



CANADA

House of Commons Debates

VOLUME 134 • NUMBER 153 • 2nd SESSION • 35th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Thursday, April 10, 1997

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Thursday, April 10, 1997

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[*Translation*]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Paul Zed (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 10 petitions.

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INTERPARLIAMENTARY DELEGATION

Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, pursuant to Standing Order 34, I have the honour to table, in both official languages, the reports of the Canadian section of the Assemblée internationale des parlementaires de langue française as well as the financial report concerning the meetings of the Assemblée's Commission politique et de l'administration générale and its executive in Beirut, Lebanon, on November 20 and 21, 1996.

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[*English*]

COMMITTEES OF THE HOUSE

GOVERNMENT OPERATIONS

Mr. Tony Valeri (Lincoln, Lib.): Mr. Speaker, pursuant to Standing Order 108(2), I have the honour to present, in both official languages, the second report of the Standing Committee on Government Operations dealing with government contracting.

In response to concerns expressed by representatives from the public and private sectors, our committee sought to ensure more effective parliamentary oversight of government contracting, particularly with regard to the open bidding service. We have made a number of recommendations with a view toward making the contracting process more transparent, accessible and competitive,

thus ensuring more effective management of the process by the government itself.

Pursuant to Standing Order 109, we are requesting a comprehensive government response.

* * *

DNA IDENTIFICATION ACT

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.) moved for leave to introduce Bill C-94, an act respecting DNA identification and to make consequential amendments to the Criminal Code and other acts.

He said: Mr. Speaker, as it is customary for the mover of the motion to say a brief word about the purpose of the bill, I want to say that this bill proposes the establishment of a national DNA databank. This is the second phase of our strategy to enable DNA evidence to be used in solving crimes. The first step was the legislation to enable DNA samples to be taken by warrant, which was passed a year ago.

I am very pleased to continue our commitment and to table legislation to carry out the second phase of the creation of a DNA databank.

Finally, I wish to inform the House that I propose to move that this bill be referred to committee before second reading, pursuant to Standing Order 73(1).

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

* * *

BANK ACT

Mr. David Iftody (Provencher, Lib.) moved for leave to introduce Bill C-398, an act to amend the Bank Act (amalgamation).

• (1010)

He said: Mr. Speaker, it is my pleasure to rise in the House today to present my first private member's bill, an act to amend the Bank Act respecting amalgamation.

This bill addresses recent proposals by a number of Canadian large banks and financial institutions to merge with smaller institutions in Canada.

The primary substance of the bill is to prohibit that process only in limited circumstances, for example where one of the institutions

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under the advisement of the Superintendent of Financial Institutions could demonstrate insolvency.

The health of the Canadian financial sector would not be served by these kinds of amalgamations. Most Canadians feel very uncomfortable with some of the banks, particularly at this time, amalgamating even more power. With the help of my colleague, the hon. member for Trinity—Spadina, we propose to table this today.

We believe it will contribute in a very substantial way to the ongoing debate in financial institutions in Canada.

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

* * *

FIREARMS ACT

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.) moved for leave to introduce Bill C-399, an act to repeal the Firearms Act and to make certain amendments to the Criminal Code.

He said: Mr. Speaker, it is a pleasure today to table my new private member's bill which would repeal Bill C-68, a gun control bill masquerading as a crime control bill, which imposes an unfair and unjust requirement for law-abiding owners of rifles and shotguns to pay new fees and register their legal firearms while it does nothing to punish the criminal misuse of firearms.

My new private member's bill will restore the Criminal Code as it was before the introduction of Bill C-68 and replace Bill C-68 with serious minimum penalties for the criminal misuse of firearms.

My bill will amend the Criminal Code to require a minimum sentence of five years for using a firearm to commit a crime or to escape from a crime scene, that penalty increased to ten years if the gun is fired. People convicted of such criminal misuse of firearms would receive a lifetime prohibition against owning a firearm, ammunition or an explosive device.

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

* * *

CANADA ELECTIONS ACT

Mrs. Anna Terrana (Vancouver East, Lib.) moved for leave to introduce Bill C-400, an act to amend the Canada Elections Act (registration of political parties).

She said: Mr. Speaker, I am pleased to introduce a bill entitled an act to amend the Canada Elections Act. The intention of this bill is threefold. First, the bill amends the Canada Elections Act to allow registration of a political party by the Chief Electoral Officer when the party nominates candidates in at least 12 electoral districts throughout the country, down from the present requirement of 50 electoral districts.

Under the present act, the Chief Electoral Officer must deregister a party that does not meet the conditions set out in section 28(2) of the act.

Second, the bill removes the obligation placed on the chief agent of a political party to liquidate the assets of that party when it is deleted from the registry of political parties by the Chief Electoral Officer of Canada.

Finally, the bill lowers the amount required for deposit with the returning officer at the same time the nomination papers are filed.

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

* * *

PETITIONS**CANNABIS**

Mr. Andy Scott (Fredericton—York-Sunbury, Lib.): Mr. Speaker, I have the pleasure, pursuant to Standing Order 36, to table five petitions signed by some 600 constituents of Fredericton—York-Sunbury calling on Parliament to legalize cannabis.

● (1015)

PEDOPHILES

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, I have several petitions, the first containing 162 names. It calls on Parliament to enact legislation that will register all pedophiles.

The second petition is a similar type of request. The petitioners call on Parliament to eliminate the right of convicted pedophiles to be let out of jail on bail pending an appeal. This would ensure the protection and safety of the victims and the community from such convicted offenders. There are 165 names on this petition.

JUSTICE

Mr. David Chatters (Athabasca, Ref.): Mr. Speaker, I would like to present a petition from my constituents. They bring to the attention of the House that they believe the provocation defence, as it is currently used in wife slaughter cases inappropriately and unjustly changes the focus of the criminal trial from the behaviour of the accused's intention to murder to the behaviour of the victim who from then on is identified as the one responsible for the accused's violence.

My constituents do not believe that any amount of provocation should excuse the act of murder. Therefore, the petitioners request that Parliament review and change the relevant provisions of the Criminal Code to ensure that men take responsibility for their violent behaviour.

NUCLEAR WEAPONS

Mr. Joe McGuire (Egmont, Lib.): Mr. Speaker, it is my pleasure to present a petition on behalf of the constituents of Egmont.

The petition states that because there are over 30,000 nuclear weapons on earth, the petitioners pray and request that Parliament support the immediate initiative and conclusion by the year 2000 of an international convention which will set out a binding timetable for the abolition of all nuclear weapons.

HIGHWAYS

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, it is my honour to present three petitions. The first petition begs the Government of Canada to upgrade its highway system and spend more money on the repair and maintenance of highways.

RIGHTS OF CHILDREN

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, the second petition states that children have a moral right to be loved and nurtured by both parents and by members of both extended families.

Consequently, the relevant and legal rights and obligations should be fundamentally the same for both parents before and after separation or divorce.

JUSTICE

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, the third petition follows the one presented by my colleague from Athabasca. It has to do with the murder of a woman by her husband and then allowing the husband who committed the act to claim provocation. This is patently unjust. It does not make sense. It speaks against the notion of fairness.

This petition, signed by over 300 residents primarily of my constituency, asks that the government review and change that law so that persons who attack and kill their spouses are not able to claim provocation as a justified defence.

NORTH ATLANTIC TREATY ORGANIZATION

Mr. Gar Knutson (Elgin—Norfolk, Lib.): Mr. Speaker, I have five petitions. The first petition has been signed by 26 people. It calls on Parliament to support unequivocally the enlargement of NATO to include all countries of central and eastern Europe that wish to join, excluding none a priori.

HIGHWAYS

Mr. Gar Knutson (Elgin—Norfolk, Lib.): Mr. Speaker, the next four petitions signed by approximately 180 people calls on Parliament to join with the provincial governments to make a national highway system upgrading possible in 1997.

PUBLIC SAFETY OFFICERS

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I have two petitions today. The first comes from Victoria, B.C.

The petitioners would like to draw to the attention of the House that our police and firefighters place their lives at risk on a daily basis as they serve the emergency needs of all Canadians. They also state that in many cases the families of police officers and

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firefighters killed in the line of duty are often left without sufficient financial means to meet their obligations.

The petitioners therefore pray and call on Parliament to establish a public safety officers compensation fund to receive gifts and bequests for the benefit of families of police officers and firefighters killed in the line of duty.

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the second petition comes from Whitby, Ontario. The petitioners would like to draw to the attention of the House that managing the family home and caring for preschool children is an honourable profession which has not been recognized for its value to our society.

The petitioners therefore pray and call on Parliament to pursue initiatives to assist families who choose to provide care in the home for preschool children, the chronically ill, the aged or the disabled.

* * *

QUESTIONS ON THE ORDER PAPER

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

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

• (1020)

INCOME TAX BUDGET AMENDMENTS ACT, 1996

On the Order: Government Orders:

April 9, 1997—The Minister of Finance—Second reading and reference to the Standing Committee on Finance of Bill C-92, an act to amend the Income Tax Act, the Income Tax Application Rules and another act related to the Income Tax Act.

Hon. Christine Stewart (for the Minister of Finance, Lib.): Mr. Speaker, I move:

That Bill C-92, an act to amend the Income Tax Act, the Income Tax Application Rules and another act related to the Income Tax Act be referred forthwith to the Standing Committee on Finance.

[Translation]

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am pleased to be able to start off the second reading debate on Bill C-92, the Income Tax Budget Amendments Act, 1996.

The Minister of Finance has asked the House to approve this procedure so that it can be passed quickly, while allowing members to examine the bill in detail.

We cannot emphasize enough how important it is for this bill to be passed quickly. It includes a whole series of important measures for increasing the fairness and effectiveness of the Canadian tax system. The measures were initially unveiled in the 1996 budget, a

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budget that received the support of the Canadian public and of this House.

[*English*]

Since that time a large number of Canadians have planned their affairs on the basis of these measures, many of which are of a relieving nature.

The introduction of this bill was delayed for an important reason. Most of my colleagues will recall that the 1966 budget included provisions to enhance the working income supplement of the child tax benefit, the so-called WIS.

In the period following the 1996 budget it became clear to the government that it had the opportunity and the obligation to do more to advance the well-being of Canadian children. This meant, among other things, revisiting the proposed changes to the working income supplement set out in the 1996 budget.

After extensive discussions with the provinces and territories, the federal government decided to propose in the 1997 budget the Canada child tax benefit. This new benefit would eventually combine the working income supplement with an enriched child tax benefit. This proposal represented a major step toward a national child benefit system. As a result, the changes to the WIS that would have otherwise been contained in the bill have not been included.

The bill was available to taxpayers in draft form late in 1996. Since that time, in keeping with the government's usual practice, taxpayers have had the opportunity to comment on the legislation and consult with the Department of Finance.

Let me now review briefly some of the measures included in the bill before us. As the legislation deals with taxation, probably the most important point to note is that it does not raise taxes, not corporate, not excise, not personal. Indeed, as my hon. colleagues know, the government has never raised personal income tax rates in any of the four budgets it has brought before the House. This is no small achievement, given the magnitude of the fiscal problem we inherited. Moreover, the Minister of Finance has made it clear we will lower taxes once we can afford to do so and once we know that it is permanent.

What the government has done in the meantime, and what was done in the 1996 budget, was to propose a number of measures to enhance the fairness of the tax system and ensure that it operates as effectively as possible. These measures included changes affecting registered pensions plans, RPPs and registered retirement savings plans. Those changes will help to ensure the sustainability of those programs while better targeting assistance to modest and middle income Canadians.

For instance, the bill proposes the elimination of the seven-year limit on carrying forward any unused portion of a maximum allowable RRSP contribution. This will make it easier for many Canadians who find it hard to make full RRSP contributions in their younger years to eventually benefit from the RRSP system when they can afford to do so. This is a very important change.

The bill also proposes to increase tax assistance to students and their families.

• (1025)

First, in the area of registered education savings plans or RESPs, the bill proposes to increase the annual contribution limit from \$1,500 to \$2,000 per beneficiary. It would increase the lifetime limit from \$31,500 to \$42,000. The 1997 budget proposed to enhance tax assistance delivered through RESPs further still. The bill also proposes to increase the amount in which the education tax credit is calculated from \$80 to \$100. Once again this is an amount the 1997 budget has proposed to increase still further.

The bill will also increase from \$4,000 to \$5,000 per year the limit on the unused tuition fees and education amounts that students may transfer to spouses or parents. This measure will also be further enhanced by the proposals in the 1997 budget.

Today's bill will also improve access to training and retraining for many Canadians who have young families to care for. Specifically, it proposes to broaden eligibility for the child care expense deduction by allowing parents who are full time students to claim the deduction against all types of income.

The bill will also raise the age limit for children for whom child care expenses may be claimed from 14 to 16, thereby providing increased tax savings for families with older children. A further measure in the bill that will benefit taxpayers caring for children is the change to the rules governing child support. The bill provides that child support paid under a court order or written agreement made after April 1997 not be deductible by the payer nor included in the recipient's income. This change reflects the widely held view that the old system of deduction inclusion was not working for the benefit of children.

[*Translation*]

This tax measure is one in a series of measures affecting child support payments that were recently approved by the House. In addition to the tax changes in the bill, this series of measures includes guidelines for the fair and uniform awarding of child support, as well as new measures for enforcing related orders.

Not only does the bill increase support for education and assistance to children, but it also increases tax assistance to the charitable organization sector. The bill reflects the government's policy of giving charitable organizations the tools they need to do their work.

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[English]

For that reason the 1996 budget increased from 20 per cent to 50 per cent the annual limit on the amount of a taxpayer's net income eligible for tax assisted charitable donations. Once again this is an area in which the 1997 budget has further substantially increased tax assistance.

I will skim very quickly over some other major measures in the bill. I begin with labour sponsored venture capital corporations. Generous federal and provincial tax credits have helped these funds, sponsored by labour organizations, attract large amounts of venture capital for investment in small and medium size businesses. By the time of the 1996 budget they had more than a three-year supply of capital. In view of the substantial level of capital accumulation, the bill includes a range of measures that will help keep the level of special tax assistance to these funds in line with current fiscal realities.

The bill also includes some important measures for the energy and resource sectors. For the oil, gas and mining industries, the bill would modify rules relating to the resource allowance, thereby resulting in a more stable and consistent tax structure. As for the oil, gas and mining industries the bill proposes significant improvements to the flow through share regime, improvements that will make the system less restrictive and will remove existing incentives to economically inefficient corporate decisions.

The bill also includes measures designed to promote sustainable development of energy resources by providing an essentially level playing field between certain renewable and non-renewable energy investments.

The measures I have outlined will make the tax system fairer and more efficient. They were announced as part of a budget that has been debated and approved by the House and favourably received by Canadians. Sending the bill to committee before second reading will expedite its passage while it enhances the ability of this House to review the bill intelligently. With these considerations in mind I have no hesitation in urging my hon. colleagues to approve today's motion.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I am pleased to rise to address this issue.

• (1030)

I must answer the parliamentary secretary's comments. He asserted at the beginning of his speech that the government had not increased personal tax rates. That is true but there are more ways other than raising personal tax rates to take more money from Canadian taxpayers. It is very important to point that out.

Another way the government can take money away from Canadian taxpayers is to change how it defines income. That is exactly what the government has done, and we must point that out.

The 1997 budget documents say that the only way to judge the impact of taxes is to measure the increase in taxes against growth in the economy. That is a good way of doing it. When we look at the growth in personal income taxes in Canada versus the size of the economy since the government came to power they have gone up over 14 per cent. The government has done that by redefining income. It has removed legitimate deductions so that overall Canadians have faced an increase in taxation. Ultimately that means that Canadians are paying more and more money.

That is why revenues have gone up over \$24 billion in four years. That was not because of growth in the economy. Growth in the economy would not come anywhere near to accounting for that growth in revenue. Obviously the government has closed up legitimate deductions that Canadian families rely on. The result has been that the government does not need to make the cuts in departmental spending that it promised to make in the 1995 budget.

In other words the government cut the heart out of health care and higher education. They were cut by 40 per cent. It has closed more hospitals in the country than any premier. That is a fact. It has cut the heart out of higher education. Many university students are struggling to pay back loans because the government has cut back so dramatically in areas of higher education.

When it came to departmental spending, when it came to cutting in its own backyard despite its promise that it would cut by 19 per cent, the government failed to cut anywhere near that. It came up to about half that amount. The government went on a spending binge. It spent money on flags, on television production funds and all kinds of ridiculous things. It gave away money to Bombardier which just announced a \$400 million profit.

The government has completely failed Canadians in the vital areas where the government should be responsible. It failed to provide the levels of health care funding that Canadians deserve and want. It failed to provide levels of higher education funding that Canadians truly deserve.

Contrary to what the parliamentary secretary says the budget deserves even more debate. We need to talk more about all these changes. We do not need to force it through committee before second reading. We need to have some real debate.

I want to follow up a bit more on what the parliamentary secretary said. He talked about personal income tax rates and I have addressed that. He failed to mention the government raised taxes in other areas: \$1.5 billion for fuel taxes. We cannot ignore that. Canadians drive a lot. It is a big country. That impacts on all kinds of people.

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Let us not try to suggest that because the government did not raise personal income tax rates people have not felt the rise in taxes. That is ridiculous.

Let us also talk about the massive \$10 billion increase in CPP premiums the government has spearheaded. We just had the former parliamentary secretary for finance, the member from Winnipeg, saying in the newspaper in Winnipeg the other day that in 15 years we would have to revisit CPP. As he pointed out, young Canadians know that the changes being made are simply not adequate. They do not address the concerns of young Canadians. It is just like 30 years ago when the Liberal government brought in the CPP on an unsustainable footing. We will be put in the same situation because of the changes the Liberal government is bringing in now. We will be put in that same situation.

• (1035)

The member from Winnipeg has been honest with Canadians in pointing that out. There have been \$10 billion in increases on hard working Canadian taxpayers. Ultimately the Canada pension plan will not be put on a sustainable footing. I am glad the member from Winnipeg had the courage to point that out. He deserves some credit.

I want to talk about some specifics in Bill C-92, for example the child care expense deduction. The government will raise the maximum age of children with respect to who may claim the deduction from 14 years to 16 years of age. How many people put children who are 16 years old in child care? Is that really a good use of precious government resources right now? It is ridiculous.

When people in Ontario were polled a margin of 7:1 said they would much prefer tax relief for the entire family as opposed to putting more money into child care. Effectively that is what this change does. Instead of listening to the bureaucrats, instead of using our own petty reserve of judgment which the government has done, let us listen to the Canadian people. They are telling us, said by a margin of 7:1, that they want tax relief for the entire family.

Not coincidentally that is exactly what the Reform Party proposed in our fresh start platform. We say that parenting is valuable irrespective of whether the child goes to day care or a parent chooses to stay at home and raise children. We proposed changing the child care expense deduction to a credit and extending it to every family in the country who has children 12 years of age and under. That will put more money in the pockets of all Canadians and not discriminate against those people who choose to stay at home with their children. I cannot believe the government allows that to continue when Canadians have spoken out so clearly in favour of the plan we propose.

Another change in Bill C-92, which I noticed the parliamentary secretary did not focus on, was government was requiring RRSPs

to mature at age 69 rather than at age 71. The Canada pension plan is under tremendous pressure today. People have admitted in the Liberal caucus they do not have confidence the Canada pension plan will be there to serve them well. This is what the member from Winnipeg was talking about the other day.

Why in the world are we saying that from here on in people will only be able to contribute to their RRSP until age 69? The two years between 69 and 71 are precious years for compounding. That is when they have the most money in their RRSPs. If there is another two years to contribute and to allow compounding to happen it would mean a lot more income. Unfortunately the government seems to take the approach that people should be penalized for trying to provide for their own retirement.

I fail to understand why we should be allowing the bill to be pushed through so quickly when it is an important issue. Canadians obviously feel very concerned about the viability of the Canada pension plan, especially considering the sorry record of previous federal governments and this one too in ensuring that the Canada pension plan has the necessary funding to provide for all Canadians.

I will touch for a moment on the issue of foreign reporting rules. I will allow my hon. friend from Calgary Centre to speak on this issue in a bit more detail. With respect to foreign reporting rules the government is proposing that people with offshore assets of over \$100,000 must declare them and fill out the paperwork. I do not deny that there are some people who abuse the reporting of income from assets held offshore. Undoubtedly that happens. It happens in Canada as well. That is why we have auditors who go around checking these things. To all of a sudden make the assumption that all people are cheating and we have to record all their assets is absolutely ridiculous. If we apply that principle we should be doing it in Canada as well.

• (1040)

The government should be focusing its resources on doing more audits, if it is suspicious about people not reporting income, instead of creating one more massive bureaucracy. There will be truckloads of forms that will have to be filled out. It will ultimately cause some people to leave the country because they will not want to face that kind of scrutiny from big brother.

My time is up, but I invite my colleagues in the Reform Party to have another go at this ridiculous bill.

[Translation]

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, I am pleased to speak to Bill C-92, which in a way brings the Income Tax Act and another act related to the Income

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Tax Act in line with the 1996 budget, last year's budget in other words.

Before I begin, I would like to indicate my agreement with my hon. colleague from the Reform Party when he says:

[*English*]

"This government closed more hospitals than was ever done before by any other government". He is absolutely right. That is the reality of things.

[*Translation*]

There was absolutely nothing new in the 1996 budget and, ever since it came to the House, the Bloc Quebecois has, as you know, been calling for a complete reworking of the Canadian taxation system in order to bring it up to date. Since our arrival, we have been recommending an item-by-item analysis of all government expenditures.

This was not to be found in last year's budget, nor will it be in this year's. At the very most, the Minister of Finance announced in the last budget the creation of a technical committee on corporate taxation, or more specifically on tax havens.

The mandate of this committee is, however, too narrow for these recommendations to lead to the changes required to get Quebecers and Canadians back to work. It contained no measures specifically related to employment or to ensuring an equitable division of the tax burden between individuals and businesses on the one hand, and major corporations and small and medium size businesses on the other, the latter being the true creators of employment in both Canada and Quebec.

