport someone who has been living in Canada for over 17 years? Is this not an inhuman, heartless and irresponsible act?

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, while I cannot comment on a specific case before this House, let me say that the Immigration Act contains all the provisions necessary to accede to certain applications for humanitarian or compassionate reasons.

When these people live in Quebec, these applications are considered in conjunction with the Government of Quebec. I can therefore provide assurance that all the mechanisms are in place to process this sort of application.

Mr. Réal Ménard (Hochelaga—Maisonnette, BQ): Mr. Speaker, I would remind the minister that deportation is the federal government's responsibility.

Instead of repeating her officials' arguments here, should the minister not be more proactive and use the powers she has under the law to take humanitarian action in these cases, in which common sense should dictate her conduct?

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, members are surely aware that we have here in Canada an immigration and refugee protection system, which is one of the most generous in the world. It is so recognized internationally.

I repeat. The Immigration Act provides the mechanisms needed to deal with these situations.

* * *

● (1440)

[English]

TAXATION

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, for years it has been a mystery to Canadian families why the tax system discriminates against those who make the sacrifice of forgoing a second income to have a parent stay home and raise the children but now, lo and behold, we have found the government's answer.

It believes families that decide to keep a parent at home to raise the kids are not working. Let me tell the secretary of state that stay at home parents work harder than many people who are generating income and they deserve recognition in the tax code.

How can the government continue to justify a tax system that tells stay at home parents they are second class citizens?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, we have from the beginning of the process of individual tax reform recognized very strongly the role that a stay at home spouse can play in a family.

This is why under the child tax benefits we have a \$1,340 benefit that is not otherwise available. This is why under our system it is possible for a single worker in a family to contribute up to \$13,500 to an RRSP for a non-working spouse. This is part of our philosophy.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, the Liberal philosophy is to say to people who decide to keep a parent at home and forgo a second income, to make an economic sacrifice, to do what they think is best by their children, that they will be discriminated against and have to pay more taxes than a family with more income. It makes no sense. It simply is not fair.

The House recognized that in the last parliament when it passed a Liberal member's motion to stop tax discrimination against single income families. When will the government begin to address this gross inequity and level the playing field for families that make sacrifices for their kids?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, we on this side of the House recognize that we have further reductions in personal income tax to make. This has been part of our philosophy from day one when we took office. This is why we have targeted it in areas of priority.

We recognize that we do not have unlimited funds to do everything that we might like to do. We have had to be prudent in our tax cuts. We have made many spending cuts, going down to record low levels as the Prime Minister has pointed out. These have

been tough choices that we have had to make on behalf of Canadians. We are committed to ongoing cuts to personal income tax and we will make—

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

* * *

[*Translation*]

MILLENNIUM SCHOLARSHIPS

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the Minister of Human Resources Development told us that Quebec's Minister of Education wrote him on February 15 about the right to withdraw with full compensation.

But nowhere in this letter is there any mention of the right to withdraw with full compensation. What it does contain is the following "I am therefore pleased about this overture and request a meeting with you at the earliest possible date for the purpose of government-to-government negotiations, in accordance with the motion passed by the National Assembly".

Why has the minister misrepresented the contents of this letter? Why is he refusing to negotiate on the basis of this motion? It is a matter of good faith.

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I referred to the position taken by Mr. Legault in his letter and in the public statements he made, where he clearly returned to it.

However, I am very pleased that the Bloc Québécois is moving away from the right to withdraw with full compensation. This is the first time the Bloc Québécois has admitted that that is not necessarily the route to take.

Yesterday, I was open—

Some hon. members: Oh, oh.

The Speaker: Order, please. I would ask members to listen to the answer. It is easier that way. The hon. Minister of Human Resources Development still has some time left.

Some hon. members: Oh, oh.

The Speaker: Order, please. The minister only has a few seconds left.

Hon. Pierre S. Pettigrew: Mr. Speaker, the Prime Minister of Canada and the chairman of the foundation, Jean Monty, assured us that we could resolve this dispute with the Government of Quebec with respect to the resolution by Quebec's National Assembly.

Oral Questions

LINGUISTIC MINORITIES

Mr. Eugène Bellemare (Carleton—Gloucester, Lib.): Mr. Speaker, my question is for the Minister of Canadian Heritage.

Since the early nineties, Canada's official languages minorities have been hit by major cuts made by various governments.

• (1445)

Could the Minister of Canadian Heritage tell us how the announcement she made in Moncton this morning will correct a difficult situation for official language minorities?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, it is with great pleasure that I announced this morning that the Government of Canada, which includes all the members of cabinet and the members of parliament, will invest an additional \$70 million a year, precisely to help Canadians who are part of a minority.

This was a commitment made by the Prime Minister, who has always worked to build a country that believes in respecting cultural diversity.

[*English*]

The Prime Minister's belief in cultural diversity is being delivered by this \$70 million annual addition to the official languages budget.

* * *

THE SENATE

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, I have a question for the Prime Minister about his constitutional responsibility to appoint senators. There are now three vacancies in the Senate and depending upon court proceedings there may be a couple of others. The legitimacy of the Senate is now in tatters.

Would the Prime Minister consider a pause or a freeze on the appointment of senators for a few weeks or months and instead appoint someone from his own party to consult with members of the opposition parties to see if we could find a consensus on what to do with the Senate in this parliament?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I think I will receive with pleasure the application of the hon. member.

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, the hon. member is not applying and never would.

When the Prime Minister was the member from Shawinigan back on March 5, 1985, he asked the following question to the then prime minister. He said "Mr. Speaker, I am a bit appalled by the attitude of the Prime Minister. He is the Prime Minister and if he

Oral Questions

wants to abolish the Senate he has enough members to do it. He does not want to have to play games with us or anybody in this House and he should not cop out like that”.

In light of that, will the Prime Minister accept his own advice, show some leadership, and appoint someone from his own party to consult with the opposition to try to find a consensus as to what to do with the other place?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we voted for a complete reform of the Senate. Some people opposed the Charlottetown agreement when we wanted to have an elected Senate.

I am very proud of the quality of the people I have appointed to the Senate since I have become Prime Minister and I am very proud that I named more women than men for the first time in the history of Canada.

* * *

TAXATION

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Mr. Speaker, from some of the answers we have heard today it is no wonder that Canadians continue to express their lack of confidence in this government's tax schemes. The reality at tax time for most Canadians is no money for RRSPs.

How can Canadians—

Some hon. members: Oh, oh.

The Speaker: Order. The hon. member for Battlefords—Lloydminster.

Mr. Gerry Ritz: Mr. Speaker, the reality at tax time for most Canadians is no money for RRSPs.

How can Canadians save for their future when this government's high taxes drive them to the poor house today?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, we have consistently, as I have said, in every budget reduced income taxes. This has been part of our quest and we have achieved it.

Let me point out that our priority has been low and middle income Canadians. They are the ones who need it most. That is why in the last two budgets we have taken 600,000 Canadians right off the tax rolls.

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Mr. Speaker, if we forget the phoney rhetoric and forget the Liberal spin on a lot of this, the reality is that RRSP contributions are shrinking.

How can Canadians take charge of their own future when the government's tax gouge keeps putting them in the poor house? What kind of help is that?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, we have very generous limits right now and there have been suggestions that we be allowed to increase them in the future.

• (1450)

In terms of providing a secure and dignified retirement for Canadians, it was our government that came to grips with the Canada pension plan and together with the provinces put it on a solid footing.

The party across the way wanted to destroy the Canada pension plan and leave retired seniors to their own means.

* * *

ABORIGINAL AFFAIRS

Mr. Gerald Keddy (South Shore, PC): Mr. Speaker, the Minister of Indian Affairs and Northern Development finally answered an extremely simple question about the election process for the Caldwell First Nation.

It should be noted that Chief Johnson, a custom chief, has not consulted all band members and the minister did not consult the citizens of Blenheim Kent-Essex about the Caldwell Reserve until after the issue received significant amounts of publicity.

Lack of consultation always leads to confrontation. Why did the minister choose this route?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, the route taken was to consult with the community, to talk with them about their legitimate concerns with regard to the negotiated settlement with the Caldwell.

The chief is working with his community. We are talking with other members of the Chatham-Kent area and I believe we will, with the best interests of everyone at stake, find a negotiated resolution to this very important issue.

Mr. Gerald Keddy (South Shore, PC): Mr. Speaker, the minister is aware that in other parts of Canada consultation with local municipal units always takes place whenever there are reserve lands that are coming out of an existing municipal unit. In some cases compensation is even provided for lost municipal revenues. It works in Manitoba. It works in other provinces.

Why did the minister not consult with the local Blenheim municipality prior to her unilateral decision that the new Caldwell reserve would be placed in the Blenheim municipality?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, the rhetoric in this question is full of holes, but I would ask the hon. member why, when he visited Chatham-Kent, did he not ask or sit down with the chief himself?

THE MAIN ESTIMATES

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, the estimates came out yesterday and guess what? Spending is up a whopping \$8 billion for the next year.

Let us see what some of this money is being spent on. The human rights tribunal which, according to the auditor general already has trouble managing its money, doubles its budget from \$2 million to \$4 million.

The Senate, with two convicted senators, gets another \$2 million, a 6% increase—

The Speaker: I would ask the hon. member to go to his question.

Mr. Philip Mayfield: Mr. Speaker, the Canadian television fund is getting its budget doubled from \$50 million to \$100 million. Is this why Canadians who are scratching for rent and groceries cannot get tax relief?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, the main reasons for the increases are \$800 million for employment insurance benefits, \$900 million for the Canada health and social transfer and \$800 million for equalization payments.

These are the increases that we are putting into the budget this year in the estimates. They are there to serve the needs of Canadians.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, with the estimates out and this government back to big spending Canadians need to know where the tax cuts are coming.

Are the increases always going to be there? Is this \$8 billion in new spending the reason Canadians will not get real tax relief now? We need to know.

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I have the feeling my hon. colleague misunderstands the purpose of the estimates.

What the estimates indicate is what the money is being spent on and in this case the increases that have taken place, the increases that are in the budget, the increases which they can look at and vote on, are all increases that benefit Canadians. Whether they are equalization payments or health transfers, they are for the benefit of Canadians.

My colleague is nitpicking. The really important expenditures he seems to forget or not know about.

Oral Questions

HEALTH

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, good nutrition is required for individuals to reach their full physical and intellectual potential.

Since March is nutrition month, could the Minister of Health tell Canadians what the budget has done to improve the nutritional health of mothers and newborns?

• (1455)

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the budget of two weeks ago did more than simply commit \$11.5 billion to health care to help turn around the situation and restore the confidence of Canadians. We also recognize the importance of preventing illness and health promotion. For that reason the budget committed \$75 million over the next three years to increase the scope of our program for prenatal nutrition for pregnant women and the health of their babies.

There are about 20,000 women now who are served by this program and that will go to 35,000 women throughout the country because of this increase.

This government believes strongly in preventing illness.

* * *

[Translation]

PASCAL HUDON

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

In early January, Pascal Hudon was arrested in Mexico and found to be in possession of Mayan pottery. Although this young Quebecer is far from being a trafficker in art objects, the Canadian government was slow to react, and a consul was sent only last weekend.

Can the Minister of Foreign Affairs give us a report on what measures of diplomatic protection have been provided by the consul, and on the conditions under which this Quebec national is being detained?

[English]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, we made immediate contact with the family. We operated quickly to talk with Mr. Hudon. He was not willing to receive us at the first instance. We are now in direct contact with him. We have raised the issue with the Mexican authorities. We have raised the issue to make sure that he gets proper medical treatment in the penitentiary. The ambassador has already written to Mexican counterparts to ensure that the sentencing of the courts is properly defined.

Oral Questions

We are providing fully applicable consulate services to Mr. Hudon and we will make sure that his rights are protected.

* * *

[Translation]

EMPLOYMENT INSURANCE

Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP): Mr. Speaker, this government has given responsibility for part II of the Employment Insurance Act to the province of New Brunswick. Unfortunately, it did not impose any conditions on the provincial government before transferring the funds. It ought to have made sure that the programs provided by the province met the needs of the unemployed.

Today, we find ourselves with a program set up by the province with federal funding which does not meet the needs of all the “gappers”.

Is this government going to finally assume its responsibility for the unemployed and transfer additional funds, this time making sure that all the “gappers” are going to get help? There are critical situations in New Brunswick, with a provincial government which—

The Speaker: The Minister of Human Resources Development.

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I appreciate the comments by the hon. NDP member, who acknowledges the excellent job done by our government last year in helping the government of New Brunswick to truly solve the problem of the “gappers”.

In fact, their numbers in New Brunswick have dropped from 7,500 down to fewer than 2,000, thanks to the co-ordinated efforts of the Government of Canada and the Government of New Brunswick.

* * *

[English]

TAXATION

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, we heard earlier from the Secretary of State for International Financial Institutions the specious claim that the government claims to be taking 600,000 people off the tax rolls through tax policy changes in this budget. But he seems to have forgotten in his new Liberal math that 1.2 million taxpayers were added to the tax rolls since 1993 because of bracket creep and that another 300,000 will be added back on in the next two years as a result of bracket creep.

How does he come up with this specious figure when in fact 900,000 people will be paying taxes in 2001 who were not when this government came to power?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, when we took office, unemployment was at 11.4%. Today it is at 7.8%.

It is very simple mathematics. When a person is working they are able to pay taxes. The person who is unemployed does not pay taxes. We are very proud of our job creation record.

* * *

AGRICULTURE

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, last week the agriculture committee travelled to Washington and it did not take very long for the committee to realize that there is a very strange relationship between Americans and Canadians when it comes to agricultural trade.

According to U.S. officials, they have targeted supply management as a deal breaker in the next round of negotiations. The Canadian Wheat Board is still in their sights.

Recognizing that open market access is very necessary for Canadian agricultural trade, is the agriculture minister prepared to sacrifice supply management or sacrifice market access to other agricultural commodities?

• (1500)

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, no we are not prepared to sacrifice supply management. We are working very hard with the industry. I meet every week with sectors of the industry. We are going to put together in co-operation with the industry and the provinces, a strong, unified and credible approach to be in position to go into the next round of WTO meetings.

* * *

RESEARCH AND DEVELOPMENT

Mr. Rey D. Pagtakhan (Winnipeg North—St. Paul, Lib.): Mr. Speaker, research and innovation are key to the excellence of Canada's health care system and to the prosperity of our nation.

Could the Secretary of State for Science, Research and Development tell the House how the 1999 budget will prevent the loss of our medical, nursing and basic research scientists who leave Canada?

Hon. Ronald J. Duhamel (Secretary of State (Science, Research and Development)(Western Economic Diversification), Lib.): Mr. Speaker, we have taken several positive steps. We are building on the past: the Canadian Foundation for Innovation in 1997; the Canadian millennium scholarship fund in 1998; \$1.8 billion in investments in science and technology this year; the centres of excellence, the granting councils, the National Research Council, the Canadian Foundation for Innovation; \$1.5 billion in

health research, prenatal programs and research and for nurses doing research to enhance health care.

We want to keep our brightest and our best in Canada. We want to make Canada the place of choice for knowledge based workers.

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of His Excellency Osama Faqeeh, Minister of Commerce of the Kingdom of Saudi Arabia.

Some hon. members: Hear, hear.

* * *

[Translation]

POINTS OF ORDER

ORAL QUESTION PERIOD

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, during Oral Question Period, I spoke of the letter from Mr. Legault, which referred to the right to opt out. I was referring to his press release of a few days later and not to his letter.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed consideration of the motion that this House approves in general the budgetary policy of the government; and of the amendment.

• (1505)

Mr. Rey D. Pagtakhan (Winnipeg North—St. Paul, Lib.): Mr. Speaker, as I was indicating when debate was interrupted for question period, budget '99 has allocated \$30 million for the Medical Research Council and Health Canada's national health research and development program for each of the next three years. This new allocation is to provide immediate support for advanced health research.

For example, at the University of Manitoba, researchers are working to reduce the 30% rejection rate for kidney transplants. Moreover, \$65 million is initially set aside in the year 2000-01 to support the launch of the envisioned Canadian institutes of health research, an amount that will be increased to \$175 million the year thereafter.

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The combination of all the initiatives announced in budget '99 is to increase the funding for health research, both medical and nursing, by \$550 million over the remainder of this fiscal year and the coming next three years.

Let me now return to the component of the budget that focuses on creation, dissemination, sharing and the application of knowledge as it impacts the economy, and on the component of the budget that supports employment.

Over the next three years \$465 million has been earmarked for the youth employment strategy and another \$110 million per year for the Canada jobs fund. These two particular strategic funds alone will help ensure a bright future for our youth as well as attend to the employment needs of our adults of today.

First, to help create knowledge, the federal government has earmarked the following budgetary amounts: \$200 million to the Canada Foundation for Innovation; \$75 million to the Natural Sciences and Engineering Research Council; \$15 million to the Social Sciences and Humanities Research Council; \$31 million to the National Research Council; and \$55 million for biotechnology research and development by federal science based departments and agencies. These amounts total \$376 million for initiatives to create knowledge.

Second, to help disseminate and share the created knowledge, budget '99 has allocated the following amounts: \$60 million to smart communities to establish demonstration projects that promote the effective use of information technologies in such areas as education and lifelong learning, government services, business and industry, employment, library and information services, transportation and culture; and \$60 million to GeoConnections to make available to the information highway comprehensive and integrated data about Canada's geography, environment, people and resources.

Third, to commercialize knowledge so as to reap the economic and social benefits for all Canadians, budget '99 has allocated the following amounts: \$90 million to the networks of centres of excellence; \$150 million to technology partnerships Canada; \$50 million to the Business Development Bank of Canada to expand financing for small and medium size knowledge based and export oriented businesses; and \$430 million to the Canadian Space Agency.

Budget '99 is indeed the best budget of them all. These initiatives in budget '99 are the products of the determination, will and sacrifice that Canadians have collectively shared since 1993 when they entrusted this government to change their despair to hope, their pessimism to optimism, their doubt to a renewed sense of confidence.