There are still serious doubts about the objectivity of the members of this committee. Several come from big private companies which advise wealthy clients and major corporations on how to avoid paying taxes. Certain members of the committee are, therefore, in a definite conflict-of-interest situation, and we spoke out against this situation last year.

We know that this committee has had an extension and must table its report by the end of 1997, after the election of course, and we also know that the majority of members of the committee examining the use of tax shelters by corporations themselves make use of tax shelters, and often have businesses in the tax havens they are supposed to be studying.

Yet, in its 1996 budget, the government attacked one tax measure, perhaps the only one, while unemployment is still rampant, and the Liberals have not succeeded in meeting their election promise of jobs, jobs, jobs. It has not been said often enough, nor can it ever be said often enough: the Minister of Finance has directly attacked a priority tool for job creation. The Liberal government has cut the tax assistance to workers' funds, in particular by reducing the federal tax credit linked to these funds,

and by decreasing the annual maximum that can be invested in them.

The Bloc Quebecois was very critical of this decision, as you know, and even suggested, when tabling its documents on tax reform, that the maximum annual amount should be restored to the level it was before the cuts were made. We must not forget that the purpose of these funds is to create or protect jobs, mostly in Quebec. The FTQ fund alone was able to preserve or create 38,000 jobs.

The government remains inconsistent. It talks about job creation and then savagely attacks the only tax measure we could be absolutely sure would create jobs. This measure, as we said before, mainly affects Quebec, because half of the money in these funds comes from Quebec. The Bloc Quebecois has constantly been after the government on the tax system. We did so in the case of family trusts, and although the response was not always satisfactory, we have done this systematically. We did so in the case of the GST, a government promise that was not kept, and in the case of the shocking abuse of tax havens.

● (1045)

From the outset the Bloc has been asking for a thorough review of both corporate and personal taxes. This aspect of our tax system has not been updated for many years.

But we did more than criticize. Since we were well aware that last year the government did nothing and had no intention of doing anything in this year's budget, which has been confirmed, the Bloc did some research and drafted two papers, one on corporate taxation which received the approval of the Minister of Finance, who said we did a professional job. He took the report we wrote but has now probably dumped it in file 13.

We produced two analyses that consider all aspects of corporate and personal taxes, something that normally should have been done by the government. I may remind you it has been quite some time since Canada's tax laws were reviewed. I may also remind you that this is the first time an opposition party did the government's job by doing its own analysis of the tax system, something the government should have done.

The opposition parties have a relatively small budget for research and compared with the government, their resources are extremely limited. Nevertheless, we took the trouble to produce this study and do a full analysis of the tax system.

I would like to give you some idea of the work that was done on corporate taxation, for instance. But first, I would like explain, for the benefit of our listeners, what a tax expenditure is. When we sit on committees, the first thing tax experts tell us when they come to meet members and individuals sitting in is: "Tax laws are extremely complicated. You will need our help plus a whole battery of lawyers to understand the system". I would say that tax laws are

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purposely obscure so the general public cannot understand what they mean.

I recommend reading Linda McQuaig's book recently published in English in Toronto as *The Lion's Share* and translated into French as *La part du lion*. The book shows, over a period of 30 or 40 years, precisely how wealthy Canadians used tax leverage to their advantage and to the disadvantage of the ever poorer middle class.

Fiscal spending occurs when a tax deduction is accorded for some reason to a corporation or an individual. When an individual is accorded a tax deduction of \$1,000, it is as if the government sent them a cheque for \$1,000—because this amount was owing to the government—as in the example given, but it looks better.

Clearly if the government sent a \$50,000 cheque to a company, the public would understand what was happening and would object, so it gives a \$50,000 tax credit under some provision described in a book somewhere in a huge pile of books. Nobody sees what goes on, but the \$50,000 will be paid by someone other than the company—the general public.

So, if this sort of tax arrangement is made for all companies, which is what is happening in Canada, little by little, the tax burden is displaced and transferred from corporations, the rich, to the middle class, which is becoming poorer for having to pay others' taxes.

I would like to point out that we used the Carter report from 1962, which remains valid today in many cases, to prepare our analysis, which comprises some 100 pages on corporate taxes alone. We have clearly shown this in a table based on statistics on personal taxes for the 1993 taxation year taken from government documents.

• (1050)

We have clearly shown that, since 1950 to date, more and more taxes have been transferred from companies that should be paying them to individuals who are in fact paying them now. I would like to cite five key dates as examples, even though the trend remains constant from year to year. These five dates reveal the extent to which the tax burden has shifted from the companies—the wealthy—to individuals: in 1952, 51 per cent of Canada's income taxes were paid by corporations; in 1962, 36 per cent; in 1972, 20 per cent of taxes were paid by companies; in 1982, 17 per cent; and, in 1992, 7.6 per cent. These figures are from Statistics Canada.

As we can see, from 1950 on, the burden has shifted, with the tax load being transferred from the rich to the middle class. So, today, when we look at the number of unemployed, the number of people on welfare and the number of poor people in Canada, we see that the rich have succeeded in transferring their tax debt to the people in the middle class, who are becoming increasingly poorer.

We would have liked the Minister of Finance to really examine and utilize both last year and this year the reports we provided, which he himself described as highly professional and which are based on Statistics Canada figures.

I close on this point. In the 1996 and 1997 budgets, we saw no effort by the minister to look hard at Canadian taxation.

[English]

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, I am pleased to engage in the debate on this motion which would advance the government's bill to implement elements of the 1996 budget.

I could not help but reach a conclusion earlier this morning that some of the opposition comments are bordering on the hysterical. I refer to some remarks of colleagues in the Reform Party. Some of the remarks are less than accurate.

I want to attempt to put some balance into the record. For example, there was a suggestion that there was a 40 per cent reduction in the transfer payments from the federal government to the provinces which impacted on education, social programs and health care.

What the Reform Party fails to acknowledge, and I stand corrected if I am wrong, is that at the time those transfers were renegotiated with the provinces there were tax points transferred as well. Tax points are the equivalent of cash.

This is a process whereby the federal government actually turns over to the province the equivalent of a tax point, 1 per cent or a portion of a point of taxes. That is worth money, just as a transfer of cash is.

For someone to stand in the House and not include that in their remarks in discussing transfers to the provinces, whether equalization or the old CAP or whether it is under the current Canada health and social transfer, is less than accurate.

There was also a remark that the federal government has closed more hospitals than the premiers. This could not possibly be a fact. Most Canadians know that the federal government does not administer hospitals.

Hospitals are administered locally and by provinces. To my knowledge, the federal government has not closed a single hospital unless there is some reference to the national defence medical centre which is not closed but which continues.

• (1055)

I think that is less than accurate, if I can continue to use that euphemism, in suggesting it. It is utter nonsense for the Reform Party of Canada to say, and I am quoting what the hon. member said, that the federal government has closed more hospitals than the premiers. Please set me right if I am wrong on this.

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An hon. member: You are wrong.

Mr. Lee: The member will have an opportunity to speak later.

I am also struck by the degree and amount of what I will call the retropromise. It seems that anything that has moved within the last three or four years is now being characterized by the almost hysterical Reform Party and sometimes members of the Bloc Quebecois as a promise. If I per chance two or three years ago had told someone I intend to be in Ottawa on Thursday, hon. members opposite seem to have a penchant now for characterizing those words as a promise.

Day in and day out now in this debate we have constant reference by members opposite to what I call the retropromise. If it moved it was a promise and in the event that I did not happen to show up in Ottawa on Thursday, I broke my promise. That is not fair. I think Canadians see through that.

Aside from these deliberate acts, misleading revisionism involving the retropromise, there are a couple of other areas I could not help but note and I think Canadians noted as well. They are references to tax increases. I have heard members opposite talk about increases in taxes. What they are really talking about is that there has been growth in the economy, there has been population growth, there have been increases in business revenues. Everyone knows that when that happens there is an increase in tax revenues.

If hon. members opposite want to call that tax increases, they can do it but I do not think that is fair. I think that is misleading. When this government says that it has not increased taxes in a certain area, that is the truth. When members here say that, it is the truth and they mean it. When members opposite say there has been a tax increase, they seem incapable of speaking straight on the issue and what they really mean is the economy has grown, business revenues have increased, the population has increased and therefore tax revenues have increased.

I hope members opposite will forgive the growth in the economy and forgive the increasing prosperity of this country for generating more tax revenues.

I do not have any illusions that my remarks today will make much of a difference in the rhetoric around this place, but I thought I should put that on the record.

I want to address as well one of the items in this important bill dealing with the budget. I want to talk about the proposal to reduce the age limit for maturing registered pension plans, RRSPs, the reduction in the age for contributing to those plans from 71 to 69. What that means is simply that individuals will not be able to contribute to RRSPs or accrue pension benefits after age 69. They will also have to start drawing income out of those plans by the end of the year in which they turn 69.

This change is being made for a number of important reasons. The first reason is that it will help to move the maturation age for retirement savings and pension plans closer in line with the ages at which most Canadians will start retiring. The simple fact is that very few Canadians are saving for future retirement when they are in their seventies.

• (1100)

A second and closely related consideration is that the proposed measure will limit the use of RRSPs for estate planning purposes, that is, what will happen to a person's cash and assets after they are no longer with us. The use of the RRSP for that purpose is outside of scope of what was originally intended. The RRSP is for the living. It is for the person who is retiring, and the type of generous tax assistance provided to the RRSP mechanism was never intended for estate planning purposes.

There is the broader question of cost. The federal revenue cost of tax assistance for retirement savings is now quite significant. Technically, inside government it is called tax expenditure. It is really a question of tax revenues forgone in assistance of the retirement savings mechanism. In 1993 that tax expenditure totalled nearly \$16 billion. As the finance minister has made very clear, the government is firmly committed to preserving Canada's retirement assistance program which serves a vital function. It does so in a very effective way, measured in both Canadian and world standards.

However, steps had to be taken to ensure that this program remained financially sustainable. The cost of the program was limited while assistance was targeted where needed. Even with the changes announced in the 1996 budget, the system will remain a generous one.

As this is an important debate on important legislation, I return to my opening theme which is to encourage colleagues in the House to try to stick a little closer to the straight line of accuracy when they use terms like those I have mentioned. I respect the need of the opposition parties to hit hard at things. They do not think our policies are the way they should be but it would help us all if we would use a standard of rhetoric and a standard of language. We should use terminology that keeps us straighter to the line and that allows Canadians to better understand the public policy issues that we debate here.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I rise to add my two cents worth to this debate and to talk about the 1997 budget. I will discuss five or six points.

First, the budget projects a deficit of \$19 billion. That is an awful lot of money. Yet the government is bragging that this figure means that the back of the deficit has been broken. It spends \$19 billion more than it brings in and it claims that it has broken the back of the deficit. It came in with a deficit around \$42 billion. It boosted it to \$42 billion from \$38 billion. It has reduced it to \$19 billion

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which is a little over half. It has taken the government four years to cut the deficit by \$23 billion. In my estimation that is just half a job. It is only half good which means it is also half bad.

It is a shame this finance minister brags to the nation that our finances are in good order. We are spending more than we bring in. He is giving the Canadian public a false sense of security. It is one thing to hold out hope—which is important—but it is another thing to claim victory before you have won the battle.

There is another thing I do not like about this budget and the finance minister. The finance minister plays games. He cooks the books. He does what the previous member just talked about. He borderlines on representation and sometimes comes close to misrepresentation. He reduced the social transfer by \$7.5 billion, which I believe is an accurate number. I believe it covers health care, welfare and education. I believe it affects all the provinces. I believe it means they have less money to put into health care, education and welfare, which means they in turn have to do something and the problem has been transferred to them. It is called downloading, I believe. I believe all those statements are accurate and true and not a misrepresentation.

• (1105)

To justify this painful decision, which I also agree had to be done, the government said it would cut \$9.5 billion or \$9.8 billion from departmental program spending. That is the amount of money that is spent, excluding these transfer payments to provinces. After four years only \$4.6 billion has been cut. There are \$5.2 billion missing.

The President of the Treasury Board tried to explain it to our finance critic and our deputy critics. He almost had them hoodwinked. Talk about misrepresentation. Talk about cooking the books. Talk about keeping on the straight and narrow and being honest with the people and telling them the way it really is.

I am not going to distort this, I am going to be very accurate. What really happened in this case is that the government, in order to come up with an explanation on why it is \$5.2 billion short of its projected \$9.8 billion promise after four years said, "wait a second, there is another year". Plus the government has changed the definition of departmental spending between what it was in 1995 and today. That is accurate because it came right from the Treasury Board officials when we met with them.

That is how the government can claim that it kept to 18.8 per cent and how \$4.6 billion now represents 18.8 per cent in program spending reductions versus the \$9.6 billion, the definition in 1995. This is how the government plays games, and I am tired of it. I hope that the Canadian public is tired of it as well.

The finance minister has gone against generally accepted accounting principles. The auditor general slapped his wrist for it in the last budget.

The public accounts committee will be meeting in two weeks. I have asked for finance minister's presence but he cannot make it because he is busy. However, the deputy minister will be there. I want to know how they can get away writing off \$961 million on the harmonization of the sales tax in the budget two years ago when the money just went out last October.

There are \$800 million for the foundation for innovation that will be spent over the next five years which is written off in this budget. That is not right. There had better be a darned good agreement with that foundation. There had better be a darned good signed agreement with all the provinces on where the money is going and who is going to get the money for innovation. If not, the books are being cooked. Public sector companies get fined by Revenue Canada for doing things like this.

Money cannot be written and charged off to a year's expenses unless that money has been spent or there is an agreement in writing in which the money is committed to be spent in a short term, meaning one year, not five. We will see. The meeting is coming up in two weeks.

I have already heard government members say twice now that the government has not raised personal taxes. I agree. It is a true statement. Then the finance minister and even the Prime Minister in question period say, "We have not raised taxes," which is a much different statement. Is that not misrepresentation? Is that not borderline with what the member just talked about and that he wishes members would not do? I wish he would talk to his finance minister and to his Prime Minister and tell them not to do it because they are giving Canadians a false sense of reality.

Finally, after being pushed by our finance critics they agreed: "Yes, if you mean that we have eliminated loopholes for wealthy companies, yes, we have increased taxes. If you mean that we have done insurance things, yes, we have increased taxes". We finally got it out of them. Then a day later they said: "We have not raised taxes".

There are two ways to raise taxes. If it is the personal tax rate, they have not done it. I agree. But they have raised taxes through the elimination and reduction of the sizes of exemptions and what can be deducted. Therefore, they have raised taxes 35 times.

Let me give another example of the games they play. My colleague from British Columbia submitted a petition prior to the 1995 budget about not raising taxes on gasoline. We are afraid of it, and were saying, do not do it. They claim they have not raised excise taxes. We know they have. We know that two years ago they

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raised the excise tax on gasoline by 1.5 cents. Is that true or not true?

• (1110)

An hon. member: That's true.

Mr. Silye: A Liberal said: "That's true". They raised excise taxes on gasoline by 1.5 cents per litre, which amounts to an increase in government revenue of \$1.2 billion to \$1.4 billion. That is a tax increase, is it not? It is a tax increase. I got that concession as well.

In response to the petition, here is what the Department of Finance, perhaps under the influence of the finance minister, claims: "—that the past two budgets presented to the House of Commons in March 1996 and February 1997 contained no tax increases in any area. In particular, these budgets did not propose any increases in the excise tax on gasoline".

It went on to say: "Since taking office the government's budget savings have been secured principally from expenditure reductions rather than tax increases. Ninety-one per cent of the \$28 billion reduction in the 1998-99 deficit is due to expenditure reductions. These budget initiatives will enable the government to keep moving toward budget balance".

Let us see how close that is to the truth. Let us see how close that is to borderline misrepresentation.

These are bureaucrats that work for the Canadian people. Are they not supposed to be honour bound? What they said in the first sentence is true. They did not increase the excise tax on gasoline in this budget or in last year's budget. The increase was contained in the budget previous to that.

That is playing mind games. That is playing word games. We all know that. This kind of stuff makes me sick. It is one of the reasons I am getting out of politics. We do not have enough people who are prepared to tell the truth and hold the course. That is why politicians are held in such low esteem in the country. They do not keep their election promises.

Provincially it is slowly changing. Alberta especially has done an excellent job of holding the line. Ontario appears to be following, although it might be wavering on a few promises because of the pressure of the 98 federal Liberals in Ontario who want the Ontario government to start spending money.

There have been 35 tax increases. The department says there have not been revenue increases, but that there have been expenditure cuts. That is not true. Tax revenues have increased by \$30 billion. Yes, a lot of it is due to growth in the economy.

Let us talk about that wonderful growth. It is 2.5 per cent. Boy, that is a booming economy. Darn, that is almost the rate of

inflation. It has been just a bit higher in the last couple of years. Boy, they have done a great job. Two per cent per year for four years. That is wonderful. We should all clap and be happy.

Yes, that has increased tax revenues. However, the 35 tax increases, which represent \$30 billion in revenue, amount to about \$12 billion in extra tax revenue due to tax increases. It is not all attributable to growth in the economy. If any member opposite says it is all due to growth in the economy they are misrepresenting the issue. He knows that.

Do I have time to wrap up my comments, Mr. Speaker?

The Deputy Speaker: The hon. member may not wrap up his comments as his time has expired.

[*Translation*]

The hon. member for Portneuf.

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, I am pleased—

[*English*]

The Deputy Speaker: Excuse me. With the rotation principle, the hon. member for Mississauga South has the floor.

[*Translation*]

Mr. de Savoye: On a point of order, Mr. Speaker. The member who spoke before the hon. member from the Reform Party was a Liberal member. If there is to be rotation, it should be—

The Deputy Speaker: Unfortunately, the rotation is from one side of the House to the other. It is a matter of numbers—

Mr. de Savoye: It is your call, Mr. Speaker.

[*English*]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to rise in support of Bill C-92, an act to amend the Income Tax Act, the Income Tax Application Rules and other acts related to the Income Tax Act at second reading.

The Deputy Speaker: I am sorry to interrupt the hon. member for Mississauga South. Rotation in this type of debate is not back and forth across the floor, it is the parties going round and round.

[*Translation*]

I will recognize the hon. member for Portneuf. He was right.

Mr. de Savoye: Mr. Speaker, once again, I am pleased—it is not everyday that we get to start over the same speech—to speak to Bill C-92 to amend the Income Tax Act.

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• (1115)

The subject of income tax raises the spectre of government digging into the pockets of individual and corporate taxpayers in order to cover its expenditures.

I cannot help but notice that our finance minister's insatiable appetite is caused by the fact that, for many years, government spending has exceeded government revenues. The Minister of Finance spends more than he earns. In fact, he is like the captain of a boat that is taking on water. Because the Minister of Finance has failed to plug the holes, the ship is sinking.

The finance minister did reduce the deficit. He did slow down the rate at which the water is flowing in. But do you know how he did it? Not by plugging the holes, but by throwing bucketfuls of water onto the provinces' ships. His financial needs and appetite remain unsatisfied. He needs more and more money, which, of course, comes out of the pockets of taxpayers.

It must be realized that the overall situation as regards taxation and public spending, both at the federal and at the provincial level, including in Quebec, is not good, and the basic problem that gave rise to all these difficulties originated in this House, right where the finance minister sits.

We saw how the Harris government, in Ontario, and the Quebec government headed by Mr. Bouchard were forced to take drastic measures and to make deep cuts to the health and education sectors, and even to their own human resources, the provincial public service. Indeed, we witnessed very sad situations experienced by people in Quebec, in Ontario and in other provinces. The public must realize that these problems are not created by the provincial governments, but that they have their roots in this House, right where the finance minister sits.

The minister simply dumped his problem on the provinces, by cutting the funds that were supposed to go to the provinces. He did so in two ways. First, by reducing transfer payments. What is a transfer payment? Under this process, the federal government essentially gives back to a provincial government the money paid by the taxpayers of that province. However, in this case, the federal government simply decided not to do so, with the result that the provinces are no longer getting the money to which they are entitled. We are talking about \$2 billion, which was earmarked for health services and higher education.

• (1120)

It comes as no surprise that the provinces, including Quebec, were forced to cut services and budgets relating to health and education, given that the \$2 billion paid to the federal Minister of Finance by Quebec taxpayers was never given back to the province.

But there is something else which, in a way, is even worse. The minister has developed the bad habit of taking \$5 billion a year out of the employment insurance fund, which used to be called the unemployment insurance fund. Five billion dollars is an awful lot of money. In fact, what the Minister of Finance has done is to artificially create a tax on the backs of workers and their employers.

If we look at it in terms of proportions, we could say that each time a worker or an employer pays a dollar in premiums to the EI fund, 30 cents of this dollar will be skimmed off; not borrowed, not put into a separate fund for the eventual benefit of workers and employers but, when it boils right down to it, diverted from its initial purpose, which was to provide for the future needs of the unemployed, and used to reduce the finance minister's deficit.

Of course the Minister of Finance can then say he has reduced the deficit. Let us be clear. He has not eliminated the deficit, he has not prevented the ship from taking on water, he has not pumped out the water that is already slowing us down. No. He has just reduced the amount of water in the hold. How did he accomplish that? By passing on the problem to employers and employees throughout the country, using 30 cents of every dollar to mop up the consequences of the deficit. It is a tax in disguise that the Minister of Finance will not admit to publicly.

Fortunately the official opposition is here to denounce it, to explain it and to see that people understand clearly that what is happening provincially is not the cause, that the provinces are not to blame, but rather the method of operating imposed by the Minister of Finance, here in the House.

Something must be done about what is going on and, as my colleague mentioned earlier, the Bloc Québécois has proposed in this House appropriate, detailed and carefully thought out measures to rectify the discrepancies that now exist in tax measures. In fact, with respect to individual taxpayers, the Bloc Québécois has produced a well researched document in which it proposes to the finance minister ways of eliminating unfairness and introducing new measures that would help families and others.