I am humbly proud to be part of this government's team that worked with Canadians to succeed in eliminating the national

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deficit, balancing the books of the nation and reducing the national debt and personal income taxes.

I am proud to be part of this government that believes we have achieved what we have achieved not because of any single value we have pursued, but because of the many values we have advanced together, because of the sharing and openness we have shown to each other as fellow citizens.

I am proud to be part of this government team that working with Canadians is truly building today for a better tomorrow.

• (1510)

[Translation]

Mr. Jean-Guy Chrétién (Frontenac—Mégantic, BQ): Mr. Speaker, we have known for a number of years that the federal government is making surpluses. A round of extravagant spending has begun.

Thus, The Minister of Human Resources Development, with the help of the enforcement assistance fund, provided \$35,000 for a study on the establishment of a technological company in the Asbestos RCM. This financial assistance to one person represents and will always represent structural duplication, because there existed and still exists a federally funded CFDC, a community futures development corporation and a Government of Quebec funded CLD.

How can the member for Winnipeg North—St. Paul justify his government's use of the surplus in the employment insurance fund, which, by the way, should be set aside solely for future users, that is, the unemployed? How can he justify his government's spending \$35,000 to duplicate structures?

Why, for example, did he not give this money to the very responsible diversification committee in the Asbestos RCM, chaired by Jacques Lussier? Or why did he not give it to the community futures development corporation, chaired by Raymond Simon, the mayor of Pontbriand, a corporation governed by the federal government, or to the CLD, headed by Rivard Beaudoin?

The awarding of this \$35,000 to a single individual, who spent barely five months on his study, represents high class social assistance.

[English]

Mr. Rey D. Pagtakhan: Mr. Speaker, I have noted that in the question the hon. member has not really doubted the merit of the study. He has only raised grave doubts as to the duplication of the efforts. In other words, it appears to be more about a wounded ego than anything else. On that note I would say that unless he says that it was not a good study, that type of question should not merit an answer at this time.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I would like to ask the member for Winnipeg North—St. Paul, if he feels this budget is so good and he was doing a lot of bragging about it in his speech, why did the government feel it had to spend \$3.6 million to advertise it and engage in its public relations?

I would hope the member for Winnipeg North—St. Paul is as concerned as we are about the \$500,000 the Manitoba Conservative government is spending on feel good health care ads.

I wonder if the member will join with us in condemning both the Manitoba Conservatives and the federal Liberals for wasting public money to engage in self-serving ads. Would he not agree that every penny available should go into the care of patients and not into propaganda?

Mr. Rey D. Pagtakhan: Mr. Speaker, I should note that the member opposite was a member of the provincial legislature. At that time if at any time the provincial government she was part of did not inform Manitobans on the government's programs, then I would say she would have a legitimate basis to pose that question.

On the substance, it is our duty as a federal government to inform Canadians of the budget. How can we not be proud of \$11.5 billion for the health care system as new money over and above the \$12.5 billion that is presently there? Even the NDP premier of Saskatchewan applauded budget '99.

• (1515)

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, I question the hon. member with respect to this budget and his government's priorities when it comes to law and order in this country.

We know they have a record of late of being very soft on crime. We are still waiting for the tabling of the Young Offenders Act. We know there have been massive cuts to the organized crime budget. We know the RCMP computer system is rusting out, yet millions and millions have been pumped into a useless gun registry system.

Why has this government set such a low priority for law enforcement in this country?

Mr. Rey D. Pagtakhan: Mr. Speaker, on the contrary, I think we have allocated sufficiently in this budget for the law enforcement agency of Canada.

The gun control law is now part of the law of the country, part of the rule of law. I hope the member opposite will obey the rule of law.

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, I wish I could say it was a great pleasure for me to rise today to

The Budget

address this budget. This budget is a disaster, as every Canadian is learning. I am sure hon. members opposite will be riveted by the speech I am about to deliver. Maybe they will be quiet enough to hear it.

I start this afternoon by focusing on the beginning of the finance minister's rather lengthy budget speech: "A budget always brings its own special vocabulary. We talk in the language of rates and ratios, of percentages and decimals, of accounting methods and measures. What all this obscures is what budgets should be about. It is to make the lives of Canadians better. It is to improve their standard of living".

What the finance minister is obscuring is that the rates, ratios and numbers do not lie. The numbers are his undoing. His accounting practices are unorthodox and are not even supported by the auditor general. The numbers show clearly that increases in payroll taxes and bracket creep have not been offset by his minuscule tax cut.

In short, this is what budgets should be all about. They should be about being straight with Canadians. They should be about telling them the whole story or, as Paul Harvey says, at least the rest of the story.

Do not take my word for it. Neville Nankivell calls this budget "a clunker, disappointing and miserly in its approach to reducing what are the highest overall taxes of any major economy".

According to Diane Francis of the *National Post*: "The latest budget is a big con job designed to hoodwink Canadians into believing that health care costs are why they cannot get the dramatic tax cuts they deserve. The fact is Canadian taxes are excessive due to unbridled public spending on non-health items. Canadians are being taxed to death and this budget is insulting to taxpayers by perpetuating myths".

The Canadian Federation of Independent Business calls the budget "disappointing and a missed opportunity".

The government is spending a lot of money advertising this budget, as my colleague just pointed out, but it is not being straight with Canadians. My constituents voted to re-elect me because I call them as I see them. I would like to clarify for Canadians facts and fiction, or the myths and realities of this budget.

The finance minister made choices in his budget and the consequences of those choices need to be explained to Canadian families.

Myth number one is that the Liberals have not increased taxes. In fact, we are to believe we just got a tax cut. Unfortunately even Canadian Airlines is perpetuating this myth.

Reality number one is that Canadian taxpayers will pay \$2,020 more in taxes in 1999 than they did in 1993. That is \$42 billion

more, 42 thousand million dollars more. That is a tax hike of 34%, the highest tax increase in the world. That is the reality.

That is a five year period but even if a comparison with 1999 to last year is made, Canadians will still be paying more in taxes due to mammoth increases in CPP premiums and of course because of bracket creep.

• (1520)

Myth number two is that Canadians' taxes are higher in order to pay for universal health care. Reality number two is the latest OECD health data report reveals that the United States spends 90% more on each citizen on public health care than Canada does. Even with the so-called reinvestment in health care, Canadians are getting \$4.3 billion less in health care spending from these Liberals.

When we take health care spending out of the picture Canadian taxes are double the rate of the Americans. The reality is that health care has nothing to do with the exorbitant taxes being charged by this bunch of Liberals across the way.

We have to love myth number three, that excessive taxes do not harm Canadian businesses or the economy. Just ask the industry minister. According to him, high taxes are good for business. Reality number three is Canada's taxes are double that of the U.S. and, surprise, our unemployment rate is nearly double that of the United States. Coincidence? I think not. Payroll taxes and user fees have taxed small businesses, the engine of job creation, out of prosperity into a daily struggle just to survive.

One small example of this government's lame brain policies is the recent change to T-4 slips. It used to fit four forms on a page which could be sent out in a standard letter sized envelope. The geniuses at Revenue Canada decided to change that format. Now only three forms fit to a page and due to their new and improved size, they require larger envelopes. Members are probably saying big deal, so they need new envelopes. The postage for these new envelopes is 90 cents instead of the 46 cents it cost for the old form. That is just one small example of how this government nickels and dimes small business people.

Myth number four is that the finance minister says his budget will give substantial tax relief to low income Canadians, in fact it will more than cover bracket creep for all Canadians. Reality number four is the minuscule tax cut given to low income Canadians is only half the amount of money they would receive if the finance minister would index personal income taxes. In 1980 a person making \$10,505 paid no income tax. Now that same person pays taxes on only \$6,496. Britain does not start taxing until \$9,000 and the U.S. not until \$9,500. No wonder our best and brightest are fleeing the country. Is there a pattern developing with this?

Myth number five is that the Liberals have been prudent—they love that word—and have balanced the budget by cutting costs and

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responsible prioritizing. Reality number five is the single largest expenditure in this budget is interest on the national debt, which has grown by over \$130 billion since 1993. The Liberals reduced 70% of the deficit by raising taxes while only cutting costs by 2%. The finance minister also got a break from lower international interest rates. The reality is this budget was balanced by charging Canadians more taxes and giving them less in return. That is neither prudent nor responsible. It is shameful.

Myth number six is that Canadians are better off today than they were before the Liberals took over in 1993. Reality number six is Canadians are worse off today than they were in 1993. I take no joy in saying that. There is no victory for the official opposition in that statement. This government has failed Canadians. It uses smoke and mirrors to manipulate the truth so Canadians will feel better about themselves and blindly spend more money so government revenues will climb even higher.

The numbers the finance minister says obscure what is important about a budget are all that is important about a budget. I will list them so members can see for themselves why the finance minister wants to avoid them. Canadians are paying \$900 million more in income tax through bracket creep. Canadians are paying \$1.14 billion more in CPP premiums just to receive less in benefits when they retire; in simpler terms, paying more, getting less. Canadians are paying \$42 billion more in taxes in 1999 than they were in 1993.

• (1525)

The national debt has risen by \$130 billion since 1993. Balanced budgets are the result of excessive tax hikes and onerous cost recovery schemes. Canadians are receiving \$4.3 billion less in federal health care in 1999 than in 1993; paying more, getting less.

This budget was supposed to make the lives of Canadians better. It was supposed to increase their standard of living. These are the finance minister's own words so he must admit that he has failed, for Canadians are being forced to pay more and get less. We pay more taxes and get less health care. This is obviously reversed.

I quote once again Diane Francis who hits the nail right on the head, despite the cries of protest from the other side, when she says: "Ottawa should be forced to work backward. Taxpayers should demand back the billions Ottawa has over collected since 1993 in the form of pro rata tax cuts, to repay the unfair deindexing in an era of non inflation. After all, working backward while paying for essentials is exactly how Canadian households and business must conduct their financial affairs. Canadians struggle to pay escalating taxes, rents, food and other expenses. Why hasn't Ottawa ever suffered? Because it does not have to. That's why this budget is a national insult".

The Acting Speaker (Mr. McClelland): Before we get to questions and comments I wanted to confirm with the hon. member for Prince George—Peace River that he was splitting his time. Is that correct?

Mr. Jay Hill: Yes.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, those who were listening to the speech probably heard the message from the member that Canadians are paying higher taxes.

I quickly wrote down what I saw in the last couple of budgets. I saw an increase in the child care expense deduction from \$5,000 to \$7,000 for those who provide child care for preschool children. I saw a total elimination of the 3% surtax that was intended for deficit elimination. I saw a \$675 increase in the basic amount of the non-refundable tax credit for all Canadians. I also saw that 600,000 Canadians were no longer paying tax.

On top of that, and the member has not taken it into account, I saw the government provide each and every Canadian with the opportunity to invest in RESPs for their children's education, another \$400 a year annual credit.

I also saw a \$1.7 billion increase in the non-taxable child tax benefit. I could go on but being an accountant I sat down and I calculated that Canadians in fact are paying less in taxes and getting more non-taxable benefits than they ever have since 1993.

What does the member mean by bracket creep? Does he understand?

Mr. Jay Hill: Mr. Speaker, it is interesting that the hon. member should ask that question. I asked the question who is the bracket creep some four years ago. I wanted someone on the other side to take responsibility. Someone on the other side has to be this fellow, this mystery man named bracket creep that keeps ripping more and more taxes out of Canadian pocket books.

The fact is bracket creep sees that people are taxed more and more heavily because it is not indexed to inflation. Taxes are not indexed to inflation and therefore people are put into a higher bracket and taxed more heavily. This results in more and more revenue flowing into government coffers.

The hon. member mentioned the tax credit for child care for preschool children. It is interesting that the member raised that issue.

Mr. Speaker, I see you are on the edge of your seat. Are you having a problem? Maybe the House could help you out with it. I am not sure what the problem is.

The Acting Speaker (Mr. McClelland): The problem is we have another question coming.

Mr. Larry McCormick (Hastings—Frontenac—Lennox and Addington, Lib.): Mr. Speaker, I take this opportunity to remind

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my colleague from Prince George—Peace River that his Reform Party health critic said that the \$50 million designated for rural health care is an excellent investment by this government.

We are investing in Canadians, rural Canadians. I know this member represents a rural part of Canada. So these moneys along with telehealth and telehomecare will make a great difference.

Does the member for Prince George—Peace River agree with his colleague from Macleod?

• (1530)

Mr. Jay Hill: Mr. Speaker, are you going to give me enough time to adequately respond this time? Or, are you going to be on the edge of your seat the whole time I am standing here and make me nervous about how much time I have left to respond?

The Acting Speaker (Mr. McClelland): The hon. member of Prince George—Peace River has a minute and 30 seconds and it is counting down.

Mr. Jay Hill: Mr. Speaker, in that case I will try to be brief. Obviously the Liberals must get something right in their budget. Some small part of their budget must do some good for Canadians. That does not overcome the sad fact that the Canadian people are the ones who are paying over and over again for every small increase in health care or whatever.

We have said repeatedly in this place for five long years that the government has never got its priorities right about spending. It would have much more money to invest, as it likes to call it, in health care if it would quit spending money so foolishly and quit going over budget all the time like it is doing again in 1999.

Mr. Dennis J. Mills: Mr. Speaker, I rise on a point of order. In his speech the member referred to the Department of Revenue Canada as geniuses. I think he would like to correct the record on that. He tried to say that was a reality and we all know that is a myth.

Mr. Jay Hill: Mr. Speaker, if that was a point of order I need my cowboy hat.

The fact of the matter is that I was being very sarcastic in referring to Revenue Canada as geniuses. If those geniuses over there cannot figure out then they are not geniuses.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I do not know how to match that enlightened exchange. I left my cowboy boots off but I will do my best to get into this pay more, get less budget.

I am shocked and appalled at some of my hon. friends opposite who purport to know what wealth creation is all about. They know how to balance a budget and to meet a payroll. One of my friends

from Mississauga South claims to be an accountant. My condolences to him.

These people should know how to read a set of financial documents. They should be able to understand what a surplus is, what a deficit is, what a tax is and what a spending increase is. Apparently they do not.

I have spent the last several years of my life studying public finance. I may not be any great expert, but I can say that the budget document presented to this place by the finance minister three weeks ago was not a budget. When it comes to presenting in a transparent fashion the public finances of the country the budget was a joke. No serious financial analyst in the country would give the budget a unqualified grade in terms of the transparency of its reporting of public spending and government taxing.

That has to be the starting point of this debate. Even though most laymen do not want to spend much time sifting through the details and the numbers to come to the bottom line, the reality is that we as parliamentarians must be able to read that document and understand what the heck is going on in terms of spending, taxing, debt borrowing and debt.

We cannot do that because the finance minister has become the laughing stock of public accounting. He included spending in this year's budget that will happen two years from now. In some areas of this year's budget he included spending that happened two years ago. He called spending increases like the child tax credit entitlement a tax cut. There are some tax increases which he calls spending cuts. As a starting point, it is virtually impossible to get to the bottom of what the budget is all about.

We as the opposition do not have to make an argument about the fact that the budget will actually increase the taxes of Canadians and will result in fewer government services than was the case in 1993. We do not have to make that case because people know it intuitively. They know it through their experience.

• (1535)

People know they are paying more taxes now than they ever have before in their lives because of the irresponsible fiscal policies of the government. They know that the standard of health care which they receive is at a lower level than they can ever remember.

We do not have to make a political argument to the 186,000 Canadians who stand today on waiting lines for essential health care services. We do not have to make a political argument to the 1.2 million low income Canadians paying taxes today who were not paying taxes when the government came to power in 1993. We do not have to make a political argument about the effect of the budget and its predecessor budgets on middle class single income earner families that are paying more and more and more year after year, even though they are working harder and trying to play by the rules.

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We do not have to make that argument because they see it on their paycheques. They see it when they go to the emergency rooms. They see the deterioration of public service as a result of the government's misplaced spending priorities. They see that they are struggling harder and harder just to get by. It really is not a question of making a political argument.

I heard the member for Mississauga South just now and earlier during question period the hon. Secretary of State for International Financial Institutions suggest that among other things the budget would somehow take 600,000 low income Canadians off the tax rolls by allegedly raising the basic personal exemption.

Again, as I pointed out in question period, with the new Liberal math they forget to tell us the whole story. Part of the story is that since 1993, 1.2 million low income Canadians, those who can least afford it, many of whom are under the poverty line, single mothers and single parents struggling to get by or seniors on fixed incomes, have seen themselves pushed on to the tax rolls by the government's pernicious back door tax grab called bracket creep, by the pernicious tax on inflation.

If these people get a cost of living adjustment in their pension cheques or their minimum wage income from working in the labour force, if they get an automatic COLA, a cost of living adjustment, they end up paying taxes not because they are making more in real terms—they are making the same in real terms—but because the government decides to generate more revenue to finance its insatiable appetite for spending in a way that is not transparent, in a way that Canadians cannot see it and in a way that parliament cannot approve it.

In a study released last week by the Canadian Taxpayers Federation, an organization with which I have some familiarity, it was reported that since 1986, since the then Progressive Conservative government brought in bracket creep and deindexed the tax system with respect to any inflation under 3%, the government has generated an annual revenue haul of \$12 billion. That is just as a result of bracket creep. Next year Canadians will end up paying \$1,300 more than they did before as a result of the consequence of bracket creep.

The government has added 1.2 million people on to the tax rolls. It has pushed millions of modest income Canadians into higher tax brackets. Then it claims, lo and behold, that by some absolutely token adjustment in the basic personal exemption in the budget it will be lifting 600,000 Canadians off the tax rolls.

Government members forget to tell us that they have not indexed the tax system to inflation. They have not eliminated the pernicious tax grab called bracket creep. It continues its nasty work of increasing taxes on Canadians so that 300,000 more Canadians will be paying taxes two years from now as a result of the effects of bracket creep.

Let us just do some simple math here. Liberals may have to get out their calculators to follow it. If we take the 1.2 million people the Liberals have added to the tax rolls since 1993 and subtract their figure of the number of people who will be taken off the tax rolls as a result of the increase in the personal exemption, we end up with a net of 600,000. If we add to that 600,000 new taxpayers the 300,000 who will end up back on the tax rolls as a result of bracket creep, what is the net number? Maybe some of my friends opposite could not follow the math, but 900,000 low income Canadians will be paying taxes two years from now. These are the Canadians the government claims to speak for in terms of those who need the most help from society.

• (1540)

I do not need to make the argument because grassroots Canadians make it every day. As revenue critic I get flooded with letters from people who tell me about it. For example, a constituent of mine, James Mitchell, e-mailed me recently to say:

I just read about the federal Liberal budget. I am married, have two small children. My wife has chosen not to work but to stay at home and raise them. I make \$80,000, which is sort of a middle class income, and therefore the government treats me as a cash cow. As an employee I have no deductions. My wife has been forced to dip into RRSPs. I don't get a tax credit for her or for our children. We are living from paycheque to paycheque and have no savings. I am appalled that the Liberal view is to spend instead of reduce taxes. While I was born and raised in Calgary I feel that there is no hope in this country for a family like ours. I am now making plans regrettably to move to the United States where I will be able to save for my future and provide for the education of my two children and at the same time maintain and improve my standard of living.

That is a tragedy, a tragedy that was reiterated by Arthur Friedrich who wrote to the *National Post* yesterday. He is a steelworker who indicates that at one point he was a campaign worker for the minister of heritage. He says that he will be moving to the United States as well. He started work as a steelworker. He goes through his family's fiscal situation and winds up by saying that he is being bludgeoned by the tax system and deeply wishes that things were different. "I like Canada and really wanted to stay, but I no longer see any future for my children in this land". This is the tragedy of the Liberal government's pay more, get less approach to fiscal mismanagement, and it must end.

Mr. Larry McCormick (Hastings—Frontenac—Lennox and Addington, Lib.): Mr. Speaker, I have a question for the hon. member from Calgary.

We are all allowed to make mistakes. Reformers brought forward their budget for one or two years. I believe it has been here for a few years. I wonder out loud why they are no longer bringing forth a budget document or, if they have one, why they are hiding it. It was a great idea to have this shadow budget until the world collapsed on them.

In their budget the Reformers would slash and burn and sacrifice the future of Canadians. They would sacrifice health care of

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Canadians. It is not fair for them to turn their backs on our seniors, our youth and our unemployed just for the sake of tax cuts to make some certain area of the country more wealthy.

We on this side of the House believe in our country and in its citizens. Reformers almost made a mockery of my saying that we invest in our country and in our people.

I ask the hon. member the same question I asked another member. He is a person who represents a very urban area. The budget offers many possibilities of funding programs for people in remote areas of the country and in rural Canada. When I stand in the House I am speaking for all people in the country. I want to represent all people in the country. What about the \$50 million designated for rural Canada which the Reform Party health critic says is an excellent program? Does the hon. member believe in it?

Mr. Jason Kenney: Mr. Speaker, I appreciate the question. I can advise the member that unlike any other opposition party, at least in my political lifetime, the Reform Party has year after year presented a detailed alternative to the government's fiscal plan.

If the member would like it, he can get it from the website at www.reform.ca or by writing me postage free at the House of Commons. The document he would be looking for is called "Taxes and Health Care: A Prebudget Submission of the Official Opposition". We go through in some great detail the kind of choices we would make.

Yes, we would spend more on health care, more than the government has. We would completely replace the \$16 billion cumulatively that has been taken out of the health care system by the hardhearted misplaced priorities of the government. We would do it not by raising overall spending.

• (1545)

Liberals cannot imagine. They say how can you increase one program without increasing overall spending? It is magic. The word is called priorities. We think health care is a higher priority than the kind of corporate welfare that was increased in this budget by grants, subsidies and loans to corporations, their friends in the big corporations.

We think health care could be increased not by increasing overall spending but by cutting low priority spending and the kind of pork barrel ministry of the minister of heritage and by reducing subsidies to bloated crown corporations and by privatizing redundant crown corporations that can operate more efficiently in the private sector and by eliminating grants and handouts to interest groups.

Billions could be saved, taken from low priority wasteful pork barrel spending and put into the high priority program area of health care.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, the member has not been very clear about his solutions to the problems of the health care system today.

Given all the comments of his colleagues around support for a parallel private health care system, support for core and non-core health services being available outside medicare, what is the position of the member's party with respect to support for for-profit companies? What does the Reform Party think about money from the federal budget going into a province like Ontario to fund, to line the pockets of large American based corporations like Olsten to provide home care?

What is the real position of the Reform Party when it comes to the steady slide toward an Americanized two tier health care system?

Mr. Jason Kenney: Mr. Speaker, our position is that we support a universal, accessible, publicly administered health care system that is administered by the provinces with national standards agreed on by the provinces in a co-operative fashion.

What we are opposed to is the kind of multi-tier health care system that governments like this federal Liberal government and the NDP governments in Saskatchewan and British Columbia have given us which have forced Canadians on to these waiting lists in such a way that if they want to get their critical care tended to they now feel they have to take their private dollars and go to private clinics in the United States.

That is wrong. That kind of two tier NDP style health care should come to an end by properly protecting the public system.

Mr. Dennis J. Mills (Broadview—Greenwood, Lib.): Mr. Speaker, I listened carefully to the members for Prince George—Peace River and for Calgary Southeast. The member for Prince George—Peace River said tell the story, tell the whole story, we are not shooting straight.

I listened to the member for Calgary Southeast. Not once in his remarks did he offer any constructive alternative. Leadership is all about dealing in hope. The reality that Canadians surely understand is that six years ago we had an unemployment situation of 11.4% when we assumed power. When this budget was announced it was 7.8%.

I am not proud. None of us are proud of that 7.8%, especially in remote areas of our country where we have unemployment numbers far in excess of that and especially the huge numbers related to youth unemployment.

Let us be candid. We cannot be proud of those numbers. When we talk about dealing in hope, we talk about where we were six years ago and where we are heading. What is the trajectory of

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where this government's financial plan is headed? I believe the Minister of Finance has the trajectory going the right way.

Very few Canadians realize that one of the things we have had to do in order to create an economic climate that would cause businesses to invest in Canada and those businesses here to further invest was create a climate of stability, a climate where those jobs that have been created in the last few years, almost a million and a half, would remain.

• (1550)

That does not happen unless the expenditure plan of this government came under some control. Quite frankly I am surprised that the Reform Party does not take credit for this. The reality is that because of the pressure of Reform in the last six years in my humble opinion the cuts around here have been so drastic in so many areas. This was done all in the name of putting the fiscal framework of this country back together. I think quite frankly that we have gone in many cases away too far with the fiscal discipline in this place.

In this budget we are just beginning to see a return to a sensitivity toward some of those things that really built this nation. We are beginning to replenish the health care system in this country.

By the way, I say quite openly, I still think we have a long way to go. The reality is we had to do it in the context where at the same time we could keep the economic confidence of this country moving forward. We all know how fragile economic confidence is. I think the Minister of Finance has been faced with a very tough balancing act. He has had to get that trajectory of fiscal responsibility going the right way but at the same time we all know that average Canadians, low income Canadians and seniors have carried an awful lot of economic pain on their backs.

As I said earlier in my remarks, today is the day when we should be dealing in some hope. The member for Calgary Southeast should have stood here today and acknowledged the fact that the fiscal framework was heading in the right direction.

I agree with the member for Calgary Southeast when it comes to comprehensive tax reform. I totally agree. I think this is one issue for parliamentarians in all parties. The separatists have already said in committee if they ever did become a separate country the first thing they would do is have comprehensive tax reform. I believe the economy is going so well now, even though there are better times still needed, that separatism is almost dead.

I spent last week in Quebec City and it is hard to find a separatist. They are all coming home. They are all coming back to the reality that Canada is a much better place whole than divided. That to me comes from an economic climate that is improving.

I stand in the House today satisfied that we are heading in the right direction. Do we have to do more? Yes. We have to do a lot more, especially in Atlantic Canada. We have too many young people in Atlantic Canada who have absolutely no work and there does not seem to be any opportunity for work.

I know the Reform Party calls it, not patronage, but pork barrelling. I would be proud to push, press, prod the Minister of Industry to move some of that innovation money to Atlantic Canada where those highly educated young Atlantic Canadians could get involved in computer programming, creativity, computer manufacturing and become a leadership section of Canada in the whole realm of information technology. Would I take \$1 billion and move it to Atlantic Canada and reinforce that sector out of the information technology fund, the knowledge based fund? I would do it in a second. I know the Reform Party calls that pork barrelling. I do not call it pork barrelling when we see a region of this country that needs extraordinary help because its natural resource fell away from it through no fault of its own. That is what I would do about that problem of youth unemployment in Atlantic Canada.

• (1555)

I say to the members across the way that we still have a long way to go, but the fact of the matter is we are seeing all kinds of hope right now. The fiscal framework is moving in the right direction. The health plan is being replenished. There are actually little sparks of hope for comprehensive tax reform in this budget. There was at least an attempt by the Minister of Finance to get lower income Canadians off the tax rolls. It did not go far enough in my opinion, but those are the kinds of things that a constructive opposition would acknowledge and then complement with some specific ideas of its own.

So far here today I can honestly say that all I have heard have been dealers in gloom. That is not leadership. They should be dealers in hope and they failed that test today.

The Acting Speaker (Mr. McClelland): There seems to be a lot of interest in questions and comments, so we will keep our questions and comments to one minute on the question and one minute on the response.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, the hope the member talks about should be the hope of the millions of Canadians who have been driven into the ground by the oppressive tax regime of this Liberal government. That is the hope the Reform Party holds out for Canadians, that some day when this government is replaced by a fiscally responsible government, by a government that recognizes the hard work and the sacrifice made by hardworking Canadians, we will give them the tax relief this government will not.

We want to talk not in rhetoric as the previous members did but in facts. Let us look at the Liberal record since 1993.

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Since 1993 the average working Canadian has seen his paycheque decrease by over \$2,200 in increased taxes, increased taxes per Canadian worker.

The average Canadian household has seen a decrease in disposable income by over \$4,000. That is over \$4,000 that families cannot spend on food and clothing and education, let alone try to save any money.

We have also seen the overall taxes increased by this government by 40—

The Acting Speaker (Mr. McClelland): The hon. member for Broadview—Greenwood.

Mr. Dennis J. Mills: Mr. Speaker, it is not rhetoric. I say this humbly to Canadians that we came to the responsibility, the trust for this government with 11.4% unemployment and it has been reduced to 7.8%.

There has been a cost to Canadians to create that economic climate to maintain jobs, plus the 1.5 million that had been created. There has been a cost. The member is right. I have acknowledged that he is right. One of the single biggest issues that we have to face as a whole parliament is comprehensive tax reform. In the process of getting there, do not knock the hope that we are moving in the right direction. That is a very principal point.

[*Translation*]

Mr. Jean-Guy Chretien (Frontenac—Mégantic, BQ): Mr. Speaker, a little under a year ago, during a question period in the House, the then leader of the Conservative Party, Jean Charest, today the ally of the member for Broadview—Greenwood, said that any problems in health care and in Canada's hospitals were the fault of the Prime Minister of Canada.

Does the member for Broadview—Greenwood realize that, since the Liberal Party has been in office, it has cut \$41 million in health care alone in the Chaudière—Appalaches? The Eastern Townships region, where the riding of my colleague, the member for Sherbrooke, is located, has also been cut \$41 million.

• (1600)

For the Lac-Mégantic hospital, this represents \$1.8 million; for the Asbestos Region hospital, it represents \$8.7 million; and for Bernierville's Saint-Julien hospital, it represents \$5.6 million. The Liberals are the ones responsible for the mess in the health care system.

Since the Liberal Party came to office, it has cut no less than \$33 billion in health care, up to the year 2003. Is that cause for hope?

Mr. Dennis J. Mills: Mr. Speaker, the Liberal Party is the party of hope. The Bloc Québécois is the party of despair.

[*English*]

We know very well what our challenge is in Quebec. Our challenge is to show Quebeckers that it is better to be a part of the whole of Canada than trying to fight and be an island alone by itself.

After spending the last week in Quebec I can say to members opposite that their joust about being separate from Canada is over. I talked to hundreds of Quebeckers last week and separatism is dead, and sovereignty association is not far away from being dead.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I have a lot of respect for this member as the most outspoken advocate of comprehensive tax reform in this place, but I want to ask the member to be honest with us.

He says that he is satisfied with this tiny, little increase in the basic personal exemption when what we continue to see in budget after budget are more loopholes, more complexity, more compliance costs and a more Byzantine tax code year after year. Does he not think it is time we started—

The Acting Speaker (Mr. McClelland): The hon. member for Broadview—Greenwood.

Mr. Dennis J. Mills: Mr. Speaker, the day the member for Calgary Southeast was elected to this Chamber I actually celebrated his victory because I thought from day one that when he got here he would press all of us to get into comprehensive tax reform.

He should have been doing that three months before the budget. Instead we played around with pepper spray and gossipy conversations on airplanes.

I pray that this member, who understands tax reform better than all of us put together, will make it his personal mission in the next six months that we get on to comprehensive tax reform so that it is part of the next budget.

Mr. Robert D. Nault (Kenora—Rainy River, Lib.): Mr. Speaker, I want to commend my colleague from Broadview—Greenwood who has been a seatmate of mine for 11 years now. Since we entered this debate some 11 years ago a lot of changes have occurred.

I know that the member for Calgary Southeast is quite new to this place, so he may have forgotten who he used to vote for before the Reform Party came along. I am sure he would like to tell us sometime who he used to vote for before he decided to create his own party. Now he is going to try to create another one because he is not happy with the one he has.

I am a little disturbed that he cannot seem to get his parties right, but he does know that the party he voted for when I was in opposition with my colleagues here on that side was a government that racked up a huge deficit.

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When we first got to this place some 11 years ago, as the member for Broadview—Greenwood said, Canadians had absolutely no hope. Everywhere I went in Kenora—Rainy River, one of the largest rural ridings in Canada, probably one of the largest pieces of geography for one member to represent in all of North America, everyone was very down and out and very depressed about where we were going as a country. I can understand why because there were no choices, no options.

Last year was the first time in my voting life that I voted for a government that had a balanced budget. Imagine that. I am not exactly a young man, but the fact remains that I have never voted for a government that had a balanced budget.

• (1605)

What did the pundits say last year? Not much. They had a real tough time saying congratulations to the Canadian government for starting to get its fiscal house in order and starting to show some understanding of how the country should be run.

This year we had a second balanced budget. Of course the right wing pundits were out there saying “That is not good enough. You have got two balanced budgets for the first time in 50 years, but you have got to start getting your act together. The country is going to fall apart because you did not cut enough, you did not do enough in debt reduction and you are starting to spend money”.

Here are the criticisms that I have heard so far about the budget. This is a very telling tale. The criticism of this budget is that we did not spend enough on health care, we did not cut taxes enough and we did not reduce the debt enough. That is the kind of criticism that I think is exceptionally well placed because when I first got here these debates did not occur. We were so confused as a country, wondering whether we were ever going to get out of the quagmire we were in, that we could not even criticize how much debt we paid down or how big a tax cut we would have. We were wondering whether we were going to be a third world country soon because of what we were doing.

Now we are at the point where we can see some hope. Canadians are showing that. We are having debates now, serious debates about where we are going. The fact is that we have balanced budgets.

We now have a discussion about the fact that unemployment has gone from 11.4% to 7.8%. When we first got here, if unemployment had been at 7.8%, we would have been dancing in the streets. Now we are being criticized that that is not good enough because the Americans have 4.5% unemployment.

I think that is a great debate because my riding is a big rural riding. I wish my friend from Prince George—Bulkley Valley was here because, quite frankly, I am quite concerned about this whole debate of tax cuts, tax cuts over there from rural members of the Reform.

One of the parts that interests me about the budget is the flexibility to build a nation. Where I come from building a nation means building infrastructure. Without government there would be no infrastructure. We can bet in Kenora—Rainy River, where three-quarters of my riding has absolutely no roads, no infrastructure at all, that that is a great potential for the future of our young generation. If we keep talking only about how much tax we have, are we ever going to get to building a nation? That is what I want to do in rural parts of Canada.

I would like to spend billions of dollars on a national highway program, a national infrastructure program part two, so that we can start putting money where it really belongs so our kids will have a future.

If I had my way I would rather pay the debt down than make tax cuts because I have no sense of urgency to help Conrad Black who is one of the people responsible for the big taxes and the big debt we have in this country. It was his newspapers that were all supporting of Mulroney and his crew when they kept racking it up and up.

I understand why members of the Reform Party jumped ship. I would have jumped ship too if I had to sit there every day and try to explain as a right winger why somebody who was supposedly right wing could not get their fiscal house in order.

The next issue really is the future. We have been through the past as opposition members. We have now seen our government, since 1993, go from a \$42 billion deficit down to balanced budgets, with a commitment for two more. We are now entering into a very key time in our country's development.

As I said to the electorate of Kenora—Rainy River in 1993 when I ran for the second time, I see this as a ten year program. It is going to take us one term to clean up the mess. It is going to take us another term to start to build a nation. We are now doing that. We are basically going on our seventh year. I think it is important now that the debate start to get away from the nonsense of whether there is a little scandal here in the shower or whether there is APEC or whether there is this or that. I think we need to start talking about where we want this country to go.

Let me give members an example of what I mean. One of the issues that I have discussed with the Minister of Health is the issue of rural health. Some people in this place talk about lineups. Some people talk about emergency procedures. Where I come from we have neither. We do not have lineups because we do not have hospitals. We do not have emergency procedures because we do not have doctors. This is not about rich and poor, this is about rural and urban. We need a national rural health care plan in Canada. The \$50 million that the minister put in was all based on rural caucus asking this government to start recognizing the needs of rural Canada and ways that we could treat rural Canada differently because of the geography that we live in.