With respect to corporations, old tax loopholes that are to all intents and purposes no longer used, except by corporations rich enough to do so, should be eliminated and replaced by measures more likely to encourage businesses to create jobs.

• (1125)

One of the things I should perhaps point out in closing is that it is unfortunate that the Minister of Finance has not at least implemented one of these measures, which was intended to prevent corporations from deferring taxes indefinitely. As things stand now, corporations are in a position to avoid paying taxes today, next year

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and for years to come, because of certain provisions in the Income Tax Act.

The Bloc Quebecois has asked, and will continue to ask the finance minister to take action to eliminate these measures and replace them with new measures that are effective and productive and that, above all, show respect for the citizens of Quebec and of Canada.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to debate Bill C-92 at second reading. The parliamentary secretary well laid out the principal features in Bill C-92. I do not propose to repeat them. He has done an excellent job.

I take this opportunity to put on record my views on an issue that has been raised in my constituency by a number of my constituents, particularly seniors. It is modifications to the RRSP rules, particularly with regard to the lowering of the age at which contributions can be made down from 71 to 69.

There has been much written in seniors publications about this. One need only look at who is offering these publications and these articles. One has to assess what their motivation might be.

An article has been circulating by a former member of this place, Garth Turner. He is suggesting this change is awful, that it will cost anywhere from a \$36,000 reduction in the value of an RRSP account for a Canadian.

I want to attempt to explain how one might account for this apparently significant number and why it is very misleading. The maximum contribution under RRSPs is currently \$13,500. To the extent that a taxpayer would not be making contributions in either their 70th or 71st year, it means that \$27,000 will not be contributed to the plan. Therefore naturally the planned value will not be as high if those capital contributions have not been made.

Second, there would be an additional two years of interest accumulation on all contributions that have been made throughout the contribution lifetime of the taxpayer which would not be accumulating and compounding during those two years.

Of the \$30,000-odd that the accounts would be lower, this represents some \$27,000 of capital which Mr. Turner, if entirely honest with Canadians and with seniors, would say that although their RRSP account will be lower by \$27,000, their bank account would be higher by \$27,000 because that contribution was not made.

It is absolutely intellectually dishonest for anyone to suggest that there is this loss of principle simply because it is not in one pocket but in another. We have to look at value of the wealth of an individual in all its forms.

I want Canadians to reflect on what is happening when RRSP time comes around. There is a feeding frenzy of people trying to

sell RRSPs. One has to wonder why it is important for them that we buy from this one or that one. There is one very simple reason why they are trying to alarm the public about this. This is when they earn their living. This is when they make these massive commissions on selling.

These commissions are charged through to the funds that we are investing in and passed on to us through management fees and general expenses of the fund management. They have a vested interest in selling more and more simply because it means money in their pockets.

● (1130)

I want the ordinary taxpayer and those seniors watching the proceedings or will read *Hansard* to know there is another part of the story they have to look at. It is not in the best interest of any taxpayer to see how much money they can put into an RRSP. The real issue is how much can they put in and what plan do they need to get it out with the lowest possible tax consequences.

Many Canadians are fortunate to earn substantial amounts of money which allow them to buy \$13,500 of RRSPs and effectively obtain a 50 per cent tax savings as a result of that contribution. If they turn around and purchase an RRSP for a spouse who is not working and come retirement time take their corporate pension and the spouses who are working in the home take out the RRSP moneys, they have effectively split the income and are both paying at a lower rate.

The tax rate at which the contribution was put in was high. The tax rate at which the contribution is paid out is low. There is an automatic windfall in rate. Never mind the savings by the virtue of the fact that they have government money on which they are able to earn investment income. Everybody is entitled to that. High income earners are entitled and have an opportunity to income split or by set up their income averaging annuities in a way that allows them to stream the income out at the lowest possible rates.

The best advice in my view for Canadian taxpayers is not how to get the total amount of money into the RRSP. When it is one's time to go and there is no surviving spouse, the full amount collapses and is taxed in the year in which a taxpayer is deceased at the highest possible rate.

Canadians have to look at their spousal situation. They have to look at their personal health situation and they have to anticipate.

Although I am a chartered accountant I do not propose to give advice to anybody on how to manage their affairs, but I raise these issues for them to ask the questions of people who would suggest that somehow not being able to put money in an RRSP is bad. My own personal view it is best to wonder how to get it in and how to get it out at the lowest possible rate.

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On top of that taxpayers should know that once the moneys come out of an RRSP and are taxed in taxpayers' hands at a lower rate they have an opportunity to do something with the cash. One of the best recommendations I had for some family members I have talked to was to help out their family members who do not have the cash flow they need to invest in their own RRSPs so they can start building up and preparing for their retirement income.

When gifts of cash given to family members who are 19 years of age or over there is no income attribution back to the person who gave the money to them. It is important for taxpayers to look at the long term plan of not only building up an RRSP fund and getting a good return but also finding out a strategy on how to stream that money out for the best tax advantage for the family as a whole.

I hope Canadian taxpayers and certainly seniors in my riding will be cognizant of the other questions to ask experts in RRSPs whose only interest is that they want to sell more. They have to ask them: "What is my plan to get that money out? How can I make it work the best for me, for my spouse, for my children and for other family members?" Families do care about the financial health and the physical health of all family members. That is the way it should be.

Mr. Garth Turner and others tend to bring forward rash generalizations about what a terrible thing it is. They have been intellectually dishonest with taxpayers if they suggested the change in years from 71 to 69 took cash from RRSP accounts without saying that it increased cash in their personal bank accounts. That is telling half the story.

Canadians have to know where they are coming from. Canadians have to know why they are trying to push RRSP investments on them. It is because it is in their best interest with the high commission rates they are getting.

• (1135)

I know some would think those are strong words, but every now and then Canadians have to be alerted to the fact that they need the whole story from the beginning to the end to ensure the decisions they make are in the best interest of not only their own financial planning but of the rest of their family members.

I hope this insight into one aspect of the bill will help Canadians to ask questions that are important for them when looking at retirement planning.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, as I stand to speak to the budget debate it would be fair to say that I speak for millions of Canadians from coast to coast to coast. If things are so good why do I feel so bad? If things in our economy are so good why do I not have any money?

All Canadians appreciate that for all levels of government, municipal, provincial and federal—and the federal government especially has by far been the most devious—taxation no longer has much to do with income or resources. It has more to do with licensing. If the tax stream coming in from people is based on profit or income it is variable. Governments do not like variable income. They like income that they can depend on. Therefore far less of our taxes have anything to do with how much money we have, how much money we have made or our profit. It has more to do with the privilege of being either in business or having the privilege of earning income.

I use as an example the recent changes to the Canada pension plan, perhaps the most nefarious of the worst investments any individual could make, particularly a young Canadian, with rates going up to 9.9 per cent. The finance minister and the Prime Minister are now the only two Canadians who say they are not taxes. They call them investments. It is a pretty rotten investment that takes 9.9 per cent of the working income of Canadians for their lives and gives them a return on investment of about \$9,000 after 40 years.

Canadians have this ever increasing tax burden that is represented to them not as taxes but as licence fees, mandatory investments or whatever it is. It is almost impossible for a politician not to spend other people's money if it means there is a potential for the politician to be re-elected. That is the way it works.

In my lifetime one did not get elected by telling people they had to live within our means or that we did not have any more money. One did not get elected by saying it is unfair to tax future generations of Canadians so that we can live beyond our means today.

What government has ever been elected by looking people in the eye and telling them the truth? Certainly not this government and certainly none of the governments that got our country into this mess.

The reason our country is in the mess it is in today is that politicians have had a free hand to spend other people's money, taxpayers' money, to get re-elected.

How can we get ourselves out of this mess? We must say the only way to possibly reduce taxation levels is to reduce the size, the scope and the intervention of government in our daily lives. If we are not prepared as individuals to assume responsibility for our own lives, if we as individuals pass off responsibility for our lives to other people through governance, then it will take more and more and more resources of the nation to fund it.

The first step is for Canadians to say they have had enough government; they want less government; they are sick and tired of it; and they are not going to take it any more. The only way we will

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achieve that is to elect people who will look us in the eye and tell us they must be responsible for lives. We cannot ask others to be responsible for our lives.

Collectively we will be responsible for each other. If we cannot first look after ourselves, how can we look after others? The interdependence we cherish is based on personal independence. If we cannot first be independent, how can we be interdependent?

• (1140)

This brings me to the second item I would like to speak about, which also refers to the taxation by stealth the country has been living under for the last couple of budgets. It has to do with the changes to the support payments for parents who divorce or are separated.

It used to be that when families unfortunately split up the custodial parent, the parent with the children, received money from the non-custodial parent. The paying parent earned a higher income and the taxes were paid by the receiving spouse, usually the female. She had the children. Her income was usually lower than that of the male and therefore she paid less tax.

This situation has been changed in the budget. The taxes will now be paid by the spouse who makes the payments. The money will be received by the custodial parent. There are benefits to that, one of which is that at the end of the year the custodial spouse will not be nailed with an unexpected tax bill. In all cases they should expect it, but the reality is that most of us as human beings do not make provision for it and it comes as a surprise.

That tax windfall, the changes in that tax ruling, will mean the federal government will take in an additional \$200 million. The question is whether that \$200 million will be turned back directly to the care and maintenance of children and whose children will be maintained by that.

It should be the parents who make the decision on how the \$200 million is spent. There is no reason in the world why in the absence of an agreement on separation the taxes could not be split 50:50. There is no reason in the world the default position could not be 50:50. With agreement by both parents in the court either parent could pay the tax. The taxes should be paid in the interests of the children so the majority of the money would stay with the children. Instead we have gone from all in one direction to all in another direction, which does not make sense.

In the debate on the bill that spoke to the issue the point was made that there was no connection between access, custody and support payments. The only people who would make that assertion are people who do not know anything about it. If there is a problem in maintenance payments, in the regularity of the payments being made, obviously there will be a problem with custody. That is usually where the problems arise when there are problems. I do not

know if it is possible for legislatures to legislate common sense. In times when people's emotions are running on high it is difficult for the government to say: "Wait a minute. You have to put the interests of your children first".

We can ensure the laws, the rules and the regulations we enact enure to the benefit of the children and make it less likely that there would be an explosive situation to be dealt with. It seems that maintenance payments are a tinderbox in relationships that have gone bad and that there is a continuing acrimony between the two parents. There might be a better way to handle the matter. I do not know what we have arrived at will achieve what it is hoped to achieve.

Earlier the member opposite spoke about RRSPs and the changes in the budget which affect the collapsing of RRSPs. He did not say that it is the compounding of the money in the RRSP in a tax protected state that brings additional benefit to the people who own the RRSPs. RRSPs are the vehicle of savings for the vast majority of Canadians.

• (1145)

The vast majority of Canadians really do not have any savings outside of their RRSPs because there just is not that money. The increase in taxation by all levels of government, particularly by the federal government over the last few years, has sapped the total growth in the economy. When governments through taxation suck every bit of growth and money out of the economy then what is left to reinvest to create the new jobs?

It is only through the decrease in taxation by all levels of government, particularly the federal government, that there will be money left in the hands of taxpayers that will be used as investments and purchases in a consumer economy.

The changes through the seniors benefit were not mentioned at all. We are talking now about taxation by stealth. For the information of members opposite, there is a change to the old age security and the guaranteed income supplement. The seniors benefit which combines both ensures on a universal basis that all Canadians will receive \$11,420 a year without tax but then the tax provisions that used to be on the guaranteed income supplement will be on the whole kit and caboodle. Old age security will be taxed by this government, which has said time and time again "don't worry, seniors, we are your protectors, nothing is going to happen". It combined the two, changed the name and it is taxing it all back.

That means that all pension income, including RRSPs, will be taxed back at 50 per cent on the first \$12,500 after the new seniors benefit.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I rise on a point of order with regard to the terms of reference for Bill C-92 and Bill C-93.

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Notice has been given to refer these bills to committee before second reading. The minister has already moved to refer Bill C-92 to committee before second reading pursuant to Standing Order 73(1). Bill C-93 is the next item on the government's list today and we have already received notice that this bill will also be subject to Standing Order 73(1).

I bring this to your attention today because this is a new standing order and it is under test. We as parliamentarians have a responsibility to ensure that the intent of a new standing order is not distorted and we must ensure that any rights and traditions are not intentionally thwarted by any distortion of the use of a new standing order.

On Monday, April 7, 1997 the House passed a ways and means motion which adopted the budgetary policy of the government. On Tuesday, April 8, 1997 the House adopted two ways and means motions upon which Bill C-92 and Bill C-93 are based. The procedure to send a bill to committee before second reading allows a committee to bring forward amendments that can alter the principle of the bill and go beyond the scope of the bill. That is its purpose. There should be no other reason for the government to send a bill to committee before second reading.

I would argue that if the House adopts the budgetary policy of the government and then adopts a ways and means motion which leads to a bill, that bill cannot and should not be subject to a process that could alter the bill in such a way that it would be different from the ways and means motion. I will argue that the only process for a bill that is based on a ways and means motion is the traditional process where the bill is adopted in principle before being subject to committee study.

I Refer to Beauchesne's sixth edition, citation 983:

(1) A bill, related to a Ways and Means resolution, must be based on—the resolution.

(2) The most desirable practice is for the bill to adhere strictly to the provisions of the resolution, and departures, if any, ought to be subject to the strictest interpretation.

● (1150)

Citation 984 deals specifically with the committee consideration:

If any of the provisions of the bill should be found to go beyond the Ways and Means resolutions as agreed to by the House:

(a) a further motion must be passed by the House before those provisions in the bill are considered by committee; or,

(b) the bill must be amended so as to conform to the motions to which the House has agreed.

Citations 988:

Amendments must not exceed the scope, increase the amount or extend the incidence of any charge upon the public, defined by the terms of the Ways and Means resolutions, by which the provisions proposed to be amended are authorized.

Citation 989:

The motion by which a tax is proposed in the House is now treated as an effective expression of the financial initiative of the Crown, and therefore, as the standard in relation to which the admissibility of amendments is determined. Accordingly, an amendment is debarred, not only from increasing the rate of a tax but also from extending its incidence to new classes.

We cannot have a process that recognizes the clear precedence that the bill must stay within the narrow confines of the ways and means motion, yet subject the bill to a process whereby the government is inviting amendments that may vary the principle of the bill and by inference go beyond the scope of the ways and means motion.

If this is the case, then how can these bills be referred to committee before second reading? It does not make procedural sense to do so. It should not be allowed under our rules to do this because it is a departure from our tradition of dealing with bills based on ways and means motions and in particular a bill to implement certain provisions of the budget which is based on two ways and means motions adopted by the House.

If we consider that the general principles of these measures have been adopted by the budgetary process and the details of the principles of these measures have been adopted by a ways and means motion, then how can we proceed to consider these bills in committee before second reading when the principle of the bill has already been fixed and determined?

It is clear that these restrictions on the way bills are based on ways and means motions are dealt with disqualifies them from being considered by a committee before second reading.

The committee cannot deviate from the ways and means motions that were passed by the House, so the proper procedure is to consider these bills in a traditional manner.

It is clear to me that what the government is trying to achieve is to abuse the rules of the House in order to fast track its budget implementation bills.

Not today, Mr. Speaker. I ask you to rule that these bills and any future bills based on ways and means motions cannot be referred to committee before second reading and that the motion we are currently debating is out of order.

The Deputy Speaker: I thank the hon. member for St. Albert for his representation which he has obviously thought out carefully and has presented very precisely.

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, the member for St. Albert is arguing that Standing Order 73 should not

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be applied to this bill. I think it might be helpful to recall why Standing Order 73 was adopted unanimously by the House.

It was in response to a concern among the public and parliamentarians that members of Parliament needed to have more ability to play a real role in the development of legislation and not to be constrained unduly by the government's intentions with respect to legislation. For that reason, the government did introduce into the House an amendment to the standing order allowing any bill to be referred to a committee before second reading so that the committee of ordinary members of Parliament would not be constrained by the intentions of the government in examining the issue of the bill and making the appropriate recommendations back to the House.

• (1155)

As the member for St. Albert said, by referring a bill to committee before second reading, the standing order allows a parliamentary committee to look at the principle of the bill and to not be constrained in proposing amendments which are consistent with the principle. It allows those members of Parliament to examine the entire issue that the bill addresses and to go beyond the scope of the bill.

My colleague quoted Beauchesne. I would like to point out that the citations he referred to predate the adoption of Standing Order 73 and therefore are superseded by Standing Order 73.

Both the government in introducing the change to the standing orders and the House in adopting it unanimously did not in any way limit which bills could or could not be referred to a committee before second reading. That was left to the discretion of the government in proposing that a bill be referred before second reading and, more important, to the members of the House to vote on the proposal to send a bill to committee before second reading.

I do not think that citations and interpretations which were made before the House expressed its will to give members of Parliament more latitude and scope to influence legislation without restriction should supersede the views expressed by Parliament.

This whole issue of members of Parliament having more influence, particularly on matters of expenditure and taxation, was studied for over a year by the subcommittee of the Standing Committee on Procedure and House Affairs, of which I and the member for St. Albert are members. Throughout the study our discussions on Standing Order 73 concerned how to give members of Parliament more influence, in line with the wishes which we heard from Canadians. Hopefully the report of that subcommittee will be tabled before Parliament in the near future.

Frankly I am astonished that the member for St. Albert is proposing that members of Parliament and the standing committees

should not have the expanded scope that Standing Order 73 intended to give them.

Finally, the committee is constrained by the will of the House, as expressed in the ways and means motion. The member should be aware of that. The committee has to act within the authority it has been given by Parliament.

What the member seems to be suggesting is that a committee, in exercising this new responsibility under Standing Order 73, should not be constrained by the directions of the House. I find his argument somewhat confusing. He says that because it is a decision of the House, the House does not have the authority to act in accordance with Standing Order 73, but if it does then the committee should not be constrained by other decisions of the House. There is a contradiction there.

However, the fundamental principle is that Standing Order 73 was adopted by the House to allow committees to have the scope to examine the principles of a bill, the scope of a bill, and to bring back its best recommendations to Parliament. Parliament will ultimately decide.

The committee of course will exercise its new responsibilities in accordance with the directions it has received from the House, including the ways and means motion.

• (1200)

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I rise on the same point of order. When the hon. member who just spoke quoted Standing Order 73, she was thoroughly accurate.

The purpose of sending bills to committee prior to second reading is to give the committee an opportunity to look into a bill thoroughly and to improve it before it comes back to the House for second reading. In that way, a lot of valuable time of the House is not tied up. There is no question that that is the intent, the scope and the purpose of that standing order.

However, when you look at this bill and the other one we will be debating later today, what has to be pointed out is that the general principle of the measures contained in the budget have been adopted by the budgetary process.

The details of the principles of these measures were adopted when the ways and means motion was passed. Why is the bill being sent to committee prior to second reading when, in principle, in scope, in containment, in its content it is a fait accompli?

Puis parce que nous avons—I do not have very good French—to send it. Not to make light of this, how can we proceed to consider these bills in committee before second reading when the principle of the bill has already been fixed and determined? What is the Standing Committee on Finance going to do? What is it going to amend? What principle is it going to change? What scope is it

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going to go back to? Will it spend less somewhere? Will it recommend cuts elsewhere? Will it change the amount of money, the \$800 million, that is given to the foundation of innovation for science?

This is a misuse of the standing order, plain and simple. The argument that we are trying to put forward is that neither this bill nor the other bill we will be debating today, Bill C-93, should be sent to committee prior to second reading.

The very same point that the member from the Liberal Party, the former whip like myself, made about the purpose of Standing Order 73 is accurate and true. I support her when she makes that claim.

When the rules of Standing Order 73 are applied, any good lawyer—I see one sitting beside her now—will say that this is just smoke and mirrors and that the purpose of the government is to get it out of the House so that debate is limited. When it comes back the rule states that debate is limited. We do not have the number of hours to debate the bill after it comes back from committee if we send it to committee prior to second reading.

They are using a double whammy on the opposition members. It is another example of limiting the democratic rights and principles of the opposition parties. Our job here is to go through legislation, to go through ways and means motions, to decide whether it is in the best interests of the Canadian public to either support them or, if not to give them our full endorsement, then to make recommendations through amendments either here in the House, in committee or at report stage, then come back and work on them.

There was an agreement at the start of the 35th Parliament. A lot of bills come here at second reading, prior to going to committee and we make a lot of amendments. It ends up being a big waste of time. For certain legislation, for complicated bills, there are advantages in sending them to committee where the job of the committee is then to thoroughly go through the bill. Sometimes the committee has done it but sometimes it has not.

Agricultural bills have been sent to committee prior to second reading and the members in the committee just ram through clause by clause. They limit debate. We know all about the complaints we have had. They have misused their majority in committee. That is one thing.

However on this one, there will not be any debate on scope. There will not be any debate on principle. It has already been adopted. It is the law of the land. It is a done deal.

I submit very humbly that this point of order be considered, Mr. Speaker, and that you rule that this bill not be sent to committee

prior to second reading for the very reasons that I have outlined. To summarize, it is unnecessary. It is just a way that the government has figured out to once again stifle and limit freedom of speech and the time that is supposed to be allocated in the giving of opinions on bills.

• (1205)

This legislation will pass. We all know that. We all know how important the budget is to the nation. We all know it is necessary for the budget implementation act to pass, so money can be borrowed and that kind of thing. But what we object to is limiting the time that we can discuss the bills.

I believe this bill should not be sent to committee prior to second reading because the principle and the scope are clearly established. Nothing will be changed. It should just remain in the House for second reading.

Mr. Williams: Mr. Speaker, I would like to rebut some of the points brought forward by the government whip. She stated that Parliament should not be constrained unduly. However, because the House voted on the ways and means motion, in essence we put a circle around that bill, a very definite circle.