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• (1610)

I was quite amazed that my colleague from Prince George—Peace River would even suggest that his main priority as a rural Canadian is to have tax cuts. I was in his riding two years ago. His infrastructure needs and his abilities to create an economy are the same as mine. He is a long way from getting where he wants to go.

Let us start talking about hope. Hope is the ability of governments to have flexibility. It is the ability of governments to decide what their priorities are.

We know where the Reform Party is at. It is at the point where it says it needs to recreate itself because it is not getting to where Canadians want it to be as a good alternative because it does not reflect the values of Canadians. Perhaps Reform members should think twice about why there are certain little areas that they are plugging into and start thinking about the huge picture, the vision of the nation as a whole. Then they would become a good alternative to this government if it got off track. But so far it has been on track.

Mr. Rick Borotsik: Never an alternative.

Mr. Robert D. Nault: The lone Tory who is here says never. I am not too worried about that, quite frankly. But I really think that the government itself needs to be pushed on the vision of what Canada should look like.

We are having to do it ourselves internally because Reform members spend their time trying to figure out: “Here is one couple, they get this. Here is another couple, they get that”. Can we imagine what the people at home are thinking? They just do not get it.

Let us get real. Let us get serious about why they are in opposition. I really would like to see them focus on the issues that Canadians put them there for.

The thing that is important to me is the vision of the Liberal Party. I have urged the ministers involved, now that we have our fiscal house in order, to put together the vision for the new millennium. Our vision is going to carry us for about 50 years if it is a good vision, as the visions of past generations have done.

I think the Minister of Finance has done an excellent job of starting that process, of putting us in line to have this great debate. I look forward to the debate. I look forward to the different visions because in the end Canadians will decide. So far they have bought the Liberal Party’s vision and have said to the other parties “No thanks. We don’t agree with you. We think you are way off base”.

Let us get into the next phase. The next few budgets will really define where we go as Canadians.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, this member says that Canadians have bought into this government’s vision. Let me remind him of one thing. This government won 100% of the power in the last election with 38% of the vote. The lowest plurality in Canadian history resulted in a majority government. It lost the election in eight of the ten provinces and it won 101 of the 103 seats in Ontario with less than half of the vote. If that is Canadians buying into this vision, then I would like to see what he really means.

The member suggested that I was voting for the Tory government before I became a Reform MP. I can advise him that I was on the national policy committee of the Liberal Party of Canada as a supporter of John Turner because I was disgusted with the fiscal irresponsibility of the then Tory government. I became equally disgusted with the fiscal irresponsibility of this Liberal government. That is why I came to Reform.

This member then tells us that Conrad Black is to blame for the deficit. He did not own any Canadian papers back in those days. I wish he—

The Acting Speaker (Mr. McClelland): The hon. member for Kenora—Rainy River.

Mr. Robert D. Nault: Mr. Speaker, I was not blaming Conrad Black. I was just suggesting to the folks who are writing the articles in the *National Post* that they should be a little more in depth.

• (1615)

One of the people I like is an editorial writer by the name of Mr. Fisher. Everybody knows that when we read the columns by the dean of the writers around this place, there is some research to them. But when we read the *National Post* we get the sense that if we just cut taxes, everything would be happy around here.

I only wanted to make it clear to the member that I understand he had to jump parties in order to get elected. God bless him, he is here. But I do not think he has made much of a difference or a dint so far. Do not blame Ontario, which is a large portion of the Canadian population, that they voted for one party massively because they could not buy into the nonsense of the Reform Party.

[Translation]

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, I find it kind of funny that the two members opposite would talk about a common theme, namely hope. These are two government members who have contributed to killing hope.

The first one, the member for Broadview—Greenwood, said there were few separatists left in Quebec. I would like to reassure him. Perhaps he did not go to the right places. I will introduce him

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to some. I can also assure him that we can manage our own affairs and chew gum at the same time.

I have a question for the last member who spoke, because he played a role in the employment insurance reform. If the government wants to give people hope, it ought to see to it that they have food on the table, as the hon. member for Beauséjour—Petitcodiac often points out.

You should look at what your government is doing in its budget to restore hope in the fisheries, which comes under its jurisdiction, particularly as regards the issue of catches. Instead of interfering in a jurisdiction that is not yours, namely health, what did you do?

[English]

And what do we have in answer to the fishermen from Newfoundland now? What can we do for them? What kind of hope can they have? If the member can answer that, the fishermen in Gaspé will understand.

Mr. Robert D. Nault: Mr. Speaker, yes I did speak of hope and I am a supporter of the EI reforms that were made and this is why. There was a necessity in this country to deal with behavioural change. I do not for a minute think it is acceptable for members of parliament to suggest to their electorate that it is okay to be on unemployment insurance, that it is a good thing to be on unemployment insurance, that people can work for two or three months a year in the fishery and then spend the rest of the year on EI and say that that is good enough.

The whole objective of EI reform was to bring in behavioural change so people would say to themselves “Maybe now that my children are growing up I may not be able to do anything about it but maybe I can move them into industries where there is more potential”. We will be proactive enough. That is why we have the regional development programs in Quebec, ACOA in Atlantic Canada, WED in the west, FedNor in Ontario. The whole objective is to help people. That is what this is all about.

Let me remind the member that the federation has given Quebec \$8 billion to \$10 billion more than it gives back to the federation. This country is working because it is sharing its resources to help have not regions. I do not think the separatists are going to get away with this continued—

The Acting Speaker (Mr. McClelland): The member for Brandon—Souris has 30 seconds with a 30 second response.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, it takes me longer than that to clear my throat.

I was all caught up in this visionary concept that the member for Rainy River and the Liberal Party bring to this country. However, I was not quite that caught up with it because one of the parts of their

vision was to rip up the free trade deal that was put in place by a previous government. A part of their vision obviously is to put health care back to 1995 levels. Is that the part of the vision the member from the Liberal Party embraces, to scrap the free trade agreement and bring health care back to the 1995 level where we should be well ahead of it in the year 2003?

Mr. Robert D. Nault: Mr. Speaker, in 1993 we did not run to scrap the free trade agreement; it was the election before that. I know the member was probably busy running Brandon so he did not have time to keep an eye on it. In 1993 we ran on the fact that we needed to make some improvements to the free trade agreement and that is exactly what we did. But let me tell the member very quickly that \$42 billion are 42 billion reasons why there are very few of those members left on that side.

• (1620)

I sat over there when the Tories sat over here. Day after day we tried to warn them about what was going on in the countryside. Day after day they kept increasing this front bench. There were over 40 cabinet members all looking for cash. No wonder we were in such big trouble. That is the kind—

The Acting Speaker (Mr. McClelland): Questions and comments, the hon. member for Wild Rose, 30 seconds.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, when the hon. member talks about 7.5% unemployment, why does he never talk about the 70%, 80% and 90% unemployment in the aboriginal communities? Why do the Liberals not mention that?

Why do the Liberals not talk about the poverty of children? There were a million children in poverty when this government came to power and now there are a million and a half. Why do the Liberals not do something about that? They should sell their Challenger jets and give the money to the Children’s Aid Society.

Quit giving away free flags. The Liberals should start thinking about the dumb things they are doing with money. They never talk about the dumb things they do. They should start mentioning a few of those things. Look at the public accounts.

Mr. Robert D. Nault: Mr. Speaker, let me make it very clear to the member, I represent 51 first nations so I do not need a lecture from him on the needs of aboriginal people. I have forgotten more about aboriginal policy and politics than he will ever know.

If the member really cared about aboriginal people, he would start by supporting C-49. C-49 which we voted on yesterday is a good move for economic development to get people out of poverty in those first nations. What does he do? He plays the game of oh, there are a couple of women who are going to be upset about this, or they might have some rights that the municipalities or provinces

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already take for granted so we cannot do that because natives are not capable of looking after themselves.

From my experience with the first nations communities that I represent, if we keep on the track that this government has set out to build a partnership, we will see the unemployment rates in those communities go down. If they take on the municipal vision of the Reform Party, they will go backward. That is why there is not one aboriginal in my region who will ever vote Reform as long as the party is around.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, it is with pleasure and a great deal of interest to be sure that I rise today to participate in the budget debate in this House.

True to form, the Liberal government has once again tried to convince the public that it is the grand champion as far as money management is concerned. I have some doubts about this, and I would like to demonstrate that this is, in fact, a vast coverup operation to justify the directions being taken by a government that never stops meddling in areas that do not belong to it.

First of all, the ones really responsible for balancing the budget, the ones that merit congratulation, are the people of Canada. The Minister of Finance may well take advantage of any and all opportunities to tell people that he has worked miracles with Canada's finances, but we are nobody's fool. Everyone knows very well that it is the middle class taxpayers and the unemployed who have done the job, the people who keep seeing a bigger and bigger chunk of their paycheques disappear, not the Minister of Finance.

On a first examination of this year's budget, it would be easy to buy into the minister's announcement that he will be reducing the cuts by \$9 billion over the next three years, to \$33 billion rather than \$42 billion. Nevertheless, these are still cuts imposed on the provinces, and there is no cause for celebration.

However, things are not all that rosy, for roses have thorns. The Liberal government is taking advantage of the awkward situation in which it has placed the provinces to force a whole new round of interference on them in exchange for a certain increase in transfers. After depriving the provinces of billions of dollars for health care, the Liberals want to spend hundreds of millions in statistics and on paper.

This Minister of Finance has nothing to crow about because, as the auditor general pointed out in his report last April, he does not meet accounting standards and juggles financial statements to achieve his ends.

• (1625)

Since 1994, the Liberal government has been making bigger and bigger mistakes in its deficit and surplus forecasts. In the 1999

budget, the Minister of Finance continues his juggling, despite the warnings of the auditor general.

We in the Bloc Québécois have revealed the real figures. While the Minister of Finance is predicting no surpluses for the next three fiscal years, we can say that the reality of the matter will be quite different. For 1999-2000, surpluses should be on the order of \$15 billion, whereas for 2000-01, they will be around \$20 billion.

That having been said, although the Minister of Finance had ample funds to introduce intelligent measures in response to the terrible job, health and poverty problems, he chose not to.

Since 1994, there is no doubt that the public has paid dearly for the terrible cuts in health, education and social assistance. Unemployed workers saw their EI benefits drop or disappear entirely because of tighter eligibility criteria. And I will not mention the recovery quotas imposed by the Minister of Human Resources Development on his employees.

All these sacrifices generated several billions of dollars for the EI fund and it is these surpluses in part that were used to lower the deficit. When we know that the government has not put one red cent into the EI fund since 1990, that the fund is growing at the astonishing rate of \$2.5 million an hour, and that six persons in ten do not qualify for benefits, it is simply scandalous to see the Minister of Finance dipping into the fund whenever he wants.

The economy in the Sherbrooke region is down \$23 million since the reform. Another thing to consider when looking for who is really behind the reduced deficit is the increase in government revenues. It is the taxpayers who, since 1994, have enabled the government to increase its revenues by contributing 56% of the increase in tax revenues and 14% through the GST, which, by the way, the Liberals promised to scrap in 1993.

At the end of 1993-94, when the Liberal government took office, Quebeckers and Canadians paid \$51.4 billion in personal income taxes. By the end of the year 1999-2000, they will be paying \$75 billion per year. This is an increase of \$24 billion or 46%, and it amounts to \$654 per capita.

The budget did not change anything. Quebeckers and Canadians are always paying more for less. Once again, the government is collecting money from ordinary people. Even if salaries increase from year to year, the mere fact that the government has not indexed tax rates and tax credits since 1986 means that people have less money in their pockets.

Take the case of a person who, in 1986, had two children and was earning \$25,800. Because of the cost of living increase, that person's salary was \$35,400 in 1996. However, this does not mean that person is earning more. First, the fact that the tax on the additional income was not indexed means that the person now has \$3,790 less in disposable income than in 1986. Also, since the GST

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credit was not indexed, another \$944 is gone. Then, because the federal family allowance was not indexed, another \$544 has disappeared. Non-indexation of the child tax benefit means an additional shortfall of \$602. Finally, we must take into account the child benefit, which still existed in 1986 and which represents a further drop of \$1,157.

• (1630)

I did the calculations and a person who earned \$25,800 in 1986 and who is now making \$35,400 has \$7,047 less than in 1986. So, under this federal system, a middle class worker must constantly pay but is always getting less for his money.

We would have expected the minister to use the surpluses to tackle urgent issues, such as job creation, the fight against poverty and the funding of social programs, which he, along with his colleagues, dismantled. But no. True to himself, the Minister of Finance chose instead to help the wealthiest people in our society.

Furthermore, the government is wasting billions of dollars in inadequate and mismanaged programs. We need only think of the grants and contributions it makes through various departments such as Industry Canada or Heritage Canada, without any follow-up to show that our friends opposite are incapable of properly managing public funds.

Another example of the Liberal government's laxness are the renovations to the buildings on Parliament Hill, which will cost Quebec and Canadian taxpayers \$1.4 billion. A fine priority when we consider all the problems in society.

I could go on at length about the irregularities the Liberal government allows to go on, but the list is too long. I will have the opportunity to come back to it and unmask the guilty. And I will do just that.

I will return to those that the millionaire Minister of Finance has looked after in his budget, that is, society's most well off. The minister, in his magnanimity, has chosen to eliminate the 3% surtax on those with incomes over \$60,000. This means that someone earning \$250,000 will be entitled to \$3,800 in tax savings this year. People earning \$120,000 will get about \$700, whereas taxpayers with an average income of \$50,000 will save only \$350.

The majority of people, who earn on average only \$30,000, will save a meagre \$90. The minister is far from fair.

This sixth budget of the Minister of Finance will go down in history, because the people of Quebec will long remember the bitter taste it left them. This year's budget is an insult to the people of Quebec.

All the Minister of Finance has accomplished with his many cavalier measures is to show the public what really lies behind the masks of the Liberal cabinet members from Quebec.

How can these federal ministers from Quebec claim to represent their constituents? I wonder, because what they have allowed to happen is unacceptable. Why did these people stand by while Quebec was once again given the short end?

The infamous social union agreement that the Prime Minister and his sidekick the Minister of Intergovernmental Affairs tried to get the Government of Quebec to endorse is completely ridiculous. Although Quebec did not sign the agreement, the Minister of Finance used this piece of paper to amend the already tenuous balance of the social transfer formula as he wished and with no advance warning.

This government decided unilaterally that it would change the rules of the game this year. In the past, federal transfer payments for health were based on a traditional formula, but now, without warning, it has been decided that population will be the criterion.

Not surprisingly, the result of these changes is that the richest provinces will now suddenly get the biggest slice of the federal transfer pie. No wonder the Premier of Quebec found himself on his own at the February 4 first ministers meeting. The government had just negotiated an agreement, to his detriment, with Ontario, British Columbia and Alberta that would mean a big pay-off for them.

It is clearer now why these three provinces were such staunch defenders of the social union. For the upcoming fiscal year, Ontario will get \$1 billion of the CHST, British Columbia \$400 million and Alberta \$300 million. What will Quebec get? A paltry \$150 million. It is ridiculous.

• (1635)

The Minister of Finance would have us believe that Quebec is benefiting from the federal government's generosity through equalization. I remind the minister that the equalization program has been in place for a long time and that its purpose is to give provincial governments adequate revenues to enable them to provide public services at reasonably comparable quality and tax levels.

The \$1.4 billion that the federal government is sending to Quebec was owed to us, because the calculations for previous years were erroneous. The federal government is sending \$1.4 billion after depriving us of \$6.5 billion since 1994. I say the minister could have done better, much better. And members should not try to tell me that we are getting more than our fair share. Since 1994,

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39% of the cuts made by the Minister of Finance to social transfers have affected Quebec, compared to only 32% in the case of Ontario. Once again, the Minister of Finance does not seem very fair.

But the real issue is why these equalization payments are made to us, and not to other provinces, such as Ontario. The answer is simple: it is because Quebec's economy is weaker than the economy in Ontario, which has always enjoyed preferential treatment on the part of the federal government. If Quebec got its fair share of federal investments, it would more than likely not receive equalization payments.

As we know, Quebec is only getting 20% of the federal government's current spending in goods and services, only 18% of the federal funding to businesses, and only 14% of the federal money invested in research and development. I would be remiss if I did not also mention the \$2 billion the federal government owes to Quebec for harmonizing the GST. Members can imagine the difference all these billions could make in Quebec.

The reason I said this budget would go down in history is simple: this budget is the last straw when it comes to the arrogance displayed by the federal government toward Quebec. After intruding in education last year with its millennium scholarships, this government is doing the same thing again this year in health.

Ottawa will therefore be injecting \$1.4 billion into health, although this is still a provincial jurisdiction. What conclusion can one come to about such measures, which do nothing but duplicate services Quebec is already offering to the population? What a fine waste of time, money and energy.

Having cut billions of dollars from transfer payments, having smothered the provinces, which were already busy tidying up their own finances, and did not need any additional burden, and having provoked an unprecedented crisis in the health field, the Minister of Finance and his colleague the Minister of Health have piled arrogance on top of arrogance, by imposing their views upon the health sector.

This budget contains in particular \$328 million for health information systems. However, I would like to know how such a measure will make it possible to shorten the waiting time in our constantly overburdened emergency departments.

Creation of the national health surveillance network with its budget of \$190 million over the next three years, is another example of inappropriate and pointless spending, for such a network dealing with the detection of serious illnesses and the electronic linking of Canadian laboratories will not respond to the real and crying needs of the health care system in Quebec.

Creation of the Canada health network, telehealth and telehome-care are other measures dreamed up by the federal government to create still more administrative structures it can control from

Ottawa. People will understand that this is obviously part of the Liberal plan to satisfy their unquenchable thirst for visibility.

The Canadian institute for health information is another institution that will receive funds to report periodically on the health of Canadians and their health system, specifically on waiting lists, and the doctors and specialist assignments and the most effective courses of treatment.

According to the federal government, this funding will promote a better accounting of health care. While all the provinces rejected the annual health care report card, the government is doing indirectly what it cannot do directly under the Constitution.