I would like to refer you, Mr. Speaker, to Commons *Debates*, page 962, dated February 7, 1994. It is about three paragraphs. It states regarding the adoption of the standing order change:

There is, however, an important additional benefit to be gained. The broad role of standing committees with regard to a bill dealt with in either of these two new processes could substantially reduce the quasi-proprietary attitude of ministers and their officials toward their legislation. By the time such a bill is ready for second or third reading, it could be as much a committee's bill as it is that of the sponsoring minister. It has been suggested that a vote on second or third reading of such a bill could as a consequence of this be more difficult to describe as standing by itself, a confidence issue. Members on all sides of the House could find themselves freed more often of constitutional implications in voting and would be able to depart from the party position without concern about defeating the government.

In other words, the suggestion has been made to me that these two new legislative routes could be one way of increasing the number of so-called free votes.

The new procedures can also help avoid situations that all governments face from time to time. They result from bills being developed within departments without sufficiently broad and open public consultation. As a consequence, things could be overlooked and governments as a result are embarrassed, to say the least, when the bill must be dramatically changed or even withdrawn in the face of a strong expression of negative public opinion after the bill has been introduced.

This all points to the fact that a bill going to committee before second reading allows a process whereby major fundamental changes can be made, the principle of the bill can be changed and before the House has expressed its opinion in a vote.

In this case we have had two votes, one on the budget and one on the ways and means motion. Those in essence are first reading of this bill. The House voted and said that is it. We cannot allow this

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to go to committee before second reading. This motion is out of order.

Ms. Catterall: Mr. Speaker, I do not want to belabour the point. However, since there has been a response to my comments I would like to reinforce some of them and perhaps just point out to the member from Calgary Centre that unlike him I am not a former anything.

Standing Order 73 is very clear. It is unlimited. It says "any government bill". I trust that Parliament knew what it was doing when it adopted Standing Order 73. It does not suggest any limitations to the principle, the scope of the bill. It makes no such references. Those are ways in which we have interpreted it in some of our debate on how Standing Order 73 might apply. But the standing order itself simply says "any government bill may be referred before second reading".

• (1210)

The Deputy Speaker: I think I have heard enough. I thank all three members who spoke on this matter. Rather than reserve on it, I think it is important to give reasons now rather than later in the day.

I note that Standing Order 73(1) states very clearly: "—a Minister of the Crown may, after notifying representatives of the opposition parties—" for any government bill, as was indicated. This is pretty all inclusive. The hon. member for St. Albert has a point in that this appears to be the first time that Standing Order 73 has been used for a ways and means bill.

Standing Order 73, however, does not alter directly the practice of the limits imposed by the ways and means motion. The ways and means motion was adopted by the House and the committee, as members will appreciate, is bound by it. Anything in the bill not directly related to the ways and means motion, however, would be open to the larger scope of amendments envisioned by Standing Order 73.

I might add that it is not unusual for ways and means bills to contain matters which are outside the ways and means motion. This apparently has happened dozens of times. Those matters can be amended without reference to the terms of the ways and means motion. In that case, Standing Order 73 seems to be an applicable use and not necessarily an abuse, as was argued by the hon. member for St. Albert.

Accordingly, the Chair finds, despite a most eloquent and carefully thought out argument by the hon. member for St. Albert, that Standing Order 73 would appear to govern in this situation.

[*Translation*]

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, after that half-hour procedural debate on the scope of Standing Order 73, I

am going to enter the discussion on Bill C-92 to amend the Income Tax Act. The purpose of this bill is to implement certain measures announced in the 1996 budget. I wonder why the government tabled this bill only yesterday, more than one year later.

To begin with, the purpose of the 1996 budget, like its predecessors, was to battle the deficit. But the losers in the battle were the provinces, the workers, the unemployed and the most marginalized members of our society. This budget pretends to reduce the deficit by taking the \$5 billion surplus from the unemployment insurance fund. We can see the consequences today: the bulk of the budget problems of the Government of Quebec today are, in fact, due to the 1996 budget, as well as the 1995 and 1997 budgets.

Many of the difficult choices the Government of Quebec has to make are the consequences of the cuts in social transfers to the provinces that have been decreed by Ottawa. I must state that it is immoral for the government to use the unemployment insurance fund surplus to solve its deficit problem. These funds do not belong to the state, to the government, in any way; they belong exclusively to the workers and to the employers.

When Bill C-12 reformed the unemployment insurance system in Canada, it drastically reduced benefits, their duration, and the number of unemployed people eligible for benefits. Workers and especially the unemployed will not forget Bill C-12 when they vote in the next election.

• (1215)

Neither Bill C-92 nor the budgets brought down in 1996 and 1997 contain any provisions for the kind of tax reform in this country that the Bloc Québécois has been demanding repeatedly. The 1996 budget only went so far as to create a technical committee on business taxation, a committee whose appointees had a conflict of interest and whose members advise large corporations on how to save on their income tax. Moreover the committee's mandate, which was for a set term, has already been extended until the end of 1997.

In the next election, taxation will be a central issue. The Bloc Québécois will talk about Canada's unfair tax system. The tax burden must be shared equitably between private citizens and corporations. There should also be a greater measure of fairness in the tax system's approach to large corporations and small businesses, because small businesses are the sector that creates jobs.

Our current tax system does not promote job creation, although unemployment is our number one problem today in Canada, Quebec, the maritimes and everywhere else. Again, we have to mention all those promises that were not kept by a government that was elected under the slogan: jobs, jobs, jobs. Today, unemployment has reached 12 per cent in Quebec and 10 per cent in Canada. The main victims are women, young people and workers around 45

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or 50 years old who can no longer find work when they are laid off. Immigrants are also hit by unemployment.

Last week in Montreal, I met several leaders of the Spanish speaking community who told me that 40 per cent of the members of this community are now unemployed in Montreal, more than half of the black population in Quebec, especially Montreal, is unemployed. These people want to work. They are even prepared to take on difficult jobs, to work the night shift, to work for the minimum wage, even without employment insurance. They want to work, but the government is doing nothing to create jobs.

In my riding in Montréal-Nord, almost one third of the labour force is unemployed. People come to see me at my office and ask me to help them find a job. This is very sad, because there is almost nothing I can do to help them. Zellers, which is doing very well, announced it was closing its warehouse in Montréal-Nord, so 378 employees will lose their jobs as of July 1.

Last week, we attended a meeting called to create a committee to salvage these facilities. The meeting was attended by federal members, of course, and provincial members, representatives of the municipality of Montréal-Nord and the unions. I want to take this opportunity to ask Zellers not to close its warehouse in Montréal-Nord, an area that has a very well trained and highly skilled workforce with considerable experience in this field.

• (1220)

I also take this opportunity to appeal to business to develop social responsibility. Banks, for example, which made more than \$6 billion in profits last year, more than any other business sector in Canada, also lay off the largest number of employees. That is unacceptable.

Again, I think the government should introduce a bill imposing a minimum tax on corporations, and banks in particular.

The situation in Montreal, and Montreal North in particular, is extremely difficult. More and more women, children and immigrants are living in poverty. A very large share of the responsibility for this most acute problem lies with the federal government. There are 1.5 million poor children in Canada. More than 5 million Canadians and Quebecers are living under the poverty line. In Montreal North alone, about 9,000 households, or 20 per cent of the total population, rely exclusively on social assistance.

Efforts have been made these past five years to establish a CDEC. I made this a priority when I ran for office. The CDEC has been in operation since February and is doing a great job. However, the federal government will not contribute \$170,000 to the Montreal North CDEC, but at the same time, older workers are no

longer covered by the POWA, the Program for Older Worker Adjustment, since it was abolished on April 1.

For all these reasons, I can only find fault with this government, and all this will come out during the next election campaign.

[English]

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, it is a pleasure for me to speak today to Bill C-92, the budget implementation act.

I note that this is an act to implement parts of the 1996 budget. It seems more than a little odd that at this late date we are debating a bill which applies to different facets which were brought in under the 1996 budget, albeit in limited fashion because of the government's choice to use a procedure which was just argued against.

What does this mean? Obviously it points to the ineptness of the present Liberal government since it has taken it approximately 15 months to bring forward this legislation. As my hon. colleagues from St. Albert and Calgary Centre pointed out during their very eloquent presentations, it is a tragic misuse of Standing Order 73. It is a way in which the government is able to circumvent the democratic process and utilize a standing order which was agreed to by all members in the House very early in this Parliament. Perhaps we were naive enough to trust the Liberals. We do not do that very often, obviously for good reasons. We trusted the government not to abuse Standing Order 73 in this fashion. We took the Liberals at their word that the intent of Standing Order 73 was to allow more input from rank and file members of Parliament.

Mr. Campbell: Mr. Speaker, on a point of order. I am sorry to interrupt the hon. member. I know it is disconcerting to have that happen. I believe the Speaker has ruled on this issue and the hon. member in the context of his comments in debate on the motion has returned to a matter on which the Speaker has just ruled, against the position the member is advancing.

• (1225)

The Acting Speaker (Mr. Milliken): I know the hon. member was making comments about the tenor of the debate. I did not think he was reflecting on the ruling of the Chair. I think the hon. member knows it would be improper for him to do so. Bearing that in mind, I am sure he will continue with his comments.

Mr. Hill (Prince George—Peace River): Mr. Speaker, since I did not opt to rise, as a number of members of Parliament did, to take the time of the House during that point of order, I thought it was within the purview of my presentation to at least point out that you are quite right, Mr. Speaker, I was not challenging the decision made by the Chair, nor would it be appropriate for me to do so.

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What I was clearly pointing out is the misuse by the government of this standing order, not the decision arrived at by the Chair.

The Acting Speaker (Mr. Milliken): The hon. member will want to be careful because the Chair has ruled that the procedure being adopted is correct in accordance with the rules. I invite him to be temperate in his remarks in discussing this issue. There has been a ruling from the Chair and I know he respects that. I invite him to perhaps address another subject. It might be safer.

Mr. Hill (Prince George—Peace River): Mr. Speaker, I was merely pointing out that I believed this standing order is broad enough and loose enough that potentially some abuse can exist. That was the point I was trying to make.

Earlier in debate the hon. member for Scarborough—Rouge River attacked Reformers, saying that we were misrepresenting the facts on how this government is moving toward a balanced budget. I believe the Canadian public is coming to realize that how the Liberal government is moving toward a balanced budget is on the backs of taxpayers.

Tax revenue has increased in the neighbourhood of \$24 billion a year. There is a proliferation of user fees for various things that used to be provided for Canadian citizens. There is the downloading of approximately \$7.5 billion to the provinces in reduced transfers through the Canadian health and social transfer. The government has been enjoying the lowest interest rates on the national debt in four decades.

If taxpayers and voters really analyze who is responsible for gradually bringing the budget into line they will recognize that they are. They are the ones who are paying and making the advances that have come.

It really galls me to no end when I hear government members saying it is because of the growth in the economy. Who has ever said that if we as a nation enjoy some growth in the economy big government should benefit by just taking more out of the economy to spend as it sees fit? It is the principle of the matter and I have great difficulty believing that principle is supported by the majority of Canadians.

This bill deals with a range of subjects, tax credits for individuals, child care expense deduction, deferred income plans, foreign reporting rules whereby people with assets overseas will have to report not only the income derived from those assets but the assets themselves to the government. It deals with a wide range of issues.

Earlier the member for Scarborough—Rouge River said Reform is not accurately representing the facts on the budget and the whole issue of bracket creep. People have asked me “who is this bracket

creep and what crime has he committed?” They are really interested. They hear about this bracket creep and they wonder where they should direct their attention.

• (1230)

To try to explain it as simply as possible, bracket creep is what happens to a taxpayer in a certain income tax bracket who, because the government has failed to index income tax to inflation, finds himself moved up into another bracket.

Mr. Fewchuk: That is the guy from Calgary.

Mr. Hill (Prince George—Peace River): The hon. member opposite is suggesting that it is only millionaires who experience this. It is quite the contrary. This is falling on the already horribly overtaxed middle class of Canada.

It is interesting to note what was said by some government members about bracket creep when they were in opposition. I remind those members of what they said by quoting from *Hansard*.

Who do we suppose said the following? This individual was referring to the Tory finance minister, Michael Wilson:

He said lower taxes. He told us there were no tax increases in this budget. That statement is false because taxes are going up in this country because of the deindexation of deductions which this government has done in its past budgets. The government knows it is going to get more money this year as a result of the removal of the indexation provisions on all deductions in the Income Tax Act and the removal of indexation on the rates of tax on various levels of income. Those have all been taken out so taxes will go up this year.

That is a quote from *Hansard* of April 28, 1993. I am sure the House will recall that individual, the Liberal member of Parliament for Kingston and the Islands. It was you, Mr. Speaker. Back in 1993 you recognized that bracket creep was a sneaky way in which governments, at the time the Tory government, could increase taxation on the already—

Ms. Catterall: Mr. Speaker, I rise on a point of order. I am extremely concerned about the direction the debate has taken. There were approximately 84 Liberal members of Parliament in the last Parliament, any one of whom could be quoted.

I trust the member is not trying to drag the Speaker off his neutral throne at the head of this Chamber and into this debate, but I am afraid that is the effect his comments are having. I would ask you to rule on whether he may in fact quote the Speaker who is now occupying the chair as part of his debate.

The Acting Speaker (Mr. Milliken): I appreciate the kind words of the deputy government whip but I am always pleased to be quoted.

The hon. member has a few seconds left for his remarks. I would appreciate it if he could conclude quickly as his time has expired.

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Mr. Hill (Prince George—Peace River): Mr. Speaker, I was merely referring to the fact that back in 1993 you recognized this as a form of increase in taxes. I was merely applauding your insight.

What Canadians are telling us today is clear. It is Liberal-Tory, same old story, when it comes to taxing, taxing, taxing.

The Acting Speaker (Mr. Milliken): I thank the hon. member. I appreciate the new term bracket creep, which I do not recall using and do not recall hearing before. It was a delight to hear it.

[*Translation*]

Resuming debate. The hon. member for Saint-Jean.

Mr. Bachand: Mr. Speaker, I would like to speak—

The Acting Speaker (Mr. Milliken): I am sorry. It is the other party's turn to have the floor.

• (1235)

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I thank you for being absolutely neutral, as you have just shown us.

I am pleased to address Bill C-92 which, as we know, is a ways and means procedure to implement certain measures announced in the 1996 budget. That 1996 budget was yet another opportunity missed by the government to put its fiscal house in order and to make things somewhat more equitable.

That budget was yet another missed opportunity by the government to review the corporate tax system. In order to put things off for a while and to make sure that corporate taxation would not be reviewed too soon, the 1996 budget provided for the creation of a technical committee. However, we recently learned that the mandate of this technical committee is now being extended until the end of 1997. Once again, the government is playing it safe, given the upcoming election campaign.

As the official opposition, we have a duty to point out these things, and we will definitely do so during the election campaign.

What did the government do to postpone this tax review and to make sure things remain unfair, as they currently are? It set up a technical committee. That committee is made up of people from the top consulting firms, people who are in the know and who try to make sure large corporations do not pay their fair share of taxes.

I consider that a bit like putting the fox—or Colonel Sanders—in charge of the henhouse. The chickens, that is the people footing the bill, are told “No problem, chickens, we have everything under control. The good old Colonel will look after everything”.

But we have a major problem with that. The people advising the minister, advising the government, are just about in a conflict of interest situation. They will not be able to come up with solutions which might put their own clients in an awkward position.

We understand that this is a stalling tactic, to ensure that the tax contribution by the major corporations is not looked at too soon. In this connection, my hon. colleague for Bourassa referred to the situation with the banks, which I feel has become scandalous. At the present time, bank profits are in the billions. Yet they are rushing to lay off as many bank employees as they can. There are virtually no measures proposed to reform the taxation system, to get these banks to pay a bit more of their fair share.

And what is the situation in the meantime? The ones who are getting richer in Canada are the bankers; the ones who are getting poorer are the middle class. Everyone is contributing to support the state except the major corporations, which are making a small contribution, but far from enough.

Another thing that is in the 1996 budget which Ways and Means will focus on is the venture capital corporations. This is another example of Quebec's distinctiveness. Unions such as the CSN with its action fund and the FTQ with its solidarity fund make it possible for people to invest a little more venture capital. This was a first of its kind when it started up.

The central labour bodies said: “We are going to get together with people, with workers who want to put money in a pension plan for their retirement and arrange it so that we can provide venture capital and maintain jobs”. Often, when companies are short of cash, the solidarity fund or the CSN action fund will provide assistance, helping not only to create jobs but often to maintain them.

So what did the government do? In 1996, the government decided to reduce the tax credit it had introduced which had been an incentive for workers to put money into the solidarity fund because they would get a more substantial tax refund. Probably when the government saw this incentive was too successful—not as successful as the banks, but they did not touch the banks, they hit the labour-sponsored venture capital corporations—the government decided to reduce the tax refund, which meant reducing the tax credit. Furthermore, there would be a ceiling on the amounts people are allowed to pay into these funds.

I think that was a pretty low blow, because we had workers and employers who were encouraging the public to do something socially responsible with their money, to use the money as a lever to create and maintain jobs.

• (1240)

Of course the government made cuts all over the place, and I think this is deplorable. As usual, when decisions like that are made, it seems that Quebec is hardest hit because 50 per cent of the money in these venture capital corporations in Canada comes from

Quebec. In other words, the government missed an opportunity to let this type of fund expand. It would be far better, as I see it, to set up a committee that would really do something about making the system more equitable as well as doing something about those who have all the capital, in other words, the banks.

Another way and means motion about to be implemented is the unemployment insurance fund heist. You will recall that in 1996, the fund had a surplus of \$5 billion. Employers and employees make a contribution. Studies show that each time the contribution is reduced by 10 cents, up to 30,000 jobs can be created. It was maintained and artificially raised over the years.

Naturally the minister decided this year to lower it by 10 cents. Will he create 30,000 jobs? I think so. But he had plenty of room to lower it much more than that and yet he did not. Why? Because he is taking the surplus from the unemployment insurance fund and paying off the deficit with that. Who is bearing the cost? Workers and employers, as I said.

Finally, it almost amounts to an indirect tax, and the government is benefiting from it. Why is it benefiting? Not just because the employers and employees are paying, but also because it is tightening eligibility requirements and ensuring it is making people poorer and hustling them along to the welfare rolls. That is what is happening.

If we look at the statistics since the Liberals formed the government, the number of unemployed in Canada declined from 1.6 million to 1.5 million. The 100,000 no longer receiving unemployment insurance have probably thrown themselves into the clutches of welfare, which is under Quebec's jurisdiction.

And so, on the subject of the unemployment insurance fund, it is totally deplorable that the government is not settling the matter by ensuring further improvements to the system and using the money to try to create jobs. It is not necessarily a question of giving the money to the unemployed, but some effort must be made to create jobs. But the government is not trying to create jobs; instead, it is using the surplus to pay off its deficit.

In terms of the unfair tax system, the same thing is true. I talked about it to some extent earlier, but we can also talk about family trusts. There are also large corporations that do not pay tax. When asked when it intended to be pay its overdue taxes, which it used to defer, Consolidated Bathurst replied: "Never".

I suggest that the taxpayers who are working on their income tax returns write on those returns that they never intend to pay the money they owe the government. I suspect Revenue Canada will get back to them in a jiffy and say: "Look, you must pay your taxes and they are overdue. There is a penalty for not paying and you

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will be charged interest on top of that". But justice does not mean the same thing, depending on whether you are a large corporation or a middle or low income taxpayer.

Family trusts are another case in point. The government never managed to settle this issue. There is some mention, in a way and means motion, of a possible deferral over time that would shorten the length of time, but what does this mean for family trust owners? It means transfers. Family trusts are still there to transfer. They are transferred free of tax, benefiting once again rich financiers. The poor and the middle class cannot afford to establish family trusts for their young children.

This is unfair all the way. There is also the \$7 billion in federal expenditures that has been shovelled in the provinces' back yard with the last two budgets. What this government should do is listen to what the Bloc Quebecois is proposing to settle the personal versus corporate income tax issue. This is \$7 billion that can be recovered.

Unfortunately, the government is not listening to what we are saying, but we will make a point of bringing this up during the election campaign. This will all be settled in the next federal election. In Quebec, the voters will send a clear message to the Liberal government, which has strayed off course, and this will all be settled in the polling booth on June 2 or 9, probably.

● (1245)

[English]

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, I was very pleased to hear the Reform Party member who spoke last acknowledge that Canadians are responsible for the very positive gains that have been made in terms of putting the economy of the country on a sound footing.

That is something that members of our caucus, our cabinet ministers, recognize very strongly. The Prime Minister has spoken about it. The finance minister has spoken about it.

They are the considerable sacrifices that Canadians have been asked to make and the understanding we have had to seek from them for some of the program cuts made over the last few years to bring our deficit, finally, from over \$42 billion down to under \$20 billion, heading to under \$10 billion for next year.

The member spoke about growth in the economy and somehow seemed to think it a sin that with growth in the economy the government would be collecting more taxes. It is quite obvious that if there are a larger number of Canadians who are working, and there are close to a million more Canadians working now than were working three and a half years ago, more people earning, clearly

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there will be more people contributing to the cost of running the country and delivering the programs that Canadians value.

The member should also ask himself why we have enjoyed the growth in the economy that he has acknowledged. He talked as though lower interest rates are something the government should apologize for. We do not.

Those lower interest rates have contributed tremendously to the growth in the economy that the nation is enjoying. It is because of the good fiscal management that this country has had for the last three years since the October 1993 election.

I want to acknowledge that the Reform Party did, in the last speech, speak about the growth in the economy. We appreciate those comments about low interest rates.

One of the items in the bill before the House today is the taxation treatment of child support. This bill changes the taxation of child support. The change is part of a larger package of reforms to deal with child support. The reforms include measures to try to address the problems of inconsistent child support payments, inadequate child support payments, support payments that often are not paid at all, intermittently or inadequately.

The three reforms include the introduction of the federal child support guidelines to establish fair and consistent support awards in divorce cases. In addition, there is the enhancement of federal and provincial enforcement measures so that those awards decided by the courts would be paid. Finally, the item this bill deals with primarily, there is a change in the way that child support awards are taxed.