• (1640)

Another example of what the federal government has come up with to waste public money, and we know it does not lack for ideas in this area, is the famous research and evaluation fund for nursing staff, which will conduct research in the amount of \$25 million over the next ten years to, among other things, come up with solutions to the challenges to nursing staff in the coming decade. But what exactly does this have to do with the federal government, I wonder?

Finally, we can add to this dismal list of federal interference the amount of \$75 million to be spent over the next three years on prenatal nutrition programs, and the \$50 million, again over the next three years, to find ways to attract doctors to rural areas.

After thoroughly reviewing the budget, it is clear to me that the Minister of Finance is trying to make us believe that this is a budget that is fair to all Quebecers and Canadians. However, this is not the case.

This budget is a gift to the privileged in our society, whether they are individuals or rich provinces, at the expense of the unemployed and the poor. Moreover, as members will have noticed, the Liberal government is doing something with this budget that it has no right to do, that is to ignore the Constitution and once again get involved in areas of provincial jurisdiction.

Quebeckers are no fools. Our determination to take control our own destiny is strengthened when we see the real nature of the federal government.

Earlier, the member for Broadview—Greenwood said he did not think there were many separatists in Quebec any more. He is right. There are not many separatists in Quebec, but there are more and more sovereignists, particularly as a result of the Liberal government's budget.

The Acting Speaker (Mr. McClelland): It is my duty pursuant to Standing Order 38 to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Acadie—Bathurst, Employment; the hon. member for

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Delta—South Richmond, Fisheries; the hon. member for Winnipeg North Centre, National Defence.

[English]

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I thank my colleague from the Bloc for his speech and have a question that has to do with the social union.

Actually it has to do with the health care expenditures the government made in the budget which were nowhere near what it took out. Nevertheless it did put some back in. It also has to do with the fact that Quebec did not sign the social union. I think the reason it refused to sign the social union was a good one. The reason it refused to sign was that the federal government refused to give up any of its authority which under the Constitution does not really belong to it.

The federal government keeps asserting its spending power and in so doing effectively blackmails the provinces into accepting money that initially comes from people in the provinces. If a province did not accept the money it would simply go to another province. We are in a situation where effectively the provinces have to accept the rules of the federal government or they will be denied money and will not be doing the job that they should be doing for their constituents.

Would my colleague from the Bloc agree with that analysis and that it is time for a more co-operative approach to dealing with programs like health care that fall into provincial jurisdiction?

[Translation]

Mr. Serge Cardin: Mr. Speaker, indeed the Government of Quebec, which did not sign the social union agreement along with the other provinces, was soundly punished for this. According to the federal budget, social transfers are made on a per capita basis, but if one looks at the reality, there is \$150 million for Quebec and about \$900 million for Ontario.

Doing the math, this must mean Ontario has a population of some 42 million, since Quebec has approximately 7 million. So it can already be seen that, where the social transfer is concerned, and they speak of payments according to population, the figures do not balance out.

Health is a provincial area of jurisdiction. It is one Quebec is capable of managing properly. While Quebec, and a number of other provinces, were concluding that health reform was necessary, the federal government was brutally slashing health funding, which pretty well hamstringed all the efforts the provinces and Quebec were putting into health.

• (1645)

Now, with all these surpluses in its coffers, the federal government is trying to interfere in all manner of areas in which it has no

business, seeking any excuse, seeking to justify its existence. As far as I am concerned, however, the federal government no longer has any reason to exist.

[English]

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I am very happy to rise to take part in this budget debate, however sad that example of the Reform from Alberta cozying up to the separatists may have made me. It is surprising that the comparison the Bloc did not make was to the fair share that Alberta received in this budget as well which was so warmly received by Mr. Klein.

[Translation]

Under the leadership of our Prime Minister, the federal government has now created conditions where Canadians can be optimistic about the future. After years of difficult choices, the finances of the nation are now solid and the government can act on those things that matter to Canadians.

By far the greatest priority for Canadians is the strength of our public health care system. Over the next five years, an additional \$11.5 billion will be transferred to the provinces to be used in meeting the health care standards that Canadians have a right to expect. In my own province of Ontario, an increase of almost \$4.4 billion will go into health care.

[English]

Health care is an obvious element of our quality of life and our quality of life is clearly dependent on our standard of living. The question is how can we maintain or, better still, how can we improve our living standards in Canada?

Since 1987 we have done okay. Our standard of living has grown by 7%. However, when we look at our American neighbours we see that in the same time they have increased their standard of living by 17%.

To understand why this has happened we need to look at the productivity growth rates that we have realized in Canada over that period of time. Productivity, the measure of the efficiency with which people, capital, resources and ideas are combined, is the most important determinant of our standard of living.

Unfortunately over the last 25 years Canada has had the lowest rate of productivity growth in the G-7.

If productivity in Canada had grown by 1.2% per year faster, which is the gap between the average U.S. and Canadian growth rates, our per capita income would have been \$7,000 per year higher than it is.

It is no wonder that last fall the finance committee of this House warned that the slower rate of productivity growth is a cause for real concern for Canadians.

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According to an Ekos survey, 82% of Canadians believe that increasing Canada's economic productivity is essential to improving our standard of living. Canadians understand the challenge. With time and a concerted effort, the government and the private sector acting in partnership can make sure that all Canadians see an increase in their wealth.

We have a strong foundation from which we can work. The broad economic conditions of the country are coming together. Last year this government recorded the first budgetary surplus in 28 years. Our inflation rate has been the lowest in more than a generation and interest rates are low.

And on the employment front, Canada is creating jobs at a rate unequalled in the G-7.

[English]

Canadians have demonstrated that when they put their minds to a task, as they did to eliminating the deficit, they can achieve their goals. This aptitude will stand us in good stead for the productivity challenge to which we must now turn our minds.

In terms of the nation's accumulated debt, first of all, the government acknowledges that debt is simply too large. The Minister of Finance has confirmed that we will make greater and greater inroads on the debt and in this fiscal year alone the debt to GDP ratio should drop to 65.3%. In the last two years we have seen the retirement of \$20 billion of market debt.

- (1650)

Second, Canada's overall tax burden ranks about the average among the G-7, but the reality is that it is higher than that in the United States which is our major competitor. In the budget the government set out its plan for tax relief, that it needs to be fair, it needs to be focused on the individual and it needs to be sustainable or permanent. Taken together, the 1998 and 1999 budgets provide tax relief totalling \$16.5 billion over three years.

Third, stronger productivity growth will require stronger business investment in technology, machinery and equipment.

Four, we need more foreign investment in Canada because it can bring new technology and ideas.

[Translation]

Fifth, Canadians must take more chances, innovate more often and bring our ideas to market. The government's decision to invest an additional \$50 million in technology partnerships Canada signals that we understand innovation is a strong determinant of productivity growth.

Still though, Canada's private sector spends less on research and development as a share of its GDP, despite our more generous

R&D tax incentives. Fewer than 1% of Canadian firms perform any R&D. Moreover, not enough Canadian ideas are commercialized in Canada.

Sixth, while the World Economic Forum ranks Canada first in knowledge workers, we are not following through with on the job training.

Seventh, our exports are concentrated in too few firms.

Taken together, training, trade and R&D, the World Economic Forum ranks Canadian businesses as 15th in terms of company operations and strategy. And that ranking is dependent on too few firms.

The government started down the productivity path with a program called "Building a More Innovative Economy" in 1994 and has broadened its strategy with the last federal budget.

In 1997, the Canada Foundation for Innovation was created with an \$800 million dollar investment from the federal government. The foundation's mandate is to fund new and modernized research infrastructure. This budget will increase that investment by an additional \$200 million.

[English]

To ensure that our research infrastructure is fully utilized by the brightest minds in the country the government has further increased its total support to the research granting councils and to the National Research Council by more than \$120 million. We are accelerating our efforts to disseminate knowledge. The budget will broaden access to the information highway with \$60 million for the smart communities demonstration projects. Our networks of centres of excellence have brought together the best of our brains in a uniquely Canadian way that creates ideas like sparks off a flint. I want to see those sparks ignite and blaze in as many productive paths as possible.

That is why the government has invested an additional \$90 million in the networks of centres of excellence. Moreover, by investing an additional \$430 million over the next three years in the Canadian Space Agency and thereafter stabilizing its annual budget of \$300 million, the government has determined that Canadians will participate in exploring the space frontier.

When Canadians compete with the best in the world we can win. We can come out ahead. It happened in the automotive sector, the pharmaceutical sector, the aerospace and biotechnology sectors. Our investments in education, training and technology pay important dividends in jobs and growth.

As we look to the 21st century we can pull that same resolve together as a nation to address the productivity challenges that are core to high quality accessible health care, a strong educational system, second to none, a society that provides real opportunities for youth and security for their parents and grandparents.

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• (1655)

This budget is a further step in implementing the long term plan that we began to set out in 1994. Success is a journey, not a destination. With this budget, we continue our progress on the road of success.

The Acting Speaker (Mr. McClelland): There is a lot of interest so we will ask everyone to keep their questions and comments to one minute.

[*Translation*]

Mrs. Maud Debien (Laval East, BQ): Mr. Speaker, the minister quoted all sorts of figures the budget has miraculously put at the service of the general public for industry, research and technology. However, I would like to tell him about other figures.

In 1992, there were 1,218,000 Canadian children living in poverty. By 1996, that number had climbed to 1,481,000, an increase of 263,000 since this government came to office.

In 1992, 564,000 people over 65 were living in poverty, compared to 655,000 in 1996, that is 91,000 more.

In 1992, there were 991,000 families living in poverty, compared to 1,230,000 in 1996, an increase of 239,000 since this government took office. These figures are from the National Council of Welfare, which is the government's advisory council.

The government may say that \$300 million will be given through the child tax benefit—

The Acting Speaker (Mr. McClelland): I am sorry to interrupt, but the hon. member's time has expired.

Hon. John Manley: Mr. Speaker, clearly, the hon. member is ignoring the fact that we created over one and a half million jobs since we were elected in 1993.

She is also ignoring, and this is part of the Bloc Quebecois' philosophy, the creation of wealth. She is ignoring the challenges of productivity. She thinks we can find solutions to the problems by handing money around everywhere.

We must find the solution to creating wealth here in Canada. This is how we intend to proceed, to create jobs, to achieve success.

[*English*]

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, the minister went on and on about how productivity is a problem in Canada. He is right. We do have a problem with being productive and keeping up with the Americans.

The minister pointed out there has been job growth. He failed to mention that it is part time job growth, the self-employed. The Americans have produced all kinds of full time jobs but Canada has not.

He went on and on about all the programs that he had initiated and about all the spending they were going to do. Noticeably absent from his speech was any emphasis at all on our record high taxes.

Does the minister make the connection between record high taxes and our lack of productivity? Does he still believe that high taxes actually increase productivity like he said just before Christmas?

Hon. John Manley: Mr. Speaker, it is wonderful to hear the errors of statement coming from the member for Medicine Hat.

Number one, of course I spoke about taxes. Perhaps he missed that point of my speech. I said that they were higher than in the United States. If taxes are the only issue with respect to productivity, perhaps the hon. member for Medicine Hat can explain why, with higher tax rates, countries like France and Germany have achieved higher levels of productivity growth. Goodness, that is hard to understand.

Second, what I do not understand about Reformers is that we hear them every day saying they want more spending on health care, more spending on crime control, more spending on defence. They have a bigger list of more spending items than you can shake a stick at.

At the same time, somehow or other they think we will pay down the debt and lower taxes as well. I understand why they need to start a new party. The arithmetic in their old party just does not add up.

• (1700)

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, would the minister agree that the debt has been paid down on the backs of unemployed workers and by means of the EI fund?

The minister gives wonderful statistics with respect to unemployment, saying that it has gone from 11% to 7.8%. However, the government never explains why there has been an increase in the number of food banks in Canada and what the statistics on them are now.

The government never tells us how many 25 and 30 year-olds are obliged to continue to live with their parents and how their parents have to support them.

These are the figures I would like the minister to give us, for these are the figures that really count and that are on the minds of Canadians.

[*English*]

Hon. John Manley: Mr. Speaker, there is nothing as unreformed as a New Democrat from outside Ontario where they never had to face the prospects of governing.

What underlies that question is a complete inability to do the arithmetic which drove the country to the point of bankruptcy in

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1993, led by the province of Ontario where the New Democrats for five years spent their way into oblivion.

We have created the conditions by creating jobs, by seeing job creation expand and by seeing people go back to work. There are more people working in Canada today than at any time in our entire history.

What the NDP needs to understand and what the member needs to understand is that once we get to the basic problem of creating prosperity in society, problems that are solved by getting people to work, by increasing our productivity, by being competitive, by contributing to the factors that make the quality of life here the best in the world, we get to the source of the problems that he wants to talk about. We cannot solve one without dealing with the other.

Mr. Rick Casson (Lethbridge, Ref.): Mr. Speaker, the minister questioned everybody's arithmetic in the House today except his own. He mentioned that the debt was going down, that they had been paid it down by \$20 million.

An hon. member: Billion.

Mr. Rick Casson: Yes, \$20 billion. I apologize. I see the dollar figure on the debt stays exactly the same for the next three years; not one dollar less than it is this year.

How can he say there are \$20 billion less of debt and in his own books it is the same for the next three years? That is funny arithmetic.

Hon. John Manley: Mr. Speaker, I am delighted to have that question because if the hon. member does not understand it probably a lot of Canadians have not understood as well that the way we declare our deficits is a very cautious method. In other words, we take into account all the accrued liabilities from pensions which are not due in the current year. That means we accrue debts that actually do not require us to outlay cash.

What I said is that over the last two years our market debt, in other words what we have actually gone to the markets and actually borrowed from the bankers of the world, has been reduced by \$20 billion. That is not small change in my books.

The Acting Speaker (Mr. McClelland): We are over time but there seems to be an awful lot of interest in continuing.

Ms. Val Meredith: Mr. Speaker, I rise on a point of order. I think you would find unanimous consent to stretch question and answer period for another 10 minutes for the Minister of Industry.

The Acting Speaker (Mr. McClelland): The member for South Surrey—White Rock—Langley has requested unanimous consent of the House to extend the period of question and answers by 10 minutes. Is that agreed?

Some hon. members: Agreed.

Some hon. members: No.

Mr. John Finlay (Oxford, Lib.): Mr. Speaker, I am pleased to stand before you to share my thoughts on the budget delivered by the Minister of Finance. You and I may share them alone, Sir; no one else is paying any attention.

Over the next few minutes I will analyse a number of different aspects of the budget. I will focus on health care and look at economic conditions and tax cuts.

Oxford County is like many other rural regions of the country. It is made up of people who work hard for a living, raise their families and try to give something back to their community. My constituents have told me in the past that they want the government to get its fiscal house in order. Each year after the budget they have said to me: "Good work, Finlay, but we need to go further and reduce the national debt". I have received many letters over the past five and a half years from constituents who wanted a zero deficit but also wanted the essential programs protected and preserved.

• (1705)

At times our task seems impossible. As a new MP at the time of the 1994 budget, I looked at our previous \$42 billion deficit and worried about the fiscal legacy we were about to leave our children and grandchildren. It was not a task I looked forward to. Nor, I imagine, did any member of the House at that time.

We conquered the deficit. No matter what the future holds for our Minister of Finance—some would say he has an exciting future ahead of him—he will be known as the man who led Canada away from the economic abyss to a future filled with potential for all Canadians.

The 1999 federal budget builds upon our past budgets not only in terms of tax cuts and fiscal balance but by ensuring that Canada's most important social program, health care, has been protected and preserved.

This was the message I was very happy to carry to the municipal councils in the town of Tillsonburg in Zorra township during the House recess last week. I look forward to discussing it with health care providers and hospital administrators throughout Oxford.

During the recent united alternative convention we did not hear the demagogues of the right talk about private health care although I am sure many espoused it in private. Why would they not espouse this basic tenet of Conservative philosophy? It is because they know Canadians believe that universal access to high quality, affordable health care is essential to Canada's quality of life. It is something that defines us as a nation.

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Members may ask what the federal government has done to protect medicare in the budget. Through substantial funding increases and strategic investment the budget is about using the resources freed up by balancing the budget to strengthen and modernize medicare so that it can cope with emerging demands and adopt new technologies to meet the needs of Canadians.

Not only does the federal Liberal government commit a minimum increase of \$11.5 billion over the next five years to the Canada health and social transfer to the provinces. It also allocates an additional \$1.4 billion over the remainder of this fiscal year and the next three fiscal years to our health care system.

This funding includes the following: \$328 million to improve public access to high quality health care information and to better inform Canadians about the performance of their health care system, consistent with the social union framework agreed to by all the provinces; \$240 million to support the development of the Canadian Institute of Health Research; \$150 million in additional funding for health related research for the advanced research granting councils, the National Research Council and Health Canada; an additional \$200 million for the Canada Foundation for Innovation; \$190 million to better meet the health needs of first nations and Inuit communities; and \$287 million to improve prenatal nutrition, food safety, toxic substances control, to foster innovation in rural and community health, and to combat diabetes.

I am proud to call the 1999 federal budget a health care budget. It was accomplished through the sacrifice of Canadians from coast to coast and it builds upon the success of the government's deficit fighting efforts.

I can look my constituents in the eye and tell them that our most essential social program has been strengthened and preserved for our collective future. I only hope that the provincial Tory government in Ontario will ensure that rural regions like Oxford see the full benefits of this funding increase through improved service and quality of care.

The budget is about more than health care. It is also a record of achievement which seeks to build a better economy for Canadians. When the government took office, the national deficit stood at an all time high of \$42 billion. No federal government, either Liberal or Conservative, had delivered a balanced budget in almost a generation.

• (1710)

Tough fiscal medicine, economic growth and job creation have combined to eliminate the deficit and give Canadians a balanced or a better budget for two years in a row. This is significant because it is the first time since the government of Louis St. Laurent that the federal government has been deficit free for two consecutive years.

As the minister pointed out in his speech, the government is committed to further balanced budgets or better in 1999-2000 and 2000-01. This will make only the third time since Confederation that the Government of Canada has recorded four consecutive balanced budgets. It is a legacy I am very happy to hand over to my children and grandchildren.