Let me take a few minutes to explain how we have changed the rules and why. Traditionally support awards have been tax deductible to the paying parent and taxable as income for the parent receiving the payment, i.e., the custodial parent who also has the responsibility for the day to day care of the children.

The 1996 budget announced that this system would be replaced with a system of no deduction, no inclusion. Perhaps some members need to be reminded that this is in line with the court decision delivered not that long ago that the practice of allowing the parent paying child support payments to deduct the payments before paying income tax and having the parent receiving it pay the tax on that amount was unconstitutional and contrary to the charter of rights and freedoms.

• (1250)

To suggest that the government should not somehow be dealing with that and correct a provision in tax law that is contrary to the charter and to the Constitution of this country goes a bit beyond the ridiculous.

That is what we are trying to do. The court simply said that if we have two parents, both of whom are supporting their children, if

one is still married to the other parent, they pay tax on that money, but if one is divorced from the other parent, they pay no tax on that money. That is discriminatory between parents who are married and parents who are not married. Quite simply that is the issue we are trying to address here.

In theory the old system could deliver a tax benefit that would make more money available to the children. That is because the paying parent usually had a higher income than the recipient or custodial parent and therefore was taxed at a higher marginal rate. If the paying parent saved money, that saving could in theory be passed along to the children.

In practice that is not what happened. The system failed to deliver this benefit and actually made it harder to set fair and realistic awards in the courts. The system was fraught with a host of frustrations that were reflected in the well known case of Suzanne Thibaudeau, which I have just referred to.

For one thing, the tax benefit was not targeted to reach children who needed it most, and complex tax calculations made it more difficult for parents to negotiate a realistic level of support that they both saw as fair. Many parents also found that waiting until year's end to receive a refund or to make lump sum payments created serious cash flow problems for both parents.

This package of reforms we have made including the tax measures in this bill is the result of a supreme court decision but also the result of cross-country consultations held under the auspices of my colleague, the member for Mount Royal, in which we heard the real life experiences of families that had broken up, what was happening to children, what was happening to their parents and the real poverty created by the existing system.

The Vanier Institute's last report found that two-thirds of women whose marriage breaks up walk out of the marriage and into poverty. That means their children walk with them. That is part of what we are trying to address by these reforms. It is part of the reason for this change in tax policy with respect to taxation of child support payments. It is a measure that is legally necessary but it is also necessary in justice and in fairness and putting the concerns of our children and their well-being first.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, normally I stand up to say that I am pleased to join in the debate on Bill C-92, but you did hear the point of order I raised earlier and the fact that Standing Order 73(1) has now become a time allocation standing order rather than a standing order that has real meaning. If we followed through with the real moral intent of the standing order we would never be having this time allocation today.

I know the Speaker has ruled, not in our favour and we do not feel he ruled in favour of the people of Canada, but certainly on a narrow interpretation—

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• (1255)

The Acting Speaker (Mr. Milliken): I hesitate to interrupt the hon. member, but he knows it would be improper to reflect on a ruling of the Chair. I thought he was moving off that subject, quite smartly, as I had sort of cautioned him to do. I invite him to move off the subject immediately. I think it would be unwise to continue this line.

Mr. Williams: Mr. Speaker, Bill C-92 deals with a budget measure of 1996. It is now April 10, 1997, 14 months since that budget was tabled. The legislation is just now being introduced.

I have a couple of children, one attending university. I saw that I was getting an extra deduction for his education. It has gone from \$60 a month for full time attendance at university to \$100 a month for full time attendance. I thought it was not bad, but I wondered when it went through. It is going through today. Here it is. Now we know why the government is in such a rush. It is here in Bill C-92 after I did my income tax. After millions of Canadians have done their income tax we now find that the legislation is coming along like the tortoise after the hare. Unlike the tortoise, it does finish first and causes the income tax returns to fall into line, if I may say.

Going through the summary of the act, it is complex and detailed. There are tax credits for individuals, charitable donations, child care expense deductions, child support payments, deferred income plans, foreign reporting rules, non-resident pensioners, all by and large things that are somewhat beneficial to individual taxpayers.

Then I read on, scientific research and experimental development. It introduces a salary cap for SR and ED treatment of salaries of specified employees. This is a tax limitation on a tax break that corporations can get.

No. 9, labour sponsored ventured capital corporations. It reduces the tax credit rate from 20 per cent of the cost of the LSVCC share to 15 per cent, another restriction on tax breaks for corporations.

No. 10, flow through shares. It extends the look back rule to allow qualified expenses incurred at any time in taxation year to be treated as if they were incurred in the preceding years, again a reduction in benefit.

No. 11, resources losses requires an add back to income or 25 per cent of prescribed resource losses, another one that increases the tax liability of corporations.

No. 12, Canadian field processing excludes gas plant processing from activities eligible for the manufacture and processing tax credit, another situation where businesses will pay more tax.

No.13, joint exploration corporations, repeals rules allowing for the renunciation of resource expenses by joint exploration corporation, another situation where corporations will pay more tax.

No. 14, part 6 capital tax, extends the application of additional part 6 tax by one year for banks and other deposit taking institutions and by three years for life insurance corporations, another extension of a tax on corporations.

The minister stood up and said he has not raised taxes. Right here is Bill C-92, coming from the budget of February 1996. Fourteen months later we now have the legislation in front of us. There it is, tax increase, tax increase, everywhere business turns there is a tax increase, all the while the government throws a few shekels to individuals. The government seems to think that there is no limit to how big business can pay more tax.

That is despicable. Who creates the jobs in this country? Business of course. How can business create jobs if they are being taxed into oblivion? That is what the government is doing. It is taxing business into oblivion.

• (1300)

The employment insurance program is turning out to be nothing but a blatant tax grab by the government. According to the latest numbers I saw in the "Fiscal Monitor", the government will run a surplus on employment insurance premiums that exceed benefits paid out under employment insurance by approximately \$7.5 billion. That is a \$7.5 billion surplus in one year.

The government has dramatically cut back the eligibility of individuals for employment insurance. It has cut back the amount of employment insurance it pays to individuals who manage to qualify. It has made a pitifully small decrease in the amount of premiums paid by individuals and employers. In the course of doing all that up comes the surplus. As more money is coming in and less money is going out, away the surplus goes. The Minister of Finance is taxing business to the point that it cannot create jobs. Then he stands in the House and says that unemployment is still over 9 per cent and he wishes it were coming down. He does not know why it is not coming down. Let me tell him.

If he looks at Bill C-92 he will find out why the unemployment rate is not coming down. There are extra taxes for business under the scientific research and experimental development program, extra taxes for business under labour sponsored venture capital corporations, extra taxes on flow through shares, extra taxes on resource losses, extra taxes on Canadian field processing, extra taxes on joint exploration corporations and an extension of the capital tax for banks and insurance companies. We cannot have our cake and eat it too. That has basically been the rule with Standing Order 73 excepted.

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The Minister of Finance thinks he can tax these businesses into the ground and then turn around and say it is their responsibility to create all these jobs. It is time the minister had a few economic lessons from somebody. It just does not work that way.

Let us look at the benefits he has given to individuals. He has made changes to the child care expense. People can now claim child care expenses for people aged 16. We throw young people into young offender institutions long before they are 16. I wonder if that would qualify for a child care deduction. It is an interesting thought: a 16-year-old going off to day care with a lunch bucket in his hand and holding his mommy's hand too. I can see it now.

The government is going too far in thinking it can buy votes from individuals and in taxing businesses into oblivion. I will leave it at that.

[*Translation*]

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, before discussing the ways and means motion on the previous budget, I would like to take a minute to thank some people from the new riding of Repentigny.

You referred to me as the member for Terrebonne but, after June 2, that is after the next election, the Speaker who will be in the Chair, and I hope it will be you, will have to refer to me, assuming I am re-elected—but I am not overly concerned about this, since things are going very well in our riding—as the member for Repentigny, the first one to represent this new riding.

In a few years, if things go well, I will have become the first and last member for Repentigny, because that riding will not have a very long life. It will go through only three stages: first, the election of the Bloc Québécois; second, the election of the Parti Québécois; and third, the holding of a successful referendum. It will be a tie-breaker after the dead heat we had the last time. Therefore, the riding of Repentigny will exist for only a few years.

• (1305)

My nomination meeting was held yesterday evening, in Charlemagne, one of the municipalities in that beautiful riding. On that occasion, people expressed their confidence in me by agreeing to let me represent them at the next election, as a Bloc Québécois member. Therefore, I sincerely thank the people of Repentigny, Charlemagne, Lachenaie, Mascouche and La Plaine, for their support in the past three and a half years, and for their renewed support last night in Charlemagne. Over 150 people were in attendance and showed they are eager to get on with the next election campaign.

Some hon. members: Hear, hear.

Mr. Sauvageau: Now we are going to get to the heart of the matter, the ways and means motion for last year's budget.

I would like to quote from a book that I am sure you all read regularly a few years back, and that you were only too keen to forget about once we had read it too. I am talking about the red book. We are still waiting for the second volume, the one on promises kept, which will perhaps be as thick as this piece of paper. I would therefore like to quote from the red book. I will read what my friends across the way said on page 13:

Today, after nine years of Conservative government, Canadians are facing hardship: 1.6 million unemployed, millions more on welfare, a million children living below the poverty line, record numbers of bankruptcies and plant closings.

I repeat, this appears on page 13 of the red book.

What has become of the fine words of the Liberal Party, of the compassion that we read about in the red book, but that never actually materialized, because in concrete terms we have seen nothing? What have they done after three years? We will give figures, but not the Bloc Québécois's figures, because as our friends across the way tell us, the nasty separatists tend to play around with figures. We will therefore give figures provided by Statistics Canada, Industry Canada and Human Resources Development Canada.

So, instead of the 1.6 million unemployed Canadians they complained about in the red book in 1993, there are now, according to Statistics Canada, 1.5 million Canadians without jobs. In 1993, they wrote about "millions more on welfare", but Statistics Canada tells us there are now 3 million Canadians in this situation.

Instead of "a million children living below the poverty line", as they told us in 1993, Statistics Canada reports that there are now 1.5 million such children, 500,000 more than before.

In 1993 they wrote in the red book about "record numbers of [—]plant closings"—they did not give a figure because it was not true—while today Statistics Canada tells us there were a record 86,253 bankruptcies declared between January and November 1996.

Before speaking about the budget, it is very important to remember the compassion expressed by the Liberals in 1993, and the failure of the Liberals to take action since that time. The figures in the finance minister's budget can be interpreted any number of ways, as the secretary of state just demonstrated, and as other government members have shown, in trying to praise this government and cover up mistakes in the budgets and this government's failure to act or its blunders when it did.

We could also go on about a number of things, a number of critical sectors of our economy, our society, our culture, our history and our trade. I believe that the most important figures, the ones that will really make the public sit up and take notice in the next

election are these: the unemployment rate, the poverty rate, and the bankruptcy rate.

Before having a firm political ideology, before having intentions, projects, hopes, we need a bare minimum, that is to say enough money to realize our ideology, or enough money to realize our hopes and dreams for the future.

With a record as pitiful as 3 million people on welfare, 1.5 million children living below the poverty level, according to Statistics Canada, I do not believe the Liberals can pat themselves on the back and boast "We are proud of our performance record. We can present you with a budget and describe it as having successfully bolstered the social and economic fabric of this country". This is false, and who says so? Not us, but—I repeat—Statistics Canada, Industry Canada and Human Resources Development Canada.

• (1310)

The government could, perhaps—and I suggest it do so, as it has in other sectors—tell us that the head of Statistics Canada must be wrong, that he ought to be sacked, that someone new should be hired who could change the figures. We know that is a Liberal tactic. They would put a good Liberal in charge, a few figures would get changed, and then something more attractive could be reported.

Unfortunately for the Liberal Party, and fortunately for us and the man or woman in charge of Statistics Canada—I do not know which it is—this tendency, or way of doing things, from the past is no longer in use. The chief statistician and the heads of the other departments I mentioned will be able to stay put and keep giving the real figures, the results of this government's failure to act.

As I said before, the government has nothing to be proud of in this respect, and I think it has an obligation to explain these results to the public. Meanwhile, what was the Bloc Québécois doing? Was the Bloc Québécois, as an opposition party, shooting down everything that moved? In a way yes, but in another way no.

Yes, the Bloc Québécois objected to various bills that were introduced and that, in our opinion, were skewed towards these figures. But at the same time, the Bloc Québécois made certain proposals. We offered both negative and constructive criticism. So what did we propose? We proposed a plan for corporate tax reform and another one for personal tax reform.

In the new riding of Repentigny, if the Minister of Finance bothered to listen to us and realized that the proposals made by three excellent researchers of the Bloc Québécois, not the slew of researchers that can be found at the Department of Finance, if he bothered to consider and implement the recommendations we made, he would realize that what is needed is not new money or an increase in the deficit. By reallocating amounts that are already in the tax system, an average family—for instance, a Repentigny

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family of two adults and two children with an average income of \$40,000, these are not wealthy people, this is an average, modest income—if the Minister of Finance were to implement the proposals of the Bloc Québécois, this average family in Repentigny would pay \$821 less in income tax. This proposal would affect more than 50 per cent of the families in my riding.

Unfortunately, this family will have to pay \$820 more in income tax because of poor decision making by the Minister of Finance. It may not be a lot, but for the average family with a modest income of \$40,000, this is a lot of money that could be funnelled back into the economy and could create real jobs.

However, the Minister of Finance has trouble going along with proposals made by an opposition party, a party that objects when something does not make sense, but also makes suggestions on how things should be changed in the interest of fairness.

[English]

Mr. Williams: Mr. Speaker, I rise on a point of order. Is the order of debate from the Bloc to the Liberal Party and then back to us under this order? Should a Reform member not be the next speaker?

The Acting Speaker (Mr. Milliken): The last speaker before the hon. member for Terrebonne spoke was the hon. member for St. Albert.

The rotation today has been from the beginning I am advised—and I was not here at the beginning of the debate—Liberal, Reform, Bloc. That is the way it has been going. It is now a Liberal's turn. Accordingly I recognize the hon. member for Haldimand—Norfolk.

Mr. Bob Speller (Haldimand—Norfolk, Lib.): Mr. Speaker, it gives me great pleasure to say a few words on Bill C-92. I know I only have a couple of minutes to speak to the budget. It is a budget that I think is notable.

• (1315)

I want to say a little bit about rural Canada and the impact this budget has in the rural areas. Rural Canada is an area that has really been recognized for the first time in a budget by a government that directly looked at solving some of its problems.

In the speech from the throne the government made a commitment to look at rural Canada and to try to make sure that it shares in the economic growth that is happening across the country. I would like to thank all our members from the rural caucus in the Liberal Party and the Minister of Finance for taking the opportunity, after listening to our concerns, to address some of the concerns that we have in rural areas so that we too can share in the economic growth in the country.

I want to highlight a few areas that the minister has touched on. One of those areas deals with the Farm Credit Corporation. He

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made sure that the Farm Credit Corporation had more money in which to invest in rural areas.

The trade statistics show that agricultural exports have increased some 30 per cent over the last three years. We seem to be booming in exporting our products. One of the areas in which we need to do more is to make sure that the further processing of goods, especially in the agricultural area, can get to the export market. In order to do that the farmers, who have a lot of really good ideas, need some cash to invest in these products and to get them into the market.

On the one hand the Minister for International Trade has done a good job in getting the information out to these small businesses, these farmers, and to make sure that they are represented in our embassies around the world and that their product is there.

On the other hand, the Minister of Finance has made sure that cash is there. He has made sure that the Farm Credit Corporation has cash available to help invest in these small industries to make sure that they can get up, get running and get these further processed goods exported around the world. I want to thank him for that.

I would like to highlight a point that the hon. member for Parry Sound—Muskoka was pushing very strongly and I know the Minister of Finance thanked him for that, and that is the whole of tourism and the importance of tourism to job creation in Canada. The rural areas have a lot to show. A lot of tourists come to the rural areas but there is not as much co-ordination and there are not the groups in place to help co-ordinate a tour group or a tourist who comes in to certain parts of Canada.

The Minister of Finance in his wisdom and the cabinet agreed to put some money into tourism. I know all hon. members will agree it does a lot in helping to create jobs, especially in small tourist operations in rural and remote Canada.

Obviously education and health care were in the budget. These areas are important for rural Canada. I want to thank the minister for investing in the Internet and making sure that we in the rural areas are up to speed so to speak in having access to the Internet.

In fact our young people and our students can now in any community with a population of over 400 have access to the Internet. That is a very important initiative of this government that really helps in making sure that people in rural and remote Canada can get into the new technologies that I think are going to be important in rural areas in terms of job creation.

• (1320)

It is also important to note this. I want to talk personally about my riding of Haldimand—Norfolk and the importance of taxation. In my nine years here, it seems that every year, the Minister of Finance has come up and once again increased the taxes on tobacco.

I want to thank him from my constituents' point of view for not raising the taxes on tobacco in the budget. As members know, to tobacco farmers in the community surrounding my area, the size of tax on tobacco is important, although not on the sales. It does not have a big influence in the production, but in giving them a good feeling and understanding of how the system works.

[Translation]

The Acting Speaker (Mr. Milliken): It is my duty to interrupt proceedings now to put the question now before the House.

[English]

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

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Milliken): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Milliken): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Milliken): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Milliken): Call in the members.

• (1340)

[Translation]

Before the taking of the vote:

The Acting Speaker (Mr. Milliken): The member for Joliette on a point of order.

Mr. Laurin: Mr. Speaker, as the bells started sounding, the official opposition asked that the vote on Motion No. 92 be deferred, and the Chair did not recognize our request at that point.

I would submit, with all due respect, to your attention, Standing Order 73(1)(d), which provides in French:

—after not more than 180 minutes of debate, the Speaker shall interrupt the debate and the question shall be put and decided without further debate.

In our opinion, putting the question does not mean we cannot defer the vote. Standing Order 45(5)(a)(ii) provides:

(ii) During the sounding of the bells, either the Chief Government Whip or the Chief Opposition Whip may ask the Speaker to defer the division.

This is what we did. Nothing in this Standing Order either indicates that we cannot ask to have the vote deferred to another

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time. The French text is clear, and I would ask you to recognize the request of the official opposition, please.

[*English*]

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, I rise on the same point of order. It appears the whip of the Official Opposition is correct in his summary.

I bring to the attention of the Chair that there are other times, for example in Private Members' Business, where a set amount of time is allocated for debate, at which time the question is put and is often deferred. I think in this case the whip of the Official Opposition is correct.

Mr. Bob Kilger (Stormont—Dundas, Lib.): Mr. Speaker, I would submit respectfully that the standing orders are quite clear:

After not more than 180 minutes of debate the Speaker shall interrupt the debate and the question shall be put and decided without further debate.

• (1345)

[*Translation*]

In fact, debate was concluded after 180 minutes, the vote was scheduled, the division bells were rung for 15 minutes ago. We are now ready to vote.

[*English*]

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I would refer to the Chair's ruling earlier this morning on 73(1) where it was pointed out by the government whip that there was no restriction in Standing Order 73(1) and therefore it applies to bills that had a ways and means motion preceding it because there was nothing in 73(1) that contained that restriction.

I draw your attention to Standing Order 45, content contains no restriction. Therefore I humbly suggest you see that his point of order is in order.

[*Translation*]

The Acting Speaker (Mr. Milliken): I thank members of both sides of this House for their arguments on this point. I have looked at Standing Order 76, cited by the hon. member for Joliette, and considered the wording. Furthermore, I looked at the wording of Standing Order 45 to make a comparison, and I do not believe the

[*English*]

It is provided in Standing Order 45(3) that:

When, under the provisions of any Standing Order or other Order of the House, the Speaker has interrupted any proceeding for the purpose of putting forthwith the question on any business then before the House, the bells to call in the Members shall be sounded for not more than fifteen minutes.

I interrupted the proceedings at the conclusion of 180 minutes.

[*Translation*]

—in order to put the question immediately on a matter under discussion in the House, the division bells must have rung for fifteen minutes at most.

[*English*]

Having done so, I refer the hon. member for Joliette and the Reform Party whip to Standing Order 45(5)(a)(i):

Except as provided in sections (3) and (6) of this Standing Order—

In other words, where section (3) applies there is no right to defer under Standing Order 45(5). Standing Order 45(5) applies to 30 minute bells, not 15 minute bells. On any 15 minute bell the only hope for deferral lies under Standing Order 45(7).

I urge hon. members to have regard to that fact. I did not permit the deferral of the division because I believed it was out of order and I so ruled.

We will now proceed with the question.

• (1350)

[*Translation*]

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 295*)

YEAS

Members

Alcock
Assadourian
Bakopanos
Beaumier
Bethel
Bonin
Brown (Oakville—Milton)
Bryden
Calder
Cannis
Chan
Cohen
Collins
Crawford
Cullen
Dhaliwal
Discepola
Dupuy
English
Finlay
Fontana
Gagliano
Gerrard
Graham
Harb
Harvard
Ianno
Irwin
Karygiannis
Kilger (Stormont—Dundas)
Knudson
Lastewka
Lee
Manley
Martin (LaSalle—Émard)
McKinnon
McWhinney

Anderson
Augustine
Barnes
Bélanger
Bodnar
Boudria
Brushett
Byrne
Campbell
Catterall
Clancy
Collenette
Comuzzi
Culbert
DeVillers
Dion
Dromisky
Easter
Fewchuk
Flis
Fry
Galloway
Goodale
Guarnieri
Harper (Churchill)
Hubbard
Iftody
Jackson
Keyes
Kirkby
Kraft Sloan
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Loney
Marleau
McCormick
McTeague
Mifflin

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Mills (Broadview—Greenwood)
 Mitchell
 Murray
 Parrish
 Peters
 Phinney
 Pillitteri
 Regan
 Rideout
 Rock
 Serré
 Simmons
 St. Denis
 Stewart (Northumberland)
 Telegdi
 Thalheimer
 Ur
 Vanclief
 Wells
 Wood
 Zed—115

Minna
 Murphy
 Pagtakhan
 Patry
 Peterson
 Pickard (Essex—Kent)
 Proud
 Richardson
 Robichaud
 Scott (Fredericton—York—Sunbury)
 Sheridan
 Speller
 Steckle
 Szabo
 Terrana
 Torsney
 Valeri
 Volpe
 Whelan
 Young

(Motion agreed to, and bill referred to a committee.)