Balanced budgets have provided room for the government to provide tax cuts to Canadians. We recognize that tax relief and tax fairness are essential to improving the Canadian standard of living. As I have said before, we can only provide tax cuts that we can afford and that are sustainable. It makes no sense to provide tax cuts one year and then revoke them the next, or to butcher a program as Reform proposes every time the economy goes into a tailspin. Our approach is balanced. It is moderate and it is sustainable.

Let me quickly summarize the tax cuts in the budget. The basic personal exemption will be increased by \$175 to a total of \$675. This extends to all taxpayers along with last year's increase of \$500 to low income Canadians. As of July 1 the 3% surtax on personal income will be eliminated for all Canadians.

What does this mean to average Canadian taxpayers? It means that single taxpayers earning \$20,000 or less will see their taxes reduced by at least 10%. Typical one earner families with two children and incomes of \$30,000 or less will pay no net federal income tax. Families with incomes of \$45,000 or less will have their taxes reduced by a minimum of 10%. Every Canadian can look forward to a tax cut and 600,000 lower income Canadians will no longer pay any federal income tax at all. That is an increase of 200,000 over last year.

Farmers across Canada were also happy to see in the budget the federal commitment to producers suffering from the income crisis they faced this past year. The federal government in the budget committed to paying 100% of the cost of the agriculture income disaster assistance program in the first year, up to \$600 million. The provinces will fund the major part of the program in the second year, resulting in a 60:40 cost sharing ratio over the two years.

I assure the House that there are many farmers in Oxford County waiting anxiously for this assistance. It is heartening to see that the government has found a way to furnish assistance and to seek out the funding necessary to provide an essential part of our economy when it is needed. It is also encouraging to see that all the provinces but one have co-operated, and we hope that one will be onboard before too long. Some economic turmoil cannot be forecast but the government has proven that it can react proactively to ensure those affected suffer as little as possible.

There is much more about the budget that I applaud like the funding for innovation and research, but I will now close with some words from my favourite playwright, William Shakespeare. In the last scene of *As You Like It* the Duke says:

—let us do those ends
That here were well begone and well begot:
And after, every of this happy number
That have endured shrewd days and nights with us
Shall share the good of our returned fortune

In 10 months we will enter a new millennium. Canada is ready to—

The Acting Speaker (Ms. Thibeault): Order, please. I am afraid I will have to interrupt the member.

• (1715)

[Translation]

Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ): Madam Speaker, the member for Oxford's usual lack of courage is clearly in evidence here when he says he will vote for the Minister of Finance's budget. He is not as brave as the member for York South—Weston who voted against the Minister of Finance's budget because his party refused to keep its promise to abolish the GST. He was kicked out of the party and his constituents rewarded him in 1997 by re-electing him to office.

What the member for Oxford failed to point out is that, of the 100% of workers who pay EI premiums, only 41% qualify for benefits. The \$20 billion surplus was used to balance the budget, and that is the fact of the matter.

In addition, his government will have cut health care by \$33 billion by 2003. He does not tell us that. The government says that it will add a few billion dollars, but it has already cut \$42 billion. The member for Oxford lacks courage and will fall to his knees and vote for the budget.

[English]

Mr. John Finlay: Madam Speaker, I am not sure how the GST got in here. I did not promise to get rid of the GST, and many of us on this side of the House did not. I remind the member that when he is talking about debt, when we took office 36 cents of every revenue dollar went to service the debt. We used to have that day in July or August which was the day when we finished paying. Now that is 27 cents on every revenue dollar, which is a 25% increase and which accounts a great deal for our being to put more money into the programs that Canadians want and need.

Mr. Jim Hart (Okanagan—Coquihalla, Ref.): Madam Speaker, I listened with interest to the member's comments. He mentioned the disaster relief program for farmers across the country. I am from Okanagan—Coquihalla and we have an orchard industry that brings to the Okanagan Valley some \$700 million a year which we are very proud of. I think now and then all Canadians enjoy B.C. apples. That has been a tradition across the country. We are well known for our high quality products.

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In the last two years our orchardists have been ravished with disastrous weather, crop failures and a number of situations. The member with a lot of pride defended the program in this budget that has been set up for the agricultural industry.

I would like to ask the member if all people in the agricultural industry are so happy about the process that has been set up why then did tree fruit growers in the Okanagan Valley announce yesterday that they plan to cut down their apple trees in the Okanagan Valley, destroying a complete industry, on March 15? Could the member please give the orchardists in the Okanagan Valley some encouragement that this process and relief program will come sooner than sometime in July or August and that relief will be immediate for these people who are suffering a great deal.

Mr. John Finlay: Madam Speaker, my hon. colleague makes an excellent point. I was happy to have visited that area of British Columbia last fall. I talked to some of the apple growers. I know that prices were a concern and I know that weather was a concern.

This is a disaster relief program that we are talking about. As I understand it, any agriculturalist can apply for the relief. The methods and the application forms will be on websites by Friday this week. The hard copy should be ready in a couple of weeks. Although the minister is unable to say exactly what it will be, the turnaround time will certainly be earlier than July.

• (1720)

Mr. Jim Hart (Okanagan—Coquihalla, Ref.): Madam Speaker, to respond briefly to the member's comments, it has been announced that the orchardists will have to wait until after they get their income tax returns which could be considerably down the road.

I rise on behalf of the people of Okanagan—Coquihalla to take part in this debate on the Liberal government's pay more and get less budget. I say pay more and get less because Canadians are paying more in taxes but getting less in services like health care than they were before the Liberals took office in 1993. They are paying more and getting less and that has been a consistent theme by this Liberal government.

There have been a lot of excellent speeches today on health care and taxes from the official opposition and other members, but I have chosen to spend my time on a national institution, a very proud institution, the Canadian Armed Forces.

Recently while conducting some research in my office I came across a lead story from the *Globe and Mail*. The date of article was February 28, 1951. The article was entitled "Canadians jubilant over orders to go to Korea". This article detailed the decision of the Canadian government to contribute significant troops to the conflict in Korea.

The article stated that Canadian soldiers were excited because they were proud and indeed Canadians from coast to coast to coast

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were proud of the contribution the Canadian Armed Forces could make to the Korean conflict.

The other article I point out was also from the *Globe and Mail*, dated February 21, 1959. The article announced Diefenbaker's decision to scrap the Avro Arrow project due to budgetary considerations. In another article that day by the *Globe and Mail* there was an editorial deploring the decision to force the Canadian government to purchase high tech equipment from the United States.

These two articles reminded me that in the 1950s Canada had a significant military establishment for a middle power, a place that we should hold today on the international scene.

The decision to scrap the Avro Arrow cost Canadians 13,800 jobs mainly in the province of Ontario. The *Globe and Mail* pointed out that despite the cost of the Avro Arrow program, these 13,800 workers were Canadian taxpayers. The money spent on the project would remain here in Canada.

The editorial concluded by stating: "And now what? Now the brilliant array of engineering and technical talent which built up this great Canadian industry will be dissipated. Now these highly trained men and women, the one national asset, will probably go". The editorial asks where. The answer was to the United States. They did go and they formed the backbone of NASA.

Their exit from Canada foreshadowed today's brain drain of skilled workers who are leaving Canada due to high taxes in this country.

I bring up these two historic issues of the *Globe and Mail* not to reopen the debates on the decision to send troops to Korea or to scrap the Avro Arrow but to point out that Canada in the 1950s was taken seriously as a middle power. We had a serious military establishment, one that we as Canadians were very proud of.

When the call came in 1951 we were ready to go, not to maintain the peace but to fight a war. Our armed forces totalled 120,000 personnel. We contributed a brigade group, ships and aircraft to the UN sanctioned war in Korea. By 1959 we had a serious aerospace industry providing Canada with its defence requirements. Defence was taken seriously enough that the defence spending budget accounted for 20% of federal spending.

During the 1950s and into the 1960s our armed forces contribution to peace and security helped earn Canada a premier place among the world's nations. By the 1970s this started to change with the election of another Liberal government, Pierre Elliot Trudeau's government. I remember those days well because I was a young leading seaman in the Canadian Armed Forces serving on a Canadian destroyer escort. I watched firsthand as Trudeau's cuts did devastation on the Canadian Armed Forces.

• (1725)

By the late 1970s our soldiers were the best paid in the world. However, I remember numerous incidents where our ships were docked in Halifax and Esquimalt due to a lack of fuel. To make matters worse, training was hampered due to a lack of ammunition.

Under today's current Liberal regime things are much worse. Since 1993 the defence budget has been slashed by an additional 28% while the demands placed on our troops in the Canadian Armed Forces have increased.

At just over \$9 billion defence spending accounts for only 6% of the federal spending, down from 20% in the 1950s and a minuscule expenditure compared to the \$42.5 billion spent each year paying interest on the national debt.

Canadian defence expenditures account for 1.1% of GDP while the average defence expenditure for our NATO allies is 2.4% of their GDP. Again, we are out of whack completely when we spend 1.1% on defence spending.

The result of this Liberal government's cuts to defence spending has been dramatic. We have seen our troops drop to 60,000 from 73,000 in 1993. We find it impossible to meet Canada's stated defence policy objectives. Hardest hit is our army, our land forces. Most army units are manned at only 65% of their authorized strength. Despite the Canadian population hovering somewhere around 30 million we can barely muster 800 troops to send to Kosovo. Even then they will be poorly armed.

In April 1998 the Auditor General of Canada reported to the House of Commons on the state of the Canadian Armed Forces equipment and expressed grave concern about the deterioration of equipment that was preventing our forces from fulfilling Canada's defence policies. In terms of the army the auditor general pointed out that operationally it had not kept pace with technology to modernize equipment, leaving it vulnerable to threats. Its infantry and armour could be detected, engaged and defeated long before our personnel even knew the enemy was present.

This cannot be taken lightly. The auditor general has unequivocally stated that the money for capital funding would decrease even further due to the high maintenance and operating costs of servicing aging equipment, as we see daily with stories about our Sea King and Labrador helicopters, the Aurora aircraft, but enough of the facts and figures.

Canadians know that this Liberal government has decimated the Canadian Armed Forces, leaving Canada at best a freeloader on the backs of our allies and at worst utterly incapable of fulfilling our defence policy objectives, including protecting our own sovereignty. This is a national embarrassment, a disgrace not only to our troops but a disgrace for this government.

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Providing for the defence of its citizens is one of the prime responsibilities of any federal government. Here as in other areas the Liberals have failed.

For decades now the Canadian forces have done more for Canada than meet the call to arms. They have been a national institution that cannot be ignored, a national institution that should be used by this federal government to build unity from coast to coast with our militia units, with our reserve force and with the pride that our service people serve with around the world.

We do feel that pride: Canada's World War I victory at Vimy Ridge, our role defeating Nazi Germany, Italy and in France in World War II, our record as premier peacekeepers around the world. Notice I said "our", our victory, our role, our record. They are our armed forces, our Canadian Armed Forces. Despite the best efforts of the Liberals Canadians are proud of the men and women who serve in our forces.

I urge the Liberal government not to ignore the Canadian Armed Forces. The minor and minuscule increases are not enough to keep our combat capable forces in place today.

• (1730)

Mr. Rick Casson (Lethbridge, Ref.): Madam Speaker, it is a pleasure to rise today to address the latest version of the Liberal budget on behalf of the citizens of Lethbridge. I have been looking forward to this chance to chronicle the assault of this government on the Canadian taxpayer, the unfortunate soul who is paying more but getting less.

This is now the sixth straight time that Canadian taxpayers have had to suffer through a Liberal budget. For the last six years, Canadians have endured slash and burn budget cuts that have devastated health and social transfers.

The Liberals have downsized our armed forces as my colleague just mentioned to a hollow shell, sacrificed environmental protection, tightened and restricted EI benefits, reduced portions of our national highway system to gravel, and worst of all, increased taxation revenues. Simply put, taxpayers in Canada have been paying more but they have definitely been getting less.

When this government took office in 1993, Canadians were paying \$51.4 billion in personal income tax for the year. At the end of this year, personal income taxes will have risen 46% to \$75 billion, an increase of \$24 billion. This is an increase of \$650 for every Canadian. This shell game which has been foisted on Canadians by the finance minister has forced Canadians to pay personal income taxes that are 56% higher than the G-7 average.

Of course, we can forget the infamous promise to scrap the GST. We heard a bit about that today. When the Liberals took over, Canadians were paying \$15.7 billion in GST per year. By this

year's end, Canadians will be paying \$21.6 billion, an increase of \$5.9 billion, or about 38%. That translates into about \$156 more per Canadian for a tax that this government promised to abolish.

As if these increases were not bad enough, the government is set to hike CPP premiums by 73% over the next six years. Sadly, the former chief actuary of the CPP, before he was fired for not singing from the Liberal song sheet, estimated that this increase would likely not even be enough to save the plan.

To top it all off, the government has added insult to injury by ripping off taxpayers by overcharging them on their EI premiums. According to the chief auditor for this program, the government has been overtaxing Canadian workers by an average of 37% for the last five years. Canadians now pay more of their hard earned money for a plan that delivers them fewer benefits, that is, if they even qualify under the strict new rules.

This is the sad truth that the Liberal government refuses to tell. The Liberals hide behind their sleight of hand accounting practices, practices the Auditor General of Canada does not approve of. They hide behind their spin doctors and their rhetoric machines. They boast about EI reductions but say nothing about CPP hikes.

When the Liberals took over the reins of government from their partners, the tax and spend previous government, total federal tax revenues were \$94.3 billion and total government revenues totalled \$107.3 billion. At the end of this year, the federal tax revenues will top \$131 billion, an increase of \$36.8 billion and total government revenues will be \$149.4 billion, an increase of \$42 billion. Members opposite can claim that the government is raking in these record revenues because of the strong economy, and they do. But how do they explain that when the economy only grew by 3%, government revenues grew by 8%?

I think I have made myself perfectly clear. Canadians are paying more than they ever have before and they are getting less. What are they receiving for these astronomical increases in taxes? What do they have?

They have a two tier health system. The health care system that Canadians have come to rely on is under siege. Waiting lists have increased 8.5% in one year to over 187,000 in 1997. Almost 200,000 people in Canada are waiting for health care services. The waiting time to see a specialist has increased 38% and the number of hospital beds have decreased by 25% in some provinces. My own daughter in Edmonton with a severely broken ankle waited 42 hours for surgery to repair it just a month ago.

In 1993 when the Liberals first took power, CHST payments were about \$1,453 per taxpayer. But today after this budget, these payments per taxpayer have dropped to \$1,005. That is a drop of 31%. So Canadians are paying more and getting less.

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• (1735)

The government has announced with great fanfare that it is putting back \$11.5 billion over five years into the transfer payments for health care. But if we look at the Liberal record at the end of this five years, we will see that cumulative CHST reductions will total \$50 billion by the end of the five years. The Liberal government has taken \$5 and it will give \$1 back.

This budget was to be the cure to what was ailing the health care system, but Canadians are still paying more and getting less. They are paying more for out of pocket medical expenses and will be getting \$4.3 billion less in health care in 1999 than they did in 1993. That is the legacy of this government.

Our soldiers have suffered. The Canadian armed forces, the brave men and women who have dedicated themselves to their country, those who are willing to put their lives on the line, have borne the brunt of the government's politics. These politics have put the well-being of our troops at risk. The defence policies of the government have led to a serious deterioration in the morale of this once proud force. It has left the armed forces with equipment that is 20 to 40 years old. It has cut personnel levels by almost 25% and has threatened to cut even more to balance the books.

The effects of the government's cuts have cost the defence department about \$7.8 billion since 1993-94 and now the finance minister offers a pitiful \$175 million per year. It is an insult to treat our soldiers with such disrespect. They deserve more, not less.

Nothing seems sacred to the government. With this budget the Liberal track record on the environment went from bad to worse. Across the country contaminated sites sit like a cancer on the land. These sites are affecting the health of Canadians, yet the government refuses to take a leadership role in their cleanup. Look at Sydney, Nova Scotia, the tar ponds. Nothing has been done. Lots of talk but no action. We are paying lots and getting nothing.

In six years the government has not made any serious effort to protect our endangered species through legislation despite its international commitments.

In May 1998 the environment committee released a report that outlined the serious deficiencies in the enforcement capabilities of Environment Canada. Funding levels have been cut to the point where enforcement officials are stretched so thin that they are falling behind in training and cannot enforce many of the increasing number of environmental regulations.

It is beyond belief that when the government was sitting on a \$10 billion surplus it did not take the environment more seriously. Contrary to what the finance minister may think, the environment

cannot survive on empty promises of relief for next year. Time is running out now.

I think the point has been made. Canadians are definitely paying more and they are getting less. They are paying \$2,000 more in taxes since the government took office and they are getting at least \$1,500 less for health and other services.

Another fact is the savings that Canadians have are dwindling. Canadians are unable to put any money away and they are starting to use their savings just to get by from day to day. Canadians do not deserve this. They bore the burden of the deficit cutting and deserve to share in the benefits. Nine out of ten Canadians say they want tax relief, not new spending, as their number one priority.

A Reform government would deliver comprehensive tax reform beginning with \$26 billion in total tax relief phased in over three years. These reforms would simplify the tax system and, combined with the elimination of marriage and child care penalties, will deliver thousands of dollars per year back into the pockets of the average Canadian family of four.

Our health care is on life support and needs a major federal cash infusion. Reform would deliver immediately \$2 billion to boost federal transfer payments. Wasteful government spending in other areas would be eliminated to give health care the priority it rightly deserves and Canadians are demanding.

Canada needs a reliable health care system with stable funding, funding that does not wildly fluctuate from year to year. Reform would also right the injustice done to Canadians like Joey Haché and compensate all victims of the hepatitis C tainted blood system. This is not a question of money, it is a question of fairness and a question of equality for all Canadians. It is doing the right thing.

Our soldiers earned our respect. A \$1 billion increase in defence spending would equip our soldiers with the tools they need to do the jobs that we ask them to do.