• (1355)

[English]

BUDGET IMPLEMENTATION ACT, 1997

On the Order: Government Orders:

April 9, 1997—The Minister of Finance—Second reading and reference to the Standing Committee on Finance of Bill C-93, an act to implement certain provisions of the budget tabled in Parliament on February 18, 1997.

Hon. Paul Martin (Minister of Finance, Lib.) moved that Bill C-93, an act to implement certain provisions of the budget tabled in Parliament on February 18, 1997, be referred forthwith to the Standing Committee on Finance.

Mr. Kilger: Mr. Speaker, I wonder if there might be a disposition either to suspend the House or to see the clock as being two o'clock and we could go to Statements by Members in order for the member to have his full ten minutes following question period.

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

Some hon. members: Agreed.

NAYS

Members

Ablonczy
 Bellehumeur
 Blaikie
 Bridgman
 Canuel
 Chrétien (Frontenac)
 Cummins
 Debien
 Dumas
 Epp
 Gauthier
 Gouk
 Hanger
 Hayes
 Hill (Macleod)
 Kerpan
 Laurin
 Loubier
 Martin (Esquimalt—Juan de Fuca)
 McClelland (Edmonton Southwest/Sud-Ouest)
 Mercier
 Nunez
 Penson
 Pomerleau
 Ringma
 Schmidt
 Silye
 Stinson
 Venne

Bachand
 Bergeron
 Breitzkreuz (Yellowhead)
 Brien
 Chatters
 Crête
 de Savoye
 Duceppe
 Duncan
 Gagnon (Québec)
 Godin
 Grubel
 Harper (Simcoe Centre)
 Hermanson
 Hill (Prince George—Peace River)
 Langlois
 Leroux (Shefford)
 Marchand
 Mayfield
 Ménard
 Meredith
 Paré
 Picard (Drummond)
 Ramsay
 Sauvageau
 Scott (Skeena)
 Speaker
 Strahl
 Williams—58

PAIRED MEMBERS

Arseneault
 Dalphond-Guiral
 Duhamel
 Finestone
 Guay
 Hopkins
 Lefebvre
 MacAulay
 McLellan (Edmonton Northwest/Nord-Ouest)
 Payne
 Tremblay (Lac-Saint-Jean)

Asselin
 Daviault
 Fillion
 Gaffney
 Guimond
 Lalonde
 Loubier
 Marchi
 O'Reilly
 Reed
 Tremblay (Rimouski—Témiscouata)

The Acting Speaker (Mr. Milliken): I declare the motion carried. Accordingly, the bill is referred to the Standing Committee on Finance.

STATEMENTS BY MEMBERS

[English]

POTASH

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Mr. Speaker, 1996 marked the third consecutive outstanding year for the Saskatchewan potash industry, the largest producer and exporter of potash in the world.

The industry's solid performance in 1996 was the result of strong sales to the United States, Brazil, western Europe and Indonesia. These sales, combined with strong potash prices, sustained gross revenue to the Saskatchewan industry at the second highest level on record.

Most important, this success translates into high quality, well paying jobs. The potash industry employs 3,000 people in Saskatchewan and has an annual capital spending of \$60 million.

In order to build on this success and to spur growth in the mining industry as a whole, I call on all members to support the natural resources minister in her efforts to remove regulatory constraints within federal jurisdiction which hinder mining investment in Canada.

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[Translation]

ASBESTOS

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, I want to acknowledge in this House the courage and determination of the four miners from Asbestos who ran in the Paris marathon last weekend.

In so doing, although they were ignored by the French press, they wanted to create awareness about how safe asbestos really is when used properly. These four miners have demonstrated that the physical ability of workers is in no way affected by exposure to chrysotile asbestos fibres, partly because of the very high health standards in the industry.

I salute their action and encourage any such activity aimed at convincing the French people that this matter was blown out of proportion.

My colleague from Richmond—Wolfe joins me in congratulating Guy Guérette, Eudore Lemay, Michel Champagne and Pierre Laliberté, our four marathon runners and chrysotile asbestos miners.

* * *

[English]

NAFTA

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, when the Prime Minister arrived in Washington a few days ago he said he had no serious issues to discuss. I beg to differ.

I recall that prior to the last election there was one item that seemed extremely important to him. It is even included on page 24 of the red book: "A Liberal government will renegotiate the NAFTA to obtain a subsidies code, an anti-dumping code and a more effective dispute resolution mechanism". There was even talk about abrogating the agreement if satisfactory changes could not be negotiated.

What has happened to that promise? Is it no longer important? I suppose we can add it to the heap of other Liberal broken promises like dumping the GST, getting to the bottom of the Somalia affair and eliminating interprovincial trade barriers.

It is indeed a cynical government that makes promises that it knows it cannot keep.

* * *

● (1400)

RAILWAYS

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, many of my constituents are concerned about the fact that U.S.

based heavy construction equipment and workers have crossed the border to perform routine train derailment wrecking services.

Any justification for such actions based on the claim that such equipment and expertise are unavailable in Canada is just plain false. Canadian crews do this kind of work all the time and they do it well. They could have done the work recently performed in Winnipeg and in Bala, Ontario. There was no emergency and no need to import such services. Canadian crews and Canadian equipment were available.

I join with CAW local 101 of Winnipeg in calling on the Minister of Citizenship and Immigration to conduct a full investigation into CP Rail's actions. The least this Liberal government could do is make sure Canadian workers do not lose their jobs to Americans because CP Rail is allowed to do whatever it likes.

* * *

SPRING SPRINT

Ms. Maria Minna (Beaches—Woodbine, Lib.): Mr. Speaker, spring is in the air. One of the ways we know that spring has arrived is that the 10th annual Beaches Spring Sprint was held this past weekend in my Toronto riding. What better way to shake off the winter blues and enjoy some fresh air and exercise than a run along the shores of Lake Ontario?

A record 830 participants ran the five kilometre race along the boardwalk to raise \$6,000 for the Beaches Recreation Centre which is celebrating its 25th anniversary. The runners were assisted by 130 volunteers who demonstrated good community spirit in organizing the race. They made sure everything went along smoothly.

I congratulate the runners and the volunteers on a job well done. The money raised will go to maintain various programs at the Beaches Recreation Centre and to purchase new equipment. Congratulations to all who were involved.

* * *

PACIFIC SALMON TREATY

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, current negotiations between Canada and the United States over Canadian complaints that the United States is violating the conservation norms of the Pacific salmon treaty of 1985 have seen a breakthrough in traditional diplomatic methods. There is direct involvement in the negotiations of the actual stakeholders, the active fisher people in both countries who have the most to lose from any violation of the treaty norms.

In a series of direct meetings whose consensus is reported back to the two governments, the Canadian and U.S. fisher people bring both practical experience and also human concerns to a traditionally rather abstract technical bureaucratic process. Why not? It is the new pluralism. It balances the new co-operative federalism, which the federal government is now seeking to pursue with the Government of British Columbia, in implementing the Fryer commission's

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unanimous report on solutions to west coast fisheries problems and in seeking to establish permanent federal-B.C. partnership at the fisheries administration level.

* * *

[Translation]

JOURNALIST CLAUDE PICHER

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, this evening, Claude Picher, a journalist who has been reporting on economic and financial matters since 1975, will receive the Hyman Solomon award for the quality of his work in journalism. He is the first francophone Quebecer to receive this prestigious award.

The Hyman Solomon award is given out by the public policy forum, which comprises representatives from government, labour and management. This award recognizes the work of journalists providing in-depth reporting on complex public interest matters to clearly explain the issues and their implications in everyday life.

Claude Picher undoubtedly deserves this award. His lucid analysis, clear explanations and limpid style significantly contribute to Quebecers' growing interest in economic matters.

Our congratulations to you, Mr. Picher, on behalf of all Quebecers.

* * *

[English]

VIMY RIDGE

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, 80 years ago yesterday a Canadian identity was forged at the battle for Vimy Ridge. That day 100,000 Canadians took a critical German stronghold, something the French and British units twice failed to do.

The price was high: 3,600 dead and more than 10,000 wounded. But the hottest flame produces the strongest steel. The sacrifices made that day won Canada a seat at Versailles and membership among the family of nations.

The people of France have not forgotten this sacrifice. Nearly 2,000 gathered to watch France's veterans affairs minister award six Canadian survivors the French Veterans Medal.

A number of our World War II veterans also attended yesterday's ceremony, one of whom I know personally. Retired air force Captain Ken Branch of Lethbridge served as a pilot overseas in that war. He returned safely, unlike many of his comrades, and Leth-

bridge has profited ever since. His contributions have enriched the lives of many in our community.

To Ken Branch and the thousands of other Canadian men and women who sacrificed in order that we might remain free, I say thank you.

* * *

• (1405)

KERRICK FLATT

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, I am proud to rise today to recognize Master Kerrick Flatt, a young Burlington resident.

Kerry Flatt is a fine example of a young Canadian. He is someone who demonstrated remarkable courage by his outstanding actions on March 23, 1997. On that day, seven-year-old Kerry rescued his father from the frozen waters of Manitowabing Lake near Parry Sound, Ontario after he and his father fell through the ice.

Kerry risked his own life and has been recognized for his bravery by the Governor General of Canada with a medal of bravery. This medal is given to those Canadians who come to the aid of their fellow citizens in spite of hazardous circumstances.

Please join me in congratulating this heroic young man for his selfless act and in wishing Kerry continued courage and dedication to his family, to our community and to our country.

* * *

[Translation]

CANCER

Mrs. Anna Terrana (Vancouver-Est, Lib.): Mr. Speaker, cancer killed almost 60,000 Canadians in 1994. April is cancer prevention month, and many individuals and organizations are looking for funds to support cancer research and to find a cure to this disease which cruelly destroys too many human lives.

[English]

Today in Ottawa, there is a young boy from British Columbia. Mike Cuccione is 12 and very talented. In his young life, he has defeated Hodgkin's disease twice.

During his tribulations, Mike wrote five songs which he recorded on a CD. The disc was launched in November and Mike has raised \$100,000 since then. The money will go to cancer research and to the B.C. Children's Hospital.

Mike recently won the Vancouver Leader of Tomorrow award and was a finalist in the Terry Fox award. Mike is here to meet the Prime Minister of Canada. His dream is to make a difference and, inspired by his songs, he never gives up hope, he never gives up faith, he never gives up love.

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I would like to congratulate Mike and his marvellous family for his excellent work and successes. [English]

* * *

VIMY RIDGE

Mr. John Richardson (Perth—Wellington—Waterloo, Lib.): Mr. Speaker, it gives me great pleasure to rise today to pay tribute to the proud Canadians who put their lives on the line in the name of justice and liberty in Vimy some 80 years ago.

Vimy was the most remarkable of battles. Within three days, the Canadians captured and controlled the entire ridge and had captured more ground, prisoners and guns than any previous British offensive. In fact, the assault turned out to be the swiftest and most complete victory of the war.

Anyone who watched yesterday's news coverage of the anniversary commemorations will not forget the emotions on the faces of the Canadian veterans who had returned to Vimy. From the sorrow in their eyes, you could appreciate the pain of loss of their comrades who died serving their country.

Many veterans view events such as these as their last hurrah. Who will be around to celebrate the next anniversary, they question. But the celebrations will continue.

While those who made history will leave us, time will never erase the memories of their courage, their valour and their patriotism. May we remember them always.

* * *

[Translation]

BATTLE OF VIMY RIDGE

Mr. Jean H. Leroux (Shefford, BQ): Mr. Speaker, from April 9 to April 12, 1997, we are commemorating the 80th anniversary of the Vimy Ridge victory by the Canadian expeditionary force, which included the 22nd Regiment.

That impregnable fortress had resisted for over two years. Canadian troops distinguished themselves by winning one of the greatest victories. However, this was achieved at the cost of 11,000 human lives.

Today, in this House, I want to pay tribute to the courage and fighting spirit of the soldiers who took part in the Vimy battle. I want to remind everyone that their sacrifice was not made in vain. The road to the greatest victories is always paved with tombstones.

All of us remember the heroism of these soldiers and have learned a lesson from their sacrifice. Our ultimate objective must be, now and forever, to achieve a lasting world peace.

MICHAEL CUCCIONE

Mrs. Sharon Hayes (Port Moody—Coquitlam, Ref.): Mr. Speaker, today it is a privilege for me to applaud the courage of a young boy from my riding of Port Moody—Coquitlam.

Michael Cuccione, age 12, has experienced personal hardship that few of us have known in his battle through two bouts of Hodgkin's disease. Throughout his ordeal, music has been a source of strength. Now Michael shares his inspiration with young people across North America through his CD called "Make a Difference". His story will be told to many more through the book *There are Survivors: The Michael Cuccione Story*.

● (1410)

We salute you today, Michael, as you raise more than \$100,000 for cancer research.

We salute you today, Michael, as you demonstrate the survival of hope and community to individuals and families across Canada.

We salute you today, Michael, as you communicate that hope to young people particularly, and challenge them to look beyond difference and disability.

We salute you today, Michael, because through the lyrics of your songs you remind us all that "if we do our part we can make a brand new start to make a difference to this world".

* * *

THE PRIME MINISTER

Mr. Bill Graham (Rosedale, Lib.): Mr. Speaker, this week Canadians watched with interest and pride as our Prime Minister made his first official visit to the United States.

The spirit of this visit demonstrated that balance the Prime Minister has achieved in our relations with the United States: an independent Canada asserting its interests when faced with excessive U.S. power; yet a good neighbour able and willing to co-operate with our ally and most important trading partner when in our interest.

Indeed, Canadian initiatives internationally, such as our free trade agreement with Chile and our domestic fiscal success, enables our Prime Minister to provide useful examples for our American friends.

The value the American president places in the special relationship that our Prime Minister has developed was in turn reflected in his firm statement about the importance of Canadian unity.

Oral Questions

[Translation]

The agreements signed will be useful to everyone. We can all be pleased with the success of a visit whose outcome and timing show the special nature of the relationship that the Prime Minister was able to establish with our powerful neighbour.

* * *

DÉFI-EMPLOI 18-25

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, young people in my riding of Vaudreuil want to find their place on the labour market. Youth unemployment is one of our government's main concerns.

I am therefore pleased to mention a new partnership initiative designed to promote the hiring of young people aged 18 to 25, in the greater Montreal region.

The Défi-Emploi 18-25 program is a partnership between the Department of Human Resources Development, the SQDM, the Quebec department of income security, the chamber of commerce of metropolitan Montreal, and other local stakeholders.

That program was set up to promote the hiring of young people aged 18 to 25 by contacting various businesses. Young people represent the future. Under the program, young people will be able to take part in free seminars on employment, which will include employers, employment experts and other young people.

Given last year's success with the Défi-Emploi program, we are proud that this initiative is being repeated this year.

* * *

[English]

MEMBER FOR MISSION—COQUITLAM

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, when I was first elected to come to this House I promised my constituents that if elected I would work with all members to pass good legislation. I believe I have kept my word.

When each of my bills and motions was chosen I asked each and every one of you for your help. The result is I have had the good fortune to have been instrumental in keeping lacrosse as a national sport and I received unanimous consent at second reading for our grandchildren's right to visit their grandparents.

Last night I am happy to say my third motion on reporting private members' business from committee to the House was passed. This completes the cycle begun in 1994 when we passed my freer votes motion and enacted free votes on private members' business.

I was pleased too that before Christmas I was able to present Reform's motion for recognition of the family which this House supported.

I will not be with you next session so I must thank all of the members of this House who have proved to me and to my constituents and my students of 30 years that democracy can work in this House. My colleagues, I thank you.

* * *

[Translation]

QUEBEC REPRESENTATIVES IN GOVERNMENT

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, yesterday, a journalist from the *Journal de Montréal* wrote the following, in a column entitled "The Usual Suspects": "For the federal Liberals, this should be all the easier, given that Quebec is still somewhat under-represented in the cabinet and that there is still some room".

How can one claim that Quebecers are under-represented in the cabinet when the Prime Minister, the Minister of Finance, the President of the Treasury Board, the Minister of Citizenship and Immigration, the President of the Privy Council and Minister of Intergovernmental Affairs, the Minister of Human Resources Development, the Minister of Labour and the Secretary of State for the Federal Office of Regional Development are all from Quebec?

Quebec is already very well represented in the cabinet, and chances are that this representation will be supported by the substantial number of new Liberal members, following our victory in the next election.

ORAL QUESTION PERIOD

• (1415)

[Translation]

LINGUISTIC SCHOOL BOARDS

Mr. Gilles Duceppe (Leader of the Opposition, BQ): Mr. Speaker, yesterday members of all political parties sitting in the National Assembly, the PLQ, the ADQ and the Parti Québécois, agreed to ask Ottawa to amend section 93 of the Constitution so as to permit the introduction of linguistic school boards.

Given the unanimity of the National Assembly, which was elected by all Quebecers, will the Prime Minister agree to move on the amendment requested by Quebec, which concerns an area of provincial jurisdiction and complies fully with section 23 of the Canadian Constitution?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, as our Minister of Intergovernmental Affairs said, we are waiting for a resolution from the Government of Quebec. When it comes, we will be very happy to examine it and to take appropriate action.

Oral Questions

We were faced with a similar problem just a few months ago in the House. A resolution to amend the Constitution as it applies to Newfoundland and Labrador and their education system was introduced, and everything turned out fine.

I am very confident that things will go just as well when we receive the resolution from the Government of Quebec, but we must wait for people to express their views before we can proceed.

Mr. Gilles Duceppe (Leader of the Opposition, BQ): Mr. Speaker, the Prime Minister knows very well that Mr. Mulcair introduced a resolution that received the unanimous approval of all members of the National Assembly. He also knows that the Minister of Intergovernmental Affairs said yesterday that the will of the National Assembly was not enough.

Just today, the Prime Minister was speaking about hypothetical opposition from church representatives, when the bishops have never, throughout this longstanding debate in Quebec, opposed the introduction of linguistic school boards.

Why refer to hypothetical opposition from church representatives when, in the case of Newfoundland, in fact, we know that church representatives were opposed, and the Prime Minister agreed to the request from the Newfoundland legislature, even though church representatives were opposed, but the elected representatives of the people of Newfoundland wanted to go ahead?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, as the minister responsible said, a broad consensus is required. I am very happy to see that a consensus seems to be taking definite shape in the National Assembly. But I also know that people may wish to make representations to us, as they did in the case of Newfoundland. We listened to them, and then took action.

This is how the democratic system works. A resolution must be passed here, in the House of Commons, and in the Senate. It took several months before Newfoundland's problem was sorted out, because of holdups that occurred in fact in the other Chamber. In any case, we shall see. We shall have to wait to see the resolution. And if it is unanimous, so much the better.

Mr. Gilles Duceppe (Leader of the Opposition, BQ): Mr. Speaker, I ask the Prime Minister if, given the resolution passed unanimously by all members of the National Assembly, he will agree to move quickly. The official opposition in this House will give him its full support. Will he agree, on behalf of his party, to ask the Liberal and Conservative senators to do likewise, so that this amendment may be passed before the upcoming election?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we will receive the resolution, we will examine it as required, and we will introduce it in the House of Commons. At that time, we will ask members to proceed as quickly as possible.

Sometimes, people object to unanimous situations in the House, and the Standing Orders of the House must be observed. As for the Senate, we shall see. First of all, the House of Commons must vote on it. When we have seen the resolution and it has been approved by cabinet, we will then introduce it in the House as soon as possible.

As for the date of the election, nobody knows what it is yet, so until then it is not possible to say whether or not the other objective can be met.

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, my question is for the Prime Minister.

In acting as they are with the linguistic school board situation, the Prime Minister and the Minister of Intergovernmental Affairs are demonstrating exactly why all of the governments of Quebec, whether sovereignist or federalist, have denounced or rejected the Canadian Constitution which was imposed on Quebec 15 years ago.

• (1420)

Will the Prime Minister admit that he is once again making use of the 1982 Constitution to intervene directly in a matter which falls under the jurisdiction of the National Assembly, in order to dictate to Quebecers how they are to handle their own affairs?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, there is but one Constitution in Canada and we respect it. There is an obligation for the House of Commons to receive resolutions from a provincial government, to study them and to vote on them.

As I have just said, it is all the better if there is a broad consensus in Quebec and a unanimous vote in the Quebec National Assembly. That will, I hope, facilitate the debate here. Everyone's point of view must be heard, however, for this is a democracy.

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, how can the Prime Minister deny the consensus expressed by the National Assembly's unanimous draft resolution, when he himself patriated the Constitution in 1982, against the virtually unanimous will of the National Assembly? Does he think a consensus in Quebec means the exact opposite of what the National Assembly wants?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is obviously the calling of the hon. members of the opposition, who are getting the feeling this is where they always will be, to do nothing but try to stir up controversy.

At the present time there is a debate going on in the Quebec National Assembly. The MNAs concerned are holding discussions, trying to reach compromises, and will be holding a vote, and there is no controversy. Only one party, whose objective is to block rather than to accomplish, is trying a blocking operation. We are

Oral Questions

going to fulfil our responsibilities as we always have, in a very democratic way—

Some hon. members: Oh, oh!

Mr. Chrétien (Saint-Maurice): Yes, and by respecting everyone's opinion. As I have already said, we will wait until the National Assembly decides, before making our own decision.

They would be the first to complain if we were to take a positive or a negative stance before their vote, without knowing what the National Assembly wants to do.

* * *

[English]

RIGHTS OF VICTIMS

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, yesterday child killer Clifford Olson failed in his latest attempt to lift a media gag order, but he has vowed to appeal the decision to the Supreme Court at taxpayers' expense, of course.

Killers like this get every benefit the justice system has to offer while their victims have to fight to get even the smallest of issues addressed.

I would like to ask a question of the justice minister. Why do criminals like Clifford Olson have more rights in the justice system than the rights of the victims?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, two years ago this month a man from Montreal came to see me explaining that his 15-year old daughter had been sexually assaulted and strangled. He asked me to help him. He asked the government to help him. He asked us to see if we could change the law to provide the police with investigative tools that might help in the prosecution of that offence.

As a result, the Solicitor General and I met with the caucus, discussed the policies of the government, worked very hard and brought forward legislation which added to the criminal law powers for the police to search and to take bodily substances after they get a warrant to test for DNA substances.

That legislation was put into effect in July 1995. The investigation was concluded. A sample was taken. Charges were laid and that case is now before the courts.

That is the way the government responds to the needs of victims.

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I was referring to criminals getting appeals left, right and centre, while victims wait time and time and time again for them.

Yesterday I indicated that Darren Ursel tortured and violated a young woman for an hour and a half. She was lucky to escape with her life. The judge said this sex offender was tender at times and

somewhat sorry for what he did, so he gave Ursel a two-year conditional sentence with no time in prison.

• (1425)

Yesterday I asked the justice minister the following question but he evaded the issue. Again I will ask it so that all Canadians can listen carefully to the answer.

Does the justice minister think there is any time in Canada where a woman can be violated and degraded like this and the criminal not receive time in prison?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, all of us believe that anyone who commits a serious violent crime should be imprisoned as a penalty for that kind of crime.

The case to which the hon. member refers is before the appeal court and he knows that. Let the courts deal with that decision.

Last Monday, because of our concern about the way courts are interpreting some of the provisions of the bill, we asked the House to agree to amendments to the conditional sentence provision in Bill C-41. The hon. member and his party agreed, and those amendments will be adopted and enacted by this Parliament.

I said in answer to the hon. member's questions earlier this week, and I will say it again today, the government has acted to make significant improvements in the criminal law for the interests of victims. My hon. friend knows that. The legislation speaks for itself. We have acted.

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, the justice minister is talking about an appeal of a sentence resulting from a law that he legislated. Conditional sentencing should not have occurred in the first place.

Yesterday I was ashamed of the justice minister and the Liberal government. The justice minister would not accept responsibility for implementing laws that make the lives of victims worse.

I talked to this lady yesterday and she told me she was most discouraged by his comments. She felt the justice minister had no concern at all for her well-being.

How is it the Liberal government suggests it has concern for women in Canada and then legislates conditional sentences that allow women to be raped and degraded, with no prison time for the rapist?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I say the government has acted. I do not ask the hon. member or the House simply to take my word for it. Why do we not ask someone who knows about being a victim and about what rights victims need?

In answer to the hon. member's question, let me read from a letter I received today:

Three years ago a petition was presented to Allan Rock on behalf of 2.5 million Canadians. It called for far-reaching measures to improve public safety and the treatment of victims.

Since then significant steps have been taken to address some of these concerns. Although much still needs to be done, this government has shown a willingness to listen and to act.

We look forward to continuing to work with the justice committee during its comprehensive review of victims issues in Canada.

It was signed by Priscilla de Villiers, president of CAVEAT, Canadians Against Violence Everywhere Advocating its Termination.

Some hon. members: Hear, hear.

Mr. White (Fraser Valley West): You should be ashamed of yourself. A woman has been raped.

Mr. Rock: I told the hon. member that he does not have to take our word for it. He can take the word of the president of the most well respected and most credible organization of victims. That is the truth.

The Speaker: I caution hon. members about using papers to point.

* * *

[Translation]

ORGANIZED CRIME

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, yesterday the Minister of Justice rejected out of hand the text of a bill drafted by the Government of Quebec that would outlaw biker gangs.

However, the very same day, two Hell's Angels were released because of lack of evidence, a murder was committed in Donnacoma, there was an attempted murder in Thetford Mines, a Molotov cocktail exploded in Quebec City, and sticks of dynamite were found in a garbage can in Longueuil. This is all connected with the biker gang war in Quebec. Otherwise, it was just an average, care-free day for the federal Minister of Justice.

• (1430)

By using the Charter as an excuse for his lack of political will, is the minister not broadening the scope of the charter so that it protects biker gangs like the Rock Machine and the Hell's Angels more than it does law-abiding citizens?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I would ask the hon. member to wait until next week when I intend to announce concrete, specific and practical measures to deal with a situation we find not only in Quebec but wherever such gangs and individuals are involved in organized crime.

It is true that Monday night I received a proposal drafted by Mr. Bégin, the attorney general for Quebec. I examined the proposal,

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and my officials are now preparing our replies. Personally, I was a little surprised and disappointed because, according to Mr. Bégin's proposal, membership alone in an organization would constitute a crime. I think this is against the Quebec and Canadian charters.

It is possible to find acceptable, permanent and effective ways to deal with this. I am now preparing proposals for next week.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, I suggest that instead of acting like an armchair quarterback and waiting for a bill to appear out of thin air, preferably drafted by divine inspiration, the minister take a look at documents produced by the RCMP and Criminal Intelligence Service Canada, which state that, and I quote:

The Hell's Angels and the Rock Machine have a vast arsenal of weapons and munitions and are determined to go to the very limit. At stake in this war is control of the drug trade in the Montreal area and elsewhere in the province.

These are federal documents.

Considering what he said yesterday about Quebec's bill, would the minister agree that his rather innocent interpretation of the Canadian Charter of Rights is undermining his own efforts to find effective ways to deal with the bikers' war?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I fully share the hon. member's concern. We disagree on how we should proceed to meet these challenges.

Both I personally and the Government of Canada prefer to use constitutional and valid measures. We believe it is possible to meet these challenges with constitutional measures.

Mr. Bégin, the Quebec minister, suggested another, unconstitutional approach. I would prefer to have laws with staying power, not laws that would be challenged in the courts in the months to come. So next week I intend to table proposals that are valid, constitutional and effective as well.

* * *

[English]

JUSTICE

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, the justice minister's Bill C-41 is allowing rapists and violent offenders to walk free. I am sure Mrs. de Villiers will not support that. I am sure she is opposed to that.

Rather than seeing rapists and violent offenders walk free, why will the justice minister not bring in an amendment that would restrict conditional sentencing to non-violent offenders?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, as the hon. member knows, the provision in Bill C-41 to which he refers requires the court to assess the safety of the community before determining that a conditional sentence is appropriate. One would have thought it was

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clear that someone who had committed a serious violent crime would not be granted a conditional sentence.

The cases in some of the appellate courts of the provinces have been unclear. It is for that reason that I proposed—and the hon. member was good enough to agree—that there ought to be an amendment to Bill C-41 to make clear that the courts must have regard to the traditional principles of sentencing, including deterrence, denunciation and protection of society when deciding on whether a conditional sentence should be given.

The case to which the hon. member refers, which is so shamelessly exploited by the hon. member for—

• (1435)

Mr. White (Fraser Valley West): Bullshit.

Some hon. members: Oh, oh.

The Speaker: Of course I do not always hear everything that is said in the House. I can understand sometimes if we have outbursts, but I would like the hon. member for Fraser Valley West to simply withdraw the word so that we can get on with question period.

Mr. White (Fraser Valley West): Mr. Speaker, that was a very serious accusation he made but I withdraw my comment.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, the conditions of the amendment to which the justice minister refers will not stop courts from allowing rapists and violent offenders to walk free. It will not do that.

Inasmuch as the justice minister's answer indicates very clearly that he has no intention of limiting conditional sentencing to non-violent offenders, what does he have to say to the victims of violent crime, in particular women who have been assaulted and raped by men who are now walking free because of his bill and because of his refusal to restrict that law to non-violent offences?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the fact is that the case is before the British Columbia Court of Appeal. The argument before that appeal court is that such sentences should never be given in such cases. If the appeal court should see fit to make such a disposition of course it will be binding on lower courts.

The reality is that my friend speaks of victims. All week long the Reform Party has made much of the plight of victims. As I have already said this afternoon there is in Canada a no more credible, hardworking organization in favour of victims and their rights than CAVEAT. There are few more respected outspoken spokespersons for victims than Priscilla de Villiers.

As I have read to the House today, Priscilla de Villiers on behalf of CAVEAT has said that the government listens, has made meaningful change and has acted to change the law to make the plight of victims better. That is the record of the government.

* * *

[Translation]

FINANCIAL INSTITUTIONS ACT

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, federal legislation on financial institutions prevents insurance companies with provincial charters from acquiring part of the activities of a federally chartered insurance company.

It denies Quebec companies the opportunity to buy blocks of insurance from a competitor withdrawing from the market. The discrimination in the legislation goes so far as to permit a French, American, Brazilian or other company to do what a Quebec company cannot do in its own country.

My question is for the Minister of Finance. Will he agree before this House to correct this discrimination against Quebec companies immediately? He can do it right now in the course of the present review of the legislation on financial institutions?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, as the hon. member is aware, Bill C-82 is very important to the insurance industry. It contains many provisions on a variety of broad issues.

I am sure the hon. member will agree with me that any change to an industry like the insurance industry must be made with care. Third, the change proposed by the member was not a priority for the insurance industry.

That having been said, my officials are already considering and analyzing a possibility. I myself am very open to looking at it and giving it full attention.

• (1440)

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, when the minister says it was not a priority for the industry, I would remind him that a white paper was tabled last year that was almost unanimously approved by the industry in Canada, that contained support for this sort of change by the Canadian Life and Health Insurance Association Inc., the Canadian Bankers Association, the Insurance Bureau of Canada, Canada Trust, and so on.

As we are always ready to co-operate in the interest of our fellow citizens, contrary to what the Prime Minister said a few minutes ago, we offer him our services to correct the unjustified discrimination against Quebec's provincially chartered insurance companies before the next election is called.

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My question then is: Is he prepared today to initiate a process that will correct this situation with the full co-operation of the official opposition?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, as I have just indicated, I am very open to considering a change. My officials are already looking into it, and I am prepared to meet the companies concerned within a fairly short period of time.

I think the hon. member will agree with me that what counts most is to have Bill C-82 passed as quickly as possible, because it contains provisions that are vital to the industry as a whole.

* * *

[English]

JUSTICE

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, I have been listening carefully to the questions that have been put to the justice minister over the last few days and to his responses, and I cannot believe what I am hearing.

Judge Harry Boyle had evidence that Darren Ursel confined a young woman, stripped her, raped her, sodomized her with a racquet handle for an hour and a half until she escaped in terror. The judge found this man guilty but said he was somewhat remorseful, had been tender at times with his victim and then let him walk free.

Rather than hiding behind a courtesy letter of thanks from CAVEAT, a letter this group probably bitterly regrets sending him now, what does the Minister of Justice have to say to this young woman and her family about why nothing happened to her tormentor?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, as I have already said, that case is before the Court of Appeal of British Columbia and I am not going to comment on it. It is for the court of appeal to deal with the case and the issues it presents.

I also caution the hon. member about taking some facts from a case and not all the facts in presenting the issue to the House or publicly.

Finally, in relation to conditional sentencing, I and the government believe that anyone who commits serious violent crime should be imprisoned. I also believe that the amendment we made in common on Monday, to make clear that in the case of conditional sentences the courts must look at the factors, including societal protection, denunciation and deterrence, will improve the provisions and give the courts clear direction on the intention of Parliament.

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, I do not think the facts are in any doubt. A woman was stripped,

violated and brutalized. She is a single mother. Now the justice minister brought in a hurried amendment which says that judges should consider the needs of society for protection before letting criminals walk free. Now he is saying he has done a great thing and this is really going to protect women.

Is it not amazing that laws have to be passed to tell judges that it is their job to think about our safety?

Why does this justice minister not pass one of his laws and tell judges that raping women in this country deserves time in prison?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the Criminal Code contains over 800 sections. It is made very clear in the Criminal Code that the penalty for serious violent crime is imprisonment. The penalty for sexual assault is already crystal clear in the Criminal Code.

The case to which the hon. member refers is being argued in the Court of Appeal of British Columbia. It is not to be decided here in the House; it is to be decided in the courts.

The principles of sentencing are already set out in the Criminal Code of Canada. They are there to be interpreted and applied by the courts. That is the way the system of justice works in this country and this government has taken steps to ensure that system is all the stronger.

* * *

• (1445)

[Translation]

PEARSON AIRPORT

Mr. Paul Mercier (Blainville—Deux-Montagnes, BQ): Mr. Speaker, my question is for the Minister of Transport.

On March 25, the minister announced that financial support of \$185 million would be provided to the Pearson airport authority, supposedly for necessary projects relating to safety and to the environment at the Toronto facility. However, when we take a look at the breakdown of the amount paid by the federal government, we note that \$145 million, or 80 per cent of the total, will in fact be used to build a new runway.

Will the Minister of Transport admit that this gift of \$185 million is compensation paid to the Toronto airport authority to allow it to buy terminal 3 at a high price and thus save face for the Liberal government, which is being sued to the tune of \$662 million by Pearson Development Corporation?

[English]

Hon. David Anderson (Minister of Transport, Lib.): Mr. Speaker, let me again explain to the hon. member and the House that the \$185 million he talked about was for three projects. The rental deferral was conditional on three things, to complete the runway, to build two fire halls on the Pearson airport area, and to

Oral Questions

put in a new de-icing facility which was a \$40 million item. This was the agreement made.

It follows adjustments to the rental formulas of Vancouver, Calgary and Edmonton. It was in line with the general switch from the local airport authority approach of the previous government to the Canadian airport authority approach of this government. Subsequently there has been a sale of T-3, the terminal at Pearson. As I said yesterday, the chairman of the board of the local airport authority has made it perfectly clear that it was his decision to buy that facility and clearly in that case the price was determined by the willing buyer and the willing seller.

[Translation]

Mr. Paul Mercier (Blainville—Deux-Montagnes, BQ): Mr. Speaker, will the minister agree that, if we add these \$185 million to the \$50 million to 75 \$million that the federal is about to give to promoters to compensate them for the privatization of terminals 1 and 2, we arrive at a total of some \$250 million, which taxpayers in Quebec and Canada will have to pay for Pearson airport as a result decisions made by this government?

[English]

Hon. David Anderson (Minister of Transport, Lib.): Mr. Speaker, I have no knowledge of the amount the hon. member appears to know about with respect to a settlement. I made it clear I believe the first day I became Minister of Transport that I think it is always better to have lawsuits settled out of court, and this has been the government's position. From time to time there have been discussions and that is well known to everyone. If in the future there are discussions which lead to a settlement which both sides think is in their mutual interest, so much the better.

* * *

ALBANIA

Mrs. Eleni Bakopanos (Saint-Denis, Lib.): Mr. Speaker, my question is for the Minister of Foreign Affairs.

Today in Ottawa journalists and parliamentarians alike had a chance to be informed on the crisis in Albania from visiting author and human rights activist Nicholas Gage.

Can the minister tell the House what this government is doing to help restore democracy and safeguard human rights in Albania?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, we share very much the concern expressed by the member. We very much welcome the presence of such a distinguished author as Nicholas Gage in providing a briefing to Parliament.

In the past several weeks we have participated actively in the OSCE discussions leading to an international presence in Albania to try to reconcile the parties.

My colleague, the minister responsible for international development, has authorized \$500,000 for relief efforts. I spoke this week to the Italian foreign minister to endorse the leadership that his country has taken in providing a multilateral force.

• (1450)

We have also indicated that ultimately elections must be the means by which groups in Albania reconcile their differences. We would give very special consideration to helping in that process.

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MILITARY BASES

Mr. Paul Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, the Prime Minister has just returned from a visit in Washington for the Kodak dinner.

The people of Canada want to know in between all the smiles and the hand shakes whether he happened to discuss why Canada is stuck with about a \$500 million clean-up of the American mess of old military bases in Canada.

Regarding the *Irving Whale* barge raising or the Sydney tar ponds clean-up, why is it always that someone else leaves their garbage and yet it is the taxpayer who pays for the clean-up?

Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, there are negotiations ongoing with the United States as a result of several installations, including the installations to the north for the radar warning systems that were there for many years, Argentinia and other areas where American facilities were stationed for long periods of time.

This is nothing new. We have been discussing the potential for American participation in a clean-up activity. When those negotiations are concluded, particularly when the American Congress approves any final settlement, we will be happy to advise the hon. member of the outcome.

Mr. Paul Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, I hear that the Minister of the Environment has also been to the U.S. to smile for the cameras.

The U.S. is refusing to pay the required \$500 million in compensation for the clean-up but the deal it offers is for Canada to get a mere \$100 million spread over 10 years if Canada agrees to purchase U.S. military hardware. Such a deal.

Is the Minister of the Environment also going to embarrass Canada just like the Prime Minister did? Will he defend his polluter

Oral Questions

pay principle? Will the government respond to the report of the auditor general and clean up toxic dumps? Will he get the American polluters of these sites to pay their appropriate share?

Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the hon. member obviously is very familiar with embarrassment.

I want to assure him that when the president of the United States came to Canada to discuss various kinds of arrangements we need to enter into with that country, he was very well received.

Even the hon. member would accept that when the Prime Minister of Canada visited Washington this week he was very well received compared to the visit of the member's leader to see Newt Gingrich. I guess it is all a question of who is operating the Kodak.

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[Translation]

CHILD ABDUCTION

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, my question is for the Minister of Foreign Affairs.

Child abduction is on the rise. All too often, children are abducted by a parent who illegally takes them out of the country. That is what happened to Suzie Robitaille's five children, who were abducted by her former husband two years ago and are still in Egypt. Mrs. Robitaille has been fighting ever since to get her children back; one of them is very sick.

Could the Minister of Foreign Affairs tell us what his department is doing right now in practical terms to bring Mrs. Robitaille's five children back home in Canada?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, I share the hon. member's great concern. All the necessary steps have been taken to assist Mrs. Robitaille. For instance, I have met with Mrs. Robitaille, and my office is in contact with her on a regular basis.

More specifically, an agreement on consular matters is about to be signed with the Egyptian government. This agreement could facilitate the return of the children to Canada. I hope it will be signed soon. We certainly hope we can be of assistance to Mrs. Robitaille in these tragic circumstances.

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, like the minister, I too hope this agreement will be signed soon. As I said, one of the children is very sick.

For the past two years, Mrs. Robitaille has been sending the children, who are still Canadian citizens, money, clothing and medicine. That is how she has been keeping in touch with them. She was using the child tax benefit to do that.

• (1455)

But last March, Mrs. Robitaille was not only informed that she would no longer be entitled to the benefit, she was also asked to pay back \$7,000 in alleged overpayments.

My question to the minister is this: Could the minister state in this House that he will be pressing his colleague at National Revenue to maintain Mrs. Robitaille's entitlement to this tax benefit for the sake of her children and as a means of keeping in touch with them?

[English]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, I thank the hon. member for the information. I will certainly raise the matter with my colleague.

I would like to assure the hon. member that while the children are still in Egypt, members of the embassy there are in regular contact with the children to ensure their protection and to ensure that as much as possible under Egyptian law their rights are being protected.

We will take all measures possible to aid Mrs. Robitaille in this very serious matter.

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GOVERNMENT EXPENDITURES

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, the Minister of Labour is quoted in the Ottawa *Citizen* today as follows: "If I fire or suspend Mr. Weatherill without having good cause, Mr. Weatherill can turn around and sue the government".

The minister therefore expects to keep Mr. Weatherill in his position until the fall, and the chairman of the Canada Labour Relations Board has violated every principle of his office by wining and dining executives of CN and CP while adjudicating a case for the railroads and he has violated the fundamental rules that apply to his tribunal.

If that is not sufficient cause to fire Mr. Weatherill, what is?

Hon. Alfonso Gagliano (Minister of Labour and Deputy Leader of the Government in the House of Commons, Lib.): Mr. Speaker, before I fire Mr. Weatherill I have to have all the facts and not rely on media reports.

The first day we learned of his expenses we asked the auditor general to investigate. Today privy council officials have asked the commissioner of ethics to investigate Mr. Weatherill's alleged bias. As soon as we have all the facts we will act.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I said before that it seems this minister runs his department by reading the newspapers.

Points of Order

The Treasury Board has been paying these bills for years. This tribunal reports to his department. He knows this and should be aware of what is going on.

He is now sending a clear signal to people who violate the ethics of their office, who have abused the principles of expenditures of their office, that it is perfectly okay to sit where they are. He has not even suspended him without pay until this investigation is complete. This type of ethics from this government we have heard time and time again.

Can the minister explain this double standard of keeping this guy on the payroll when if it were in the private sector he would be before the courts today?

Hon. Alfonso Gagliano (Minister of Labour and Deputy Leader of the Government in the House of Commons, Lib.): Mr. Speaker, again, we are acting as promptly as possible and we hope in the next few days to have this matter solved. In the meantime, I repeat, I cannot act until I have all the facts.

If the member was very concerned, on March 11, a month ago, instead of filibustering, and the Reform Party moved a motion to stop doing third reading and do it in six months, by now we would have Bill C-66 and we would have a new board with a new chairman.

* * *

CANADA POST

Mrs. Carolyn Parrish (Mississauga West, Lib.): Mr. Speaker, 45,000 Canadian postal workers are very distressed at renewed rumours that Canada Post is going to be privatized.

Could the minister responsible for Canada Post please tell us something that might reassure these workers?

Hon. Diane Marleau (Minister of Public Works and Government Services, Lib.): Mr. Speaker, last October I made a statement to the effect that Canada Post should not be privatized as long as it continues to serve a public policy role. I asked Canada Post to look at how it could improve its services, especially in rural areas.

That was last October. We have not changed our position on that. I made that statement two days ago in New Brunswick.

* * *

• (1500)

PRESENCE IN THE GALLERY

The Speaker: I would like to draw to your attention the presence in the gallery of His Excellency Rafik Al-Hariri, the Prime Minister of the Lebanese Republic.

Some hon. members: Hear, hear.

The Speaker: I would also like to draw to your attention the presence in the gallery of the Hon. Liu Zhongde, Minister of Culture of the People's Republic of China.

Some hon. members: Hear, hear.

[Translation]

The Speaker: I would also like to draw your attention to the presence in the gallery of Her Excellency Néziha Zarrouk, the minister responsible to the Prime Minister of Tunisia for family and women's affairs.

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BUSINESS OF THE HOUSE

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, I want to ask the leader of the government in the House what is on the legislative agenda for the coming week.

[English]

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, we will continue today with the budget bills, which will be followed by Bill C-82, the financial institutions legislation. Tomorrow we will take up the business from where we finish today and will proceed in the same way next week.

When we complete the finance bills we will resume debate on the justice bills, Bill C-17, Bill C-27 and Bill C-55. They will be followed by the ports legislation, Bill C-44.

I also understand that there are conversations under way concerning Bill C-5, the bankruptcy legislation, as well as with regard to the other bills outlined in the business statement I gave on March 20.

We will make further plans on the basis of these discussions.

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POINTS OF ORDER

REQUEST TABLING OF LETTER

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, today in answer to a question the Minister of Justice referred to a letter which he received from CAVEAT, from Priscilla de Villiers. Pursuant to citation 495 of Beauchesne, we request that the letter be tabled.

The Speaker: Like yourself, I heard the hon. minister referring to a letter. However, I do not know if the letter was here. I wonder if the hon. member would permit me to get more information. Perhaps he could bring up the same point of order when the minister is here.

Mr. Epp: Mr. Speaker, I stood and I was not noticed. However, I did send you notice that I had a point of order. The minister was here and he escaped us. I would like—

Government Orders

The Speaker: I do not know if I would use the word “escaped”. I will make a commitment to try to get more information. The point of order has been made and we will get an answer for the hon. member. We will get back to the House.

[English]

This takes me directly to the legislation involved in this motion. We all live in a world where scientific knowledge and industrial innovation and the products of research become the driving engines for national growth and economic opportunity. Our long term future as an advanced industrial nation, able to compete abroad and create jobs at home, will depend on our success in this area. That is why C-93 will establish the Canada foundation for innovation. It will provide financial support for modernizing research facilities and equipment at Canadian post-secondary education institutions and research hospitals in the areas of science, engineering, health and environment.

Through an up front investment by the federal government of \$800 million, the foundation will be able to provide about \$180 million annually for research infrastructure over five years.

However, this investment will go further through partnerships with public research institutions, the business community, the voluntary sector, individuals and, we hope, provinces. The foundation has a potential to trigger about \$2 billion for research infrastructure across Canada.

I do not believe that any hon. member has substantive doubts about this initiative. As the *Globe and Mail* stated in an editorial just days ago: “The Canadian Foundation for Innovation shows the hallmarks of a forward looking and responsive policy”.

Therefore, it will be to the credit of us all if we move promptly to get the foundation off the drawing boards and into reality so that it can begin its task of enhancing Canada’s research facilities.

[Translation]

In the 1997 budget, we did not just propose ways to promote long term growth and improve job opportunities. Our government knows very well that for too many Canadians the prospect of better jobs in the future is not enough. What they want, and what they need, is jobs right now.

Here again, Bill C-93 proposes concrete measures. Last November, our government announced the program to hire new workers, the creation of which was confirmed in the 1997 budget.

• (1510)

This program provides for reduced EI premiums for small businesses that create jobs this year and in 1998.

[English]

Under this bill eligible firms, those with less than \$60,000 in EI premiums in 1996, will pay virtually no employer premiums for new employees hired this year. They will benefit from a 25 per cent reduction in premiums for new employees in the year to come. This action will help some 900,000 eligible small businesses make the

GOVERNMENT ORDERS

• (1505)

[English]

BUDGET IMPLEMENTATION ACT, 1997

The House resumed consideration of the motion.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I welcome the chance to launch this debate and to encourage all hon. members to support the motion to refer Bill C-93 to committee before second reading.

This legislation will implement a wide range of measures proposed in February’s 1997 budget. Some of these measures are technical, but other proposals relating to support for children, to small businesses’ ability to create new jobs and to Canada’s ability to innovate and respond to Canadian needs and social interests, fully deserve the speediest possible consideration.

[Translation]

We are not talking here about partisan politics, but about national interests and progress. This is why I think this bill should be referred to a committee at the earliest opportunity, so that the House can, as quickly as possible, implement the constructive measures put forward in the budget.

I do not believe it is necessary today to discuss at length the measures proposed in the 1997 budget, let alone the important achievements that it reflects. In the last two months, I have mentioned on numerous occasions our government’s achievements and objectives.

However, I would like once again to stress a vital issue. The 1997 budget is not just a means to put our fiscal house in order, it also a means to promote new investments that are essential for job creation, both in the short term and in the long term.

It includes measures designed to alleviate the terrible burden of poverty on the most vulnerable among us, namely our children. These measures reflect a philosophy which had guided our government in each of its four budgets.

Fiscal recovery is not an end in itself. Rather, it is an essential tool that allows a government to fulfil an ongoing responsibility, which is to build a stronger society, a society that can maintain and enhance the well-being of its citizens.

Government Orders

transition to the new EI system and provide a bottom line incentive for them to create jobs.

An economic analysis suggests that this new hires program, as it is called, combined with the general 1997 EI premium rate reductions, could generate as many as 20,000 new jobs. Again, there is clearly firm and fair reason to implement this proposal as speedily as possible. The price of unnecessary delay is one that Canadians should not accept.

I have focused on measures in Bill C-93 that deal with creating opportunities for meaningful work, a foundation for individual well-being. But the ultimate foundation for nations and for individuals lies in the conditions of childhood. For too many Canadian children whose families lack the means that so many of us take for granted, that foundation is at risk. That is why the federal, provincial and territorial governments have been examining ways to improve assistance to children in low income families.

[Translation]

In the 1997 budget, we propose a national child benefit system under which the federal government would introduce an improved Canadian child tax benefit. For their part, the provinces and territories could reassign part of their resources to improve the services and benefits available to low income families.

The 1997 budget proposes a two stage improvement in the present \$5.1 million Canadian child tax benefit so as to create a new child tax benefit of \$6 billion by July 1998.

[English]

Bill C-93 represents a key component of this program. It will mean that effective this July the working income supplement will be enriched by \$195 million, which is \$70 million more than was proposed last year. Benefits will be provided for each child instead of per family. The maximum working income supplement will be increased from \$500 per family to \$605 for the first child, \$405 for the second and \$330 for each subsequent child. The benefits will be phased in on family earned income over \$3,750 and will be reduced as family income exceeds \$20,920.

The second step will occur in July 1998 when the working income supplement will be combined with an enriched child tax benefit to form the Canada child tax benefit. The maximum benefit for low income families will be \$1,625 to one child families, \$3,050 to two child families, increasing by \$1,425 for each additional child.

Overall more than 1.4 million Canadian families with 2.5 million children will see an increase in federal child benefits by July 1998. Again I find it hard to believe that any hon. member will

have substantive objections to such an initiative. Let us make sure it is passed as quickly as possible.

I have highlighted the elements of this legislation that combine wide reaching effects and the need for timely action. Bill C-93 also includes a range of other measures and each has constituencies or stakeholders who would also argue in favour of timely action. Let me summarize these very quickly.

At the request of the Cowichan Tribes of Indians and the Westbank First Nation the legislation includes provisions to enable them to impose sales taxes on tobacco products. This initiative will enable these First Nations to achieve a greater degree of self-reliance and self-government. It will also provide a tangible example of the government's commitment to reaching practical taxation agreements with First Nations that indicate an interest in exercising taxation powers. I should add that the costs of this initiative are minimal, probably less than \$200,000 a year in foregone revenue.

There is another part of this legislation that also deals with tobacco. Bill C-93 proposes amendments that implement changes announced last November and December. These changes include an increased excise tax rate for tobacco products, an extension of the surtax on tobacco manufacturers, changes to the excise tax on exported tobacco products and reductions in amounts of tobacco products that may be brought into Canada on a duty and tax free basis.

• (1515)

I realize the tax increases involved are more modest than some might favour, but we believe disciplined, gradual increases undertaken in conjunction with the provinces is the most appropriate method of restoring tobacco tax rates while minimizing the risk of renewed contraband activity.

Bill C-93 would also implement the government's proposal to rebate excise tax paid on aviation fuel, a measure available to airlines that is conditional on the companies involved giving up the right to use some accumulated tax losses.

Also the legislation proposes a further fuel related measure. Currently the Excise Tax Act does not stipulate the method used to measure the volume of fuel for the purpose of accounting for excise tax. The legislation will clear that up.

Finally, Bill C-93 will formalize the procedures for the government's participation in bridge loans, those co-ordinated by the BIS or Bank for International Settlements to countries receiving assistance from the IMF and the World Bank.

Let me emphasize that the amendment will in no way alter the efforts made to ensure that such loans are quickly repaid from the IMF or World Bank through its disbursements to the borrowing country.

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The time for this debate is short and I had to cover considerable ground in just a few moments. I have explained the reason for moving quickly to implement these important changes. I feel the summary indicates that the House should proceed immediately with—

The Deputy Speaker: I am sorry but the parliamentary secretary's time has expired.

[*Translation*]

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, I will pick it up from there. The main thing the last budget tells us is that the deficit has been reduced, and the government is to be congratulated for that. But it is overdoing it a bit for the government to claim that it has reduced the deficit by cleaning up public finances. We know very well that the government has not attained its objective, in terms of cutting its expenditures.

In fact, where it has indeed reduced the deficit by reducing certain expenditures is in two very specific areas. First of all, by cutting \$4.5 billion, or \$4,500 million, in transfer payments to the provinces, which will affect health, education and welfare in particular, or in other words areas which affect the most disadvantaged members of society. So, it took \$4.5 billion from transfer payments to the provinces. Yet we remember the Prime Minister's commitments. We have them here in English. He stated this before the 1993 election, and I am quoting the Prime Minister here:

[*English*]

“What we said in our platform is we don't intend to reduce the transfer payments. What I said in the program, and I intend to keep my word, is we don't intend to cut further”.

[*Translation*]

A few months later, in April 1994, the Minister of Finance set the record straight after the election, and I quote him, again in English:

[*English*]

“The next federal budget will include massive cuts in aid to the provinces for such things as health, welfare and education”, according to the *Toronto Star* in April 1994.

[*Translation*]

So we can see that election promises are not worth much. They promised to make no cuts to the provinces, yet half of the deficit they are now claiming to have reduced comes from a \$4.5 billion cut in transfer payments to the provinces.

Then, as well, \$5 billion or \$5,000 million, were taken from the unemployment insurance fund. Not the employment insurance

fund, for there is no such thing as employment insurance, it is unemployment insurance. They laid their hands on \$5 billion belonging strictly to the workers of this country. The government did a kind of collective garnishment of wages, and decided to reduce its deficit with that money.

So then, the Canadian government's deficit was not cut by a massive reduction in state spending, but by massive cuts in transfer payments to the provinces which in turn, be it Ontario, BC or Quebec, have been forced to make dramatic cuts to hospital services and health care. As my colleague from the Reform Party was saying this morning, this government is the one government in the history of Canada that has closed the greatest number of hospitals in the least amount of time, because all hospital closures are the direct result of the cuts to transfer payments to provinces made in the last budget.

I believe that some here do not understand how finances work.

• (1520)

An in-house report of the Department of Human Resources Development has revealed that today, 55 per cent of the unemployed no longer receive unemployment insurance benefits. Fifty-five per cent of the people who deserve to get these benefits no longer do, compared with 33 per cent when the Liberals came to power. I know some people will say we are making this up, but this is from a press release of the Canadian Labour Congress, dated January 23, 1997.

The CLC estimates that by the end of 1997—in other words, right after the election—when we will be able to see the impact of the Liberal reform, the proportion of unemployed who are not eligible for unemployment insurance benefits will easily exceed 60 per cent, in other words, 60 per cent of those who expect to get unemployment insurance at the end of 1997, when all other measures have been put in place, will realize after the election that there is no unemployment insurance for them.

The Minister of Human Resources Development is nevertheless trying to sell this reform by claiming that 500,000 more people—they will say just about anything—will be covered by the employment insurance plan. At least, that is what he says. Now, about employment insurance. What the minister means is that 500,000 more people will pay unemployment insurance premiums.

However, an in-house study by the Department of Human Resources Development was published in 1996, and my colleague can check this, on employment insurance and the impact of reform. This comes straight from the minister. What the minister means and what this study claims is that more than 75 per cent of the new people who are supposedly covered—the 500,000 people referred to by the minister—will have their premiums refunded at the end of

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the year because they did not earn more than \$2,000; they will probably never get unemployment insurance.

Always according to the same study, only 18,000 more people in Quebec will be eligible for benefits, while at the same time, 31,000 current beneficiaries will be completely excluded from the plan as a result of the Liberal reform. This still according to the same information provided by the department.

Unfortunately, that is not the end of it. All persons who earn more than \$2,000 annually but do not work the minimum number of hours required to qualify, which varies between 420 and 910 hours, will pay premiums which will not be refunded because they earned more than \$2,000 during the year, and meanwhile they are not eligible for unemployment insurance if they lose their job.

This is easy to understand. There are people, for instance in universities, who teach about two or three hours per week. However, they are relatively well paid on an hourly basis because it is felt that they have a lot of course preparation to do. By the end of the year, they have earned more than \$2,000, they have paid unemployment insurance premiums but did not work the total number of hours required, so they are not eligible for unemployment insurance. There are thousands of people in this position.

With the massive cuts in transfers to the provinces and the wholesale garnishment of wages, so to speak, to benefit the unemployment insurance fund, the government has deliberately created a network of poverty in this country. We have 500,000 more children living in poverty. Not three, four or one but 500,000 more than there were three and a half years ago. This government even has the nerve to tell us it has done a good job. I think the public will be in a position to judge in the next election.

I have a short quote taken from page 19 of the red book, before it disappears and they do everything they can to make it sink into oblivion, because they did not keep any of the major commitments they made in the book. So here is the quote:

A number of government programs and tax expenditures—some of which have been identified by the auditor general—are inefficient, poorly managed or driven for purely political reasons. We will clean up.

• (1525)

That is what it says on page 19 of the red book. What does cleaning up mean? There were the family trusts, which transferred \$2 billion to the United States without paying a cent in taxes. They are most likely talking about the \$400 million or \$500 million in unpaid taxes. All that went on behind the scenes. There was no paper trail. The so-called ministers knew nothing, nobody wanted to investigate, the knuckles of the auditor general were rapped. He said, and I quote: “We fear that Revenue Canada, in making these

decisions, has harmed the tax base by giving up its right to collect these amounts”.

I remind you, Mr. Speaker, that \$500 million, and I will close on this as I see my time is up, is what the Minister of Finance, his voice quavering, is trying to tell us he is going to give over five or six years to the poor children of Canada, who number 500,000 more than they did three and a half years ago.

All this time, however, the minister raises not a pinkie to stop someone who probably contributes to Liberal party coffers from leaving Canada with \$500 million in unpaid taxes, which the children will have to pay some day. I am acutely chagrined by the fact that the minister continues to try to tell us that they reduced the deficit through proper management and improvement of public finances, because it is simply not true.

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, we are now moving along with the budget bills, and this one is Bill C-93. Since I did not quite finish the comments I wanted to make on Bill C-92 I will continue along, finish my earlier speech and touch on a few things I feel are important for the Canadian public to know about the fourth budget of the Liberal government.

The government spent \$1.3 billion in the budget on infrastructure type programs. We all know the last infrastructure program created about 10,000 permanent jobs with a \$6 billion expenditure. By that criteria this \$1.3 billion will create about 1,300 permanent jobs.

Had the federal and provincial governments agreed to cut taxes by \$6 billion, they probably could have created 162,000 jobs by the year 2000. Over the next couple of years it is obvious that spending cuts and balanced budgets would mean a lot more to job creation than infrastructure programs.

As I said earlier, infrastructure money is a battle of budgets: the federal budget, provincial budget and municipal budget. There is only one taxpayer that feeds that three levels of government. If we take from one and give to the other and play games at this level, the taxpayer will still have to pay more taxes at one level or the other. It is just a fight about who will look better.

If the budget is so good, why do Canadians not feel better? Why are they not jumping up and praising the government? Unemployment is still at the same level with 1.4 million to 1.5 million unemployed. Bankruptcies are up. People get a raise and end up paying more in taxes. Why would they not get to keep more money?

No less an expert than the deputy minister, Mr. David Dodge, agrees with me on the following point. It is called the bracket creep. The finance minister will not acknowledge this point.

Mr. Dodge once wrote in *The Canadian Tax Journal*, Volume 22:

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There are two fundamental sources of higher taxes as a consequence of inflation. Bracket creep and the erosion of the value of unindexed amounts in the system such as the basic personal credit and married credits. It is essential that the adjustment process offset both of these.

Apparently his political bosses do not agree.

People get a raise in pay that puts them in a higher tax bracket, but because the personal exemption stays at the 1993 level they are paying higher taxes than they were before. That is bracket creep. Another thing that is wrong with the budget is that it has not kept up with inflation or bracket creep. It has also entrenched the GST forever.

• (1530)

It is another example of why people are losing respect for politicians. In opposition as we are now and in government as the Liberals are now platforms are presented stating what will be done. The Liberals did in their red book. We did it in our fresh start platform. Everyone is beginning to do it. Are we not morally and ethically bound to deliver on the promises we made?

Why is it that we can promise one thing when on this side of the House and do the exact opposite when elected? Why is it that they can promise to renegotiate a treaty and they do not? They should be held accountable for promising to get rid of the GST and then not doing it. I guess the people will have a chance either in June or in the fall to hold the government accountable.

The Liberals were elected by going door to door saying they would get rid of the GST, especially in Toronto. They went door to door saying: "Over my dead body will we get a third runway at this airport". This was the same type of thing the justice minister and the environment minister said. Now they have changed their minds. I read where the Minister of the Environment said that they have found ways to reduce noise and to reduce the pollution. She concludes that she was not very smart then but is smarter now and the third runway is needed in Toronto.

I hope the Canadian public holds politicians accountable. They should be elected to deliver the promises they make. If I believe in something on this side of the House, I should implement that zero in three program on the other side. I should make those cuts that I promised. I should lower government spending. I should be held accountable if I do not. I should not flip flop. Canadians for too many years are letting politicians get away with it. It is time it stopped. This might be a good election in which to do that.

Every one of the key cabinet ministers, the finance minister, the current minister of defence and even the minister of national revenue and the Prime Minister, has said various comments to the effect that they have to get rid of the GST. The finance minister has said that if the GST is harmonized with a provincial sales tax it is

entrenched forever. Those were his words. That is what he has done with the budget.

Shame on him. Shame on him for flip flopping. Shame on him for being a political opportunist and just trying to raise money in any way, shape or form he can. Shame on him for trying to impose this horrible HST on the Canadian public. It is poor politics and poor business. That prepayment to the provinces is costing taxpayers a ton of tax dollars.

What would the Reform Party do? If we were ever elected to form the government we would make government smaller. We would not expand to 301 members like the government is doing. We would reduce it. We would have lower taxes thereby creating more and better jobs. We would take 1.2 million of low income people off the payrolls because we would increase personal exemptions, give immediate tax relief to everybody at the low end of the scale who is paying income tax. That is a good way to help people to get more money in their pockets to pay for their daily expenses. We have an overall comprehensive plan to stop overspending, to attack the national debt and to overhaul government with jobs as the bottom line.

We believe that lower taxes is the key to prosperity. We believe that smaller government is the key to prosperity. The only way we can get there is by making government smaller and getting it off our back and out of our pocket.

The government believes it has now turned the corner on the deficit. It believes it now has the opportunity to spend money. It will not face and address the big problem. It brags in its budget about the fact that it has lowered the deficit by \$23 billion, \$42 billion to \$19 billion. Tax revenues are up by \$30 billion. It says that is just growth in the economy. None of it is due to the 35 tax increases in terms of tinkering in exemptions and deductions, et cetera. Let us accept those numbers because they are accurate. That is a \$55 billion improvement in the source and application of funds.

What does the budget not dwell on? At the same time the government has lowered the deficit and increased tax revenues, what has it not talked about? What does the government not tell the Canadian public that the Reform Party will tell them at every town hall meeting and in front of every Liberal? The Liberals have added \$111 billion to the national debt. That takes us over \$600 billion.

• (1535)

Who wants to come back here as a member of Parliament three, four or five years from now when the debt is over \$700 billion or \$750 billion? The separatists who want to break away will have a \$200 billion, \$300 billion or \$400 billion debt. Who will pay the interest? How will we sustain the interest payment?

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There is only so much that can be cut. There is room to cut another \$10 billion or \$12 billion over the next couple of years, but after that there will be nothing left to cut. We need about \$94 billion to \$95 billion to run the country, along with all the exemptions and deductions that currently exist in the tax system. How are we to service the debt on \$700 billion? I want the brains on the other side to figure that out.

They will raise taxes. That is what the Liberal government will do in the next mandate. It will promise to lower taxes. I have already read some speeches made by the finance minister. What will his choice be when the debt hits \$700 billion? We are talking about increased taxes. They have no other choice because they will not be able to cut any more.

Your programs will be threatened. The only way you will sustain them is by increased taxes.

The Deputy Speaker: I ask the hon. member to put his remarks through the Chair.

Mr. Silye: Mr. Speaker, I apologize. I will do that. What bothers me is that the finance minister and the government have missed the problem. They are doing a half job. They could do a good job if they addressed the debt.

We have to get to a balanced budget. There is no commitment to do so. We have to create a surplus so we can service the debt and start repaying the debt in terms of a mortgage over 30 or 40 years. We need a long term plan. We do not have to pay it off all at once but we have to stop adding to it. Even if we add \$9 billion to it, that is not breaking the back of the deficit. That is not solving the problem. We are still adding to the problem.

If people on diets who are overweight keep eating, they add to the problem