Reform would introduce a credible plan for reducing the size of our national debt. The debt will consume \$43.5 billion in interest payments alone this year, robbing Canadians of funding for programs that they really need.

As they say, the proof is in the pudding. Under this government Canadians will continue to pay more and get less.

• (1740)

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Madam Speaker, in my constituency a number of businesses are choosing to leave Canada because of the high tax program of the Liberal government. They are going down to the states because their investment is a little more secure down there and the tax rates

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are lower. Students are taking jobs in the states because of the high taxes they would pay on income here in Canada.

The hon. member's riding is very close to the American border. I am wondering if he also is finding that it is a trend in today's society for businesses and young people to move down to the United States where the tax rates are much better?

Mr. Rick Casson: Madam Speaker, I thank my colleague for that question. It is interesting that just last week while I was in the constituency a young man came to me. He has been offered a job in the states. This young man has been looking for a job in Canada, but he can get a job in Nebraska. The benefits are better, the pay is better, the take home pay is much more, and the prospects are better for him.

I have come across a document. The *National Post* published some headings from e-mails it received from Canadians about the budget. I would like to let members know how Canadians feel about this. These are the headings from e-mails received at the paper: Taxed to death and back. The non-stop robbery. Bludgeoned dry. Feeling milked dry. Overtaxed. Tax depression. Taxpayer ready to revolt. Tired of no value for my taxes. Drowning in taxes. Lament decay of incentives. How dry I am. Bludget:Bloodget. Excessive taxation. Milked and bludgeoned. Support for a tax revolt. The bludgeoning of taxpayers. Milked and fed up. Ottawa bludgeons. The tax bite. Hate this country and government. I have the bludget blues. Taxed into oblivion. Bludget alias big joke.

That is not coming from this side of the House. That is coming from Canadians across the country. That is how Canadians feel.

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, I listened with interest to my colleague across the way. Chicken Little obviously is alive and well and the sky is falling.

When we listen to the opposition we hear that there have been no tax cuts. One of the things I find very disturbing in this House is that clearly the acoustics on that side are not very good. That side is not listening to the fact that we have been reducing taxes.

I indicated earlier in the day that when we talked about the \$11.5 billion in terms of health care, it was not borrowed money. Those guys are into the borrowed money scheme. We are not into borrowed money. We are going to pay as we go.

If the member would read the tax information with regard to the budget, he would clearly see that in order to have sustainable tax cuts, we have to be in the black. We have to have the money. Clearly we are not prepared to finance tax cuts that are not doable. That is what we have been doing. We have been doing over \$16.7 billion in terms of tax cuts in the last two budgets alone. Listen to the information.

Mr. Rick Casson: Mr. Speaker, one thing that has to be done before there is any credibility is to take care of expenses. This government has refused to cap its expenses. The finance minister, the tax minister every year, comes up with more places to spend the money. The Liberals do not want a surplus Canadians can look at.

Let us not talk about what we think. Let us talk about the Canadian Bond Rating Service report which notes:

—that budget 1999 includes a greater resource allocation towards expenditure priorities with fewer tax and debt reduction incentives. In fact, the government has made no direct or specific commitment towards debt reduction other than to allocate its residual surplus after spending goals have been met.

• (1745)

There is no plan. The debt will continue.

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, one cannot believe one's eyes when reading the Reform amendment before us today which urges the House to reject the budget. The members for Calgary Southeast and Medicine Hat are recommending in their amendment a rejection of an increase of \$11.5 billion in health care over the next five years.

The leader of the Reform Party, with his amendment, further recommends rejection of the following: Canadian opportunities strategy, \$1.8 billion; Canada Foundation for Innovation, \$200 million; and National Sciences and Engineering Research Council, Social Sciences and Humanities Research Council and the National Research Council, \$176 million.

The Reform Party with its amendment today also recommends the rejection of \$96 million toward the establishment of small communities. It rejects \$75 million toward Canada prenatal nutrition programs; \$150 million toward technology partnerships; \$50 million to expand rural and community health; \$795 million for the youth employment fund and the Canada jobs fund; and \$42 million for improving management and control of toxic substances. It also rejects some tax relief, some \$1.5 billion this year; \$2.8 billion next year; and \$3.4 billion in the year 2001-02. This is what the Reform Party is advocating today with its amendment on which we will vote shortly.

Having outlined the sham of the Reform Party position with respect to what it would like Canadians to be denied by its amendment, which does not take into account the positive aspects of the budget, one must also say a word of caution on the fanatic belief of the Reform Party in lowering taxes.

When taxes are lowered services are lowered. When taxes are lowered there is a longer wait for services. When taxes are lowered there are poorer services. When taxes are lowered good programs for youth, seniors, underprivileged, housing, et cetera, are cancelled. When taxes are lowered university tuition costs are

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increased. When taxes are lowered the waiting list for child care is increased. When taxes are lowered laws cannot be properly enforced. Water and air quality, to give an example, suffer as a consequence, and human health does too.

It is foolish to believe that lowering taxes leads to better standards of living. Actually the reverse is the reality and Canada, with its level of taxation, is considered by foreigners the country in which they want to live and visit as shown by our immigration statistics.

A few months ago the national Liberal caucus committee on sustainable development, chaired by the hon. member for Anjou—Rivière-des-Prairies, recognized the significant relationship between human health and a healthy environment and produced a document in which it says that human health is directly affected by the state of our environment.

• (1750)

The document concluded by quoting the Ontario Medical Association in a press release dated May 13, 1997, in which it said that air pollution was a public health crisis, drawing attention to the fact that it called for stringent action on smog causing emissions and other matters.

In the budget we find that the elements related to health could lead to the paving of the way for the next budget, namely a budget that could possibly take place in February of next year and could be devoted to the environment and sustainable development. When we start dealing with health we inevitably find our way to the roots of good health and proper public health and, therefore, to the basic elements of the way in which we approach the environment.

Having established the possibility of a future budget on the environment it is desirable to provide some input to the government on the question of expanding the concept of environmental protection to embrace the broader idea of sustainable development.

It would be desirable that a budget on the environment and sustainable development would examine the present capacity of the federal government to enforce its own laws and to launch at the same time programs that would permit an improvement in the performance of the Department of Fisheries and Oceans, Environment Canada, Transport Canada and the Department of Agriculture and Agri-Food in the name of public interest.

It would be a budget that would look at Canada's international commitments related to environmental protection and sustainable development. It would look at our implementation of agenda 21 as stemming from Rio, our commitments under the Basel convention, our commitments through the Kyoto agreement on climate change,

and determine which are the fiscal and taxation measures that are facilitating our move toward the reduction of climate endangering emissions and the removal of tax incentives that stand in the way.

It would be a budget that would look at the sustainability of our natural resources particularly in the fishery and forests. It would look to our ability to compete through the function of energy efficiency because through a higher energy efficiency than the one we have achieved so far we could also be more competitive.

The next budget of the Government of Canada, if it devotes and focuses its attention on the environment and sustainable development, would be one that would put into practice the document that was published in 1995 under the heading "Turning Talk Into Action". In that document the Government of Canada expresses the firm belief that our economic health depends on our environmental health. It is believed that the federal government can help shape a better future for all Canadians, a future characterized by sustainable development.

In that same document, which was signed by 21 cabinet ministers and by the Prime Minister, the following statement was made:

This is why we want to play a leadership role in turning sustainable development thinking into action. This is why we are now taking the next step of establishing a framework in which environmental and economic signals point the same way.

We have to achieve that plateau of pointing in the same way. A framework which integrates sustainable development into the workings of the federal government is one this document espouses right across the board. It concludes by saying that the Government of Canada is committed to getting government right by making government greener. "This is our commitment to Canadians", the document concludes.

I welcome the opportunity of presenting this intervention and expressly hope that the next budget will be on environmental protection and sustainable development.

• (1755)

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Mr. Speaker, does the hon. member feel that the government has given the right priority to environmental issues?

Unless I missed something there was no indication in the budget that the government had any concerns about the environmental issues facing the country.

Hon. Charles Caccia: Mr. Speaker, I welcome the question. The government has given priority in the budget to health issues. Evidently health is intimately connected to environmental issues. The allocation of \$11.5 billion to health is a good foundation on which to build an approach to environmental issues in the next budget.

The Budget

I regret to note that the Reform Party amendment before us urges the rejection of the allocation of \$11.5 billion to health which the budget has launched. For the life of me I cannot understand why the Reform Party is taking such dog in the manger position instead of supporting the very fact that the government is injecting a substantial amount of money into health over the next few years. It should support this measure and it should indicate to its constituents that this is a good move in the right direction.

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, the hon. member led us to believe that he understands that lowering taxes is bad for Canadians. He said something to effect that if we lower taxes we will then have to lower services for Canadians.

Does he not realize that the interest charges on the \$600 billion that we owe would provide tremendous amounts of programs for Canadians? As a matter of fact, it would be \$44 billion or \$45 billion worth each year.

How would he address that? Would he mind clearing that up for me? Would lower taxes in his opinion be bad for Canadians?

Hon. Charles Caccia: Mr. Speaker, there is a lack of knowledge of economic realities on the part of the hon. member and his party that requires further education.

I will put it this way. The Reform Party fails to understand the fact that the debt as the economy expands remains the same and proportionally becomes smaller and smaller as years go by. Therefore the debt is no longer an economic preoccupation.

The preoccupation of the government is the right one, namely by putting its money into health, education, technological development and research to provide the foundation for a positive economic future, not by looking backward in terms of reducing the debt which in proportion to the total national wealth is becoming smaller and smaller.

Liberals believe that the role of the government is to make investments and not to make the banks happy.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, the hon. member is saying that the danger of reducing taxes is that programs would have to be cut.

Would he agree with me that cutting employment insurance has hurt working people? My question is very simple.

Hon. Charles Caccia: Mr. Speaker, I fully agree with the hon. member.

• (1800)

Mr. Hec Clouthier (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, it is slightly humbling to speak after the valiant veteran from Davenport but I will intercede on behalf of my colleagues in the House to bear with me for eight or ten minutes as

I give a dissertation of the great qualities of this 1999 budget that the wonderful Liberal Party has brought forward.

It may come as no surprise to my colleagues that I stand in support of this Liberal government's 1999 budget which will increase prosperity and lead Canadians into a new world economy for a new century.

At the beginning of this century the prosperity of the Canadian economy was of course dependent on entering a world economic environment that provided funds for investment and markets for exports. One hundred years later, after Sir Wilfrid Laurier, who was responsible for this rather profound and provident policy, this current Liberal government is continuing to keep Canada at the forefront as one of the top industrial nations in the world.

For my constituents in the great riding of Renfrew—Nipissing—Pembroke, the 1999 budget represents a continued commitment to the military and the revered Liberal institution of universal health care which some of the members opposite want to eviscerate.

Increased tax cuts will also improve everyone's standard of living, including the hon. member from Sleepy Hollow opposite, and create the foundation for much needed economic growth and development not only in the great upper Ottawa valley but throughout this tremendous country called Canada.

It was clearly evident to this Liberal government after consultations with Canadian from coast to coast to coast that health care should be the number one priority in this budget. Without a doubt health care was our number one priority and, I might be so bold, it should be the number one priority for some of the members opposite because I think some of them should indulge in good health. I know we have on occasion a boxer over there and a former professional athlete, but I think that was something like 40 or 50 years ago.

On this health care issue we have given back over \$11.5 billion. This was hard earned money Canadians really needed and really wanted. They stuck with us. The Liberals won the election in 1993. Thank goodness we did because this country was going nowhere fast, hitting the wall because the Conservative government left us with an astronomical \$42 billion a year annual deficit. We had to eradicate that deficit.

How did we do that? We did that in consultation with all Canadians. They agreed with that. We were honest with them, we were truthful with them. We said when we have balanced the books without a doubt we will put that money back to where we believe it is most needed and health care is the number one issue. We have given that \$11.5 billion back. As a matter of fact, the funding now in 1999 is higher than it was in 1990.

In the province of Ontario some people have tried to somehow extrapolate that it is the federal government's fault for closures of hospitals and the downsizing of the health care portfolio. Everyone knows that the provincial Tory government in Ontario must have been cerebrally incapable of understanding basic economics that if

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it gives 30% tax cuts which amounted in Ontario to about \$4.5 billion it will have to find the money somewhere else or make dramatic cuts. In the province of Ontario those dramatic cuts came in the health care field. That government should never have done that until it balanced the books.

We have now balanced the books in two consecutive years. That has not been done since 1952. This Liberal government has done that. We have done it in a fair and equitable manner. Now we have decided to give back.

• (1805)

Another important area where we must give money back is to the military which we have done to the tune of \$175 million a year for the next four to five years. Hopefully, as long as we keep balancing the books, which rest assured we will do, we can continue this.

Reformers just talked about this. They talked the big line in their no start or fresh start, whatever they call it, that they were going to balance the books in 2000. We on this side of the House did it in 1998.

There is an old axiom in life that talk is cheap. I think they are just blowing smoke. I do not think they ever had the will power or the capacity to actually balance the books. We did it. When they are yelling, screaming and making rather inappropriate and intemperate remarks, it is probably just blatant jealousy that we actually could do something that they could not.

We have balanced the books for two consecutive years. It has not been done since 1952. We have given money back to the military. I have a great military establishment in my riding, CFB Petawawa. We are looking after those people because the quality of life for the military certainly was not there. Unquestionably it needed more money and we have delivered.

I know the hon. member opposite wants to talk about taxes, lowering taxes. We have lowered taxes. Six hundred thousand Canadians are no longer on the tax roll. If the hon. member for Wild Rose makes a big salary then he has to pay his taxes. He should look after the poor people. My goodness, go on a diet and you will not have to spend so much money.

We got rid of the 3% surtax that was an egregious tax brought in by the former Conservative government. It made a dramatic mess of the economy. We spent the last six years trying to clean up the mess it made and, I might add, we are doing a remarkable job.

I quoted Sir Wilfrid Laurier. He was one of our great prime ministers. I want the members opposite to pay strict attention to this. Sir Wilfrid Laurier said that liberalism is inherent in the very essence of our nature. It is the desire of happiness with which we are all born into the world. We constantly gravitate toward an ideal which we never attain. We dream of good but never realize the best. And thus it will be as long as people are what they are. As long as

their immortal soul inhabits a mortal body their desires will always be vaster than their dreams.

Our desire on this side of the House is that as we move into a new millennium we follow that Laurier legacy. We will thrive and survive under a Prime Minister who knows what has to be done and goes ahead and does it and with a government that is caring and compassionate for all Canadians.

We are leading a national effort, this Liberal Party, an effort which will spread to all sectors of society, to equip Canadians to compete in a changing world, a new world for a new millennium, I say to the member for Wild Rose. That is why we are investing in knowledge, innovation, research and development. It will mean expanding opportunities for not only ourselves but for our children and for the hon. member's great, great-grandchildren because I am sure he has some.

Twenty years from now in the year 2020 it will be our children, my children, not the hon. members' great, great-grandchildren, who will be leading the great riding of Renfrew—Nipissing—Pembroke and leading Canada into the 21st century. They are our future. They will be looking after us in our old age.

The future belongs to societies whose economies are sound, whose children are well prepared and which invest in knowledge, innovation and education. However, these changes cannot be achieved by the federal government alone. They require a partnership at all levels of government, the public sector, the private sector, the trade unions, the volunteers and even members opposite, although sometimes we would not need their input to tell you the truth.

This 1999 budget and future budgets will take us into the future and into a new millennium.

• (1810)

The Acting Speaker (Mr. McClelland): On questions and comments there is a lot of interest. We will keep strictly to 35 seconds, the same as question period.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, I have not quite got to great-grandchildren but I am working on it.

Do hon. members believe in miracles? I do because I have seen one. In 1993 when I came to the House of Commons I went to this gentleman's riding at least half a dozen times and he showed up at all my meetings three or four times. He was an independent then and gosh he liked the things I was saying. He used to shake my hand and say way to go, young fellow. All of a sudden he shows up here and lo and behold he is a Liberal.

There is \$11.5 billion put back into health care after stripping out about \$20 billion. Of course the \$11.5 billion is over five years. The \$2.5 billion I understand—

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The Acting Speaker (Mr. McClelland): Sorry, that is the member's 35 seconds.

Mr. Hec Clouthier: Mr. Speaker, in response to the hon. member's question, I do not know about the post office but I will send him over some Viagra if he wants to have some great, great-grandchildren.

As far as appearing in my riding, the people in my riding had never seen a buffalo from out west. I am used to seeing moose, so I went to every meeting that the hon. member was at because I wanted to explain that is a buffalo from out west and not a gentle moose from my riding.

I know about the \$11.5 billion.

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I do not know whether the member for Renfrew—Nipissing—Pembroke thinks coast to coast means going from Lake Ontario to Lake Huron. I can tell him it means going from the Atlantic to the Pacific.

In 1969, the federal government paid 50% of health care costs across the country, in each province. In New Brunswick, there is a Liberal government; in Nova Scotia, there is also a Liberal government; in Newfoundland, there is another Liberal government. And yet, they still cut health care.

I would like our colleague to tell us about the Liberals currently in power, who have cut. What sort of government are they, these Liberals?

Mr. Hec Clouthier: Mr. Speaker, I would ask my colleague to calm down. There is a problem here, because it was the Liberal Party that introduced health care. That should not be forgotten. It is our party, the Liberal Party.

What my colleague has said is terrible; it is not correct. The Liberal Party has always thought about the health of the people, of Canadians from coast to coast to coast.

Mr. Odina Desrochers (Lotbinière, BQ): Mr. Speaker, I would like to put a question to my colleague.

I understand his enthusiasm. If we look at what Ontario got, \$1 billion, with \$150 million for Quebec, I understand his happiness, like that of most of his colleagues from Ontario.

However, I would like to know if he is aware of the Constitution of Canada. All the budget did was encourage interference in provincial jurisdictions. Does the hon. member really know his Constitution?

Mr. Hec Clouthier: Mr. Speaker, I ask my colleague to tell the people of Quebec the truth.

The truth is that several billion dollars in equalization payments are leaving Ottawa for the Province of Quebec. It wins all the time with equalization payments. We must be careful and tell people the truth. Is he afraid to do so?

[*English*]

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, the hon. member made a comment about the Liberal government being caring and compassionate. I wonder if the member may wish to expand on that a bit and talk about his caring and compassionate government as it refers to hepatitis C, as it refers to the gutting and the destroying of the health care system in this country and perhaps the caring and compassionate Liberal government when it chased our children from this country to the United States because of an overburdened taxation system.

• (1815)

Mr. Hec Clouthier: Mr. Speaker, I stand unequivocally by my statements.

On caring and compassionate, I would like to ask the hon. member opposite, does he call a party that doubles the national debt in a nine year term caring and compassionate? Let us get serious here.

There is more than one big moose out west. There is another big moose and you are all heading to the stampede in the wrong direction.

The Acting Speaker (Mr. McClelland): This brings an end to the debate. I know we do not want to put this behind us but it being 6.15 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the amendment now before the House.

The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. McClelland): All those in favour of the amendment will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. McClelland): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. McClelland): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. McClelland): Call in the members.

The Budget

● (1845)

(The House divided on the amendment, which was negated on the following division:)

(Division No. 325)

YEAS

Members

Abbott	Ablonczy
Alarie	Anders
Asselin	Bachand (Richmond—Arthabaska)
Bachand (Saint-Jean)	Bailey
Bellehumeur	Benoit
Bergeron	Bernier (Bonaventure—Gaspé—)
Îles-de-la-Madeleine—Pabok)	Bigras
Borotsik	Breitkreuz (Yorkton—Melville)
Brien	Brison
Cadman	Cardin
Casson	Chatters
Chrétien (Frontenac—Mégantic)	Crête
Cummins	Dalphond-Guiral
Davies	Debien
Desjarlais	Desrochers
Doyle	Dubé (Lévis-et-Chutes-de-la-Chaudière)
Dubé (Madawaska—Restigouche)	Duceppe
Dumas	Duncan
Earle	Elley
Epp	Forseth
Fournier	Gagnon
Gauthier	Gilmour
Girard-Bujold	Godin (Acadie—Bathurst)
Godin (Châteauguay)	Grewal
Grey (Edmonton North)	Guay
Guimond	Hanger
Harris	Hart
Harvey	Herron
Hill (Macleod)	Hill (Prince George—Peace River)
Hoepfner	Jaffer
Johnston	Jones
Keddy (South Shore)	Kenney (Calgary Southeast)
Kerpan	Konrad
Laliberte	Lalonde
Laurin	Lebel
Loubier	Lowther
MacKay (Pictou—Antigonish—Guysborough)	Marchand
Mark	Matthews
McDonough	Mercier
Meredith	Mills (Red Deer)
Muise	Nystrom
Pankiw	Picard (Drummond)
Plamondon	Power
Price	Proctor
Ramsay	Ritz
Rocheleau	Scott (Skeena)
Solberg	Solomon
St-Hilaire	Stinson
St-Jacques	Stoffer
Strahl	Thompson (New Brunswick Southwest)
Thompson (Wild Rose)	Tremblay (Lac-Saint-Jean)
Tremblay (Rimouski—Mitis)	Vautour
Vellacott	Venne
Wasylcia-Leis	White (Langley—Abbotsford)
White (North Vancouver)—108	

Bélaïr	Bélangier
Bellemare	Bennett
Bertrand	Bevilacqua
Blondin-Andrew	Bonin
Bonwick	Boudria
Bradshaw	Brown
Bryden	Bulte
Byrne	Caccia
Calder	Cannis
Caplan	Carroll
Catterall	Cauchon
Chamberlain	Chan
Charbonneau	Chrétien (Saint-Maurice)
Clouthier	Coderre
Collenette	Comuzzi
Copps	Cullen
Dhaliwal	Dion
Discepola	Dromisky
Drouin	Duhamel
Easter	Eggleton
Finestone	Finlay
Folco	Fontana
Fry	Gagliano
Galloway	Godfrey
Goodale	Gray (Windsor West)
Guamieri	Harb
Harvard	Hubbard
Ianno	Iftody
Jackson	Jennings
Jordan	Karetak-Lindell
Karygiannis	Keyes
Kilger (Stormont—Dundas)	Kilgour (Edmonton Southeast)
Knutson	Kraft Sloan
Lastewka	Lavigne
Lee	Leung
Lincoln	MacAulay
Mahoney	Malhi
Maloney	Manley
Marchi	Marleau
Martin (LaSalle—Émard)	Masé
McCormick	McGuire
McKay (Scarborough East)	McTeague
McWhinney	Mifflin
Milliken	Mills (Broadview—Greenwood)
Minna	Mitchell
Murray	Myers
Nault	Normand
O'Brien (Labrador)	O'Brien (London—Fanshawe)
O'Reilly	Pagtakhan
Paradis	Parrish
Patry	Peric
Peterson	Pettigrew
Phinney	Pickard (Chatham—Kent Essex)
Pillitteri	Pratt
Proud	Provenzano
Redman	Reed
Richardson	Robillard
Rock	Saada
Scott (Fredericton)	Sekora
Serré	Shepherd
Speller	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	St-Julien
Szabo	Telegdi
Thibeault	Torsney
Ur	Valeri
Vanclief	Volpe
Whelan	Wilfert
Wood—147	

PAIRED MEMBERS

NAYS

Members

Adams	Alcock	Anderson	Canuel
Assad	Assadourian	de Savoye	DeVillers
Augustine	Axworthy (Winnipeg South Centre)	Graham	Grose
Baker	Bakopanos	Longfield	Marceau
Barnes	Beaumier	McLellan (Edmonton West)	Ménard
		Perron	Sauvageau
		Turp	Wappel

Adjournment Debate

The Speaker: I declare the amendment defeated.

• (1850)

Mr. Bob Kilger: Mr. Speaker, I rise on a point of order.

I wonder if I might ask the indulgence of the House for a moment and ask you if we might include the member for Mississauga East on the government side of the tally on the vote previously taken. The member was present but was missed by way of oversight or otherwise.

The Acting Speaker (Mr. McClelland): The chief government whip has asked that the member for Mississauga East be tallied as voting with the government.

Is there unanimous consent?

Some hon. members: Agreed.

ADJOURNMENT PROCEEDINGS

• (1855)

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

EMPLOYMENT

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I would like to speak about the question I asked on December 8, 1998.

People sometimes wonder why those of us on this side of the House lose our voices. It is because we have to speak up loudly on certain issues. On the other side, they do not seem to understand the problem they have created for Canadians.

In 1994, after the Liberals were elected, 61% of the unemployed could qualify for benefits. That number has dropped to 38%. Even the United Nations blamed the Liberal government for its cuts in employment insurance.

I asked a question to the Deputy Prime Minister, and got the following response from the parliamentary secretary:

The member refers to what is called the B/U rate and suggests that it is down around 40%.

What is referred to here is the number of people qualifying for employment insurance. I continue with the response:

The correct number is 78%.

The correct number is not 78%. It has gone down to less than 36%, because the 78% is 78% of 36%. That is the correct number.

I cannot understand how my colleague over there can stand up and state that 78% of Canadians can qualify for employment insurance, with all the cuts that have been made.

In order to receive maternity benefits, a woman has to have accumulated 700 hours. A person who becomes sick needs 700 hours, and a newcomer on the workforce 910 hours. That is what I tried to explain in the House, that the cuts in employment insurance have resulted in only 36% of people paying into employment insurance being able to draw benefits.

I have travelled across the country, province by province. I have even gone to Whitehorse in the Yukon. I have heard the horror stories resulting from the cuts that are affecting people throughout the country. It happens not only in the Atlantic region, but in Regina, Winnipeg, Nanaimo, Vancouver, Prince George, Whitehorse and Windsor, in the riding of the Deputy Prime Minister, where people working in the automotive industry are suffering from the cuts to employment insurance.

How is it that, on the other side of the House, the member can rise and say that 78% of Canadians qualify for benefits? She then turns around and says that these are people who have not worked. Does she think we are crazy or what? We know that people who have not worked do not qualify for employment insurance. These are not the people we are talking about. We are talking about those who have worked.

Some hon. members: Oh, oh.

Mr. Yvon Godin: I say to my colleague, that on Prince Edward Island, it is the same thing. They cut thousands of people in this province, and they are not very proud of you. I know because I went there.

These are the mistruths that are spouted in this House, because when the hon. member says I am not speaking the truth and that 78% of Canadians qualify for benefits, I say that is not true. Only 36% of those who contribute to employment insurance receive it. That is the problem.

I would hope my colleague understands the figures. If she does not, maybe it is time she went back to school.

[*English*]

Ms. Bonnie Brown (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, the govern-

Adjournment Debate

ment has been saying since October, and I reaffirm today, that the best available information from Statistics Canada shows that 78% of unemployed Canadians who have lost or quit a job with just cause were eligible for EI benefits. This 78% is based on a new survey by Statistics Canada specifically designed to answer questions about EI coverage. Indeed the survey is called the Employment Insurance Coverage Survey.

A study released by the department in the fall concludes that the BU ratio, which is the number the member opposite chooses to use, that is the 42%, is the indicator used by the member to confuse and frighten workers but is not, I repeat not, a good indicator of coverage effectiveness by the EI system because it includes all unemployed Canadians irrespective of their attachment to the labour market or whether they have paid into the EI program or not.

Does the hon. member suggest that all unemployed Canadians should automatically receive EI? For example, should someone who has never worked a day in his or her life be entitled to EI? Should someone who decides to quit a job in order to go back to school be entitled to EI? If someone is self-employed and does not pay premiums, should he or she be entitled to EI? If someone is being paid severance pay, should he or she receive EI at the same time?

• (1900)

Unemployed Canadians who need help and who are not eligible for EI are supported by a range of other programs such as the youth employment strategy, the Canadian opportunities strategy, the transitional jobs fund, the post-TAGS program, other active employment measures which help people get the skills they need to get back to work, and the new hires program which helps employers to hire more young Canadians.

FISHERIES

Mr. John Cummins (Delta—South Richmond, Ref.): Mr. Speaker, on December 2, I asked the minister of fisheries why he authorized a fishery for his friend and campaign contributor which resulted in a kill of 30,000 coho in a no-kill zone, a number the government questioned in error. I was outraged by the kill and DFO bureaucrats were alarmed.

Ottawa warned north coast managers in Prince Rupert that the more that becomes known of the coho kill the bigger the issue would become. I could not agree more.

On May 21 last the minister announced that coho stocks were in crisis, some bordering on extinction. There were to be no fisheries directed at coho anywhere on the coast by any fishermen and a zero retention of coho caught in other fisheries.

On June 19 the coast was divided into red and yellow zones. In red zones there was to be zero mortality of coho. Nevertheless, in

red zones there were to be a number of small, highly restricted, experimental recreational fisheries. Such a fishery was authorized in the Dixon Entrance on the north coast of the Queen Charlottes. Problems became apparent immediately.

In a weekly coho report dated June 24 officials issued a warning to the minister:

Concern for Dundas Island red zone sport fishery growing. Encounter rates of coho climbing.

Nevertheless, a promised observer program to monitor the fishery was not put in place until halfway through the season and when they were hired there were only four of them for six fishing areas. The July 29 report indicated for area one that coho abundance was high throughout Dixon Entrance and that it did not matter where one went or what they did, coho were being caught.

The coho encounter rate was estimated to be 11 to 1 at Langara Island, although they acknowledged that many believed it to be much higher. The August 5 report indicated that in area three at Dundas Island East monitors were reporting an encounter rate of 20 coho caught for every chinook taken.

The August 12 report indicated that area one lodges continued to be fully operational with about 320 anglers per day. It reported coho encounters were a continual occurrence, noting that unguided vessels were remaining in areas where coho abundance was high. It also noted that there continued to be reports that some fishermen were not treating the coho well when releasing which could be increasing mortality. Area one coho encounters were then estimated at 80,000. The report goes on to estimate that area three coho encounters were 142 coho for every chinook caught.

The minister had promised that the fishery would be closed if there were coho mortality. There was a continuous coho kill that reached alarming proportions, yet he took no action.

On the north coast of the Charlottes the minister was not interested in conservation. He was only interested in providing a special opening for the lodge based fishery operated by his friends.

Last summer DFO scientists undertook a special mortality study on recreational catch and release for coho. Scientists found a mortality rate of slightly more than 25% for coho caught in recreational fisheries.

In estimating a 30,000 coho kill in the waters of the north coast and the Queen Charlottes, I used a coho-chinook encounter rate of 10 to 1, not the 142 to 1 documented in area three or even the 11 to 1 documented at Langara Island. I also used a mortality rate of 10%, not the 25% rate DFO scientists found in their study. A minimum of 30,000 coho were killed in this no-kill zone.

The question remains. What does no kill mean to the minister? Does it mean that only his friends and campaign contributors can go fishing?

Adjournment Debate

• (1905)

Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the member was quite wrong in his preamble and quite wrong in his last statement. The minister has made it very clear that he believes in conservation and protecting the fisheries.

Just to establish some of the facts, harvest management plans for Pacific salmon in 1998 were based on two conservation objectives: zero fishing mortality for upper Skeena and Thompson River coho salmon stocks, and where these stocks were not prevalent, only selective fisheries which clearly demonstrated that the risk of coho bycatch would be minimal were permitted.

The sport fishery that the hon. member for Delta—South Richmond is concerned about is at Langara Island in the Queen Charlotte Islands. This fishery was designated an experimental pilot sport fishery for chinook salmon. There was non-retention of coho. Even though fishers could not keep the coho they encountered, departmental scientists accounted for a portion of the coho that may have died after being released.

Two methods were used to estimate the number of coho encountered in this sport fishery: a creel survey estimate by the Haida first nations and an estimate by departmental patrolmen.

Using an accepted mortality rate of 10%, it was estimated that coho mortalities ranged from 4,500 to 13,100, far less than the member is accusing us of. Even using a significantly higher rate of 20%, the estimated mortality of Skeena coho from the experimental sport fishery at Langara Island was only .4%. This is considerably less than the mortality resulting from the north coast commercial fishery which was estimated to be 2% to 3%.

These successes are a direct result of the management policies introduced in 1998 and reflect our commitment to conservation. We intend to put fish first, and the minister is certainly doing that.

NATIONAL DEFENCE

Ms. Judy Wasylcia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am pleased to have the opportunity to go into more detail regarding my question to the Minister of National Defence on February 4 when I raised concerns about the governments administration of the Anthrax vaccine to members of Canada's armed forces in the Persian Gulf last spring.

Details of this matter came to light as a result of the treatment of Sergeant Michael Kipling of Winnipeg who refused to submit to the Anthrax vaccination last March. He was subsequently sent

home, cited for breach of the National Defence Act and is now awaiting a court martial.

It is our view that Sergeant Kipling had every right to refuse the Anthrax vaccination and that his case has revealed serious negligence by the Canadian government in the administration of the vaccine generally.

We have several concerns, which are as follows.

The Canadian government did not take the proper safety precautions to ensure the vaccine given to the troops was safe.

We know from the FDA in the United States that the company which produced the vaccine relabelled an outdated lot of drugs. That is particularly interesting since today it is our understanding that there is no viable vial of Anthrax vaccine left in the country.

The Canadian government did not test the vaccine itself and relied on the testing done by the company itself.

There was no independent testing done. Mitretek simply used the results of the tests by the company in question.

The FDA in the United States has shown that there have been no studies done on the long term effects of this drug.

The Anthrax vaccination has been linked to the gulf war syndrome yet this country continues to dismiss, and is probably the only country in the world to dismiss, this syndrome and reduce it to a matter of stress on the part of the troops.

The lack of involvement by the health protection branch was noticeable and nothing was done to certify the vaccine. It is just another indication that the government is reducing its regulatory responsibilities and dismantling the health protection branch.

We have several recommendations. One, that the government investigate the administration of the anthrax vaccine. Two, that it initiate a review of the policies vis-à-vis vaccinations to allow for some method of waiver and some choice. Three, that there be an involvement of the health protection branch to get a scientific assessment of this vaccination and any other inoculation used on our troops. Four, that the government stay the charges and stop the court martial proceedings involving Sergeant Michael Kipling.

Sergeant Kipling has had an exemplary record during his 26 years of service in the Canadian armed forces. He raised serious concerns about the health and safety of the Anthrax vaccination. It would seem to us that, given his safety concerns, given the facts we have learned subsequently about the case and all the circumstance involved in this issue, surely it is unfair for the government to proceed with a court martial for Sergeant Michael Kipling.

Adjournment Debate

• (1910)

[*Translation*]

Mr. Robert Bertrand (Parliamentary Secretary to Minister of National Defence, Lib.): Mr. Speaker, the anthrax vaccine administered to members of the Canadian forces deployed in the Gulf had not expired.

It was tested according to U.S. Food and Drug Administration directives in 1996 and its expiry date extended to 1999. Before it was used to vaccinate Canadian and American troops, it was also tested for strength, safety, sterility and purity.

The U.S. defence department asked Mitretek, an independent American firm, to supervise testing and to audit the results of testing by the manufacturer, Michigan Biologic Products Institute, in January and March 1998.

Finally, the vaccine we received was again tested on the orders of the U.S. defence department, in accordance with FDA directives. These additional tests confirmed that the vaccine was both safe and effective.

The vast majority of those vaccinated against anthrax suffered no ill effects. A very few experienced a small local reaction, comparable to that caused by other vaccines currently used in Canada.

[*English*]

Our policy for pharmaceuticals is to obtain from Health Canada approval to import, store and distribute vaccines licensed in other countries but not in Canada before DND gives them to our personnel. This is exactly what we did with regard to the anthrax vaccine last year.

We must remember the operation in the gulf was potentially dangerous. The government has worked in good faith and in the best interests of the men and women of the Canadian forces to provide them with the best protection possible.

The Acting Speaker (Mr. McClelland): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 7.12 p.m.)

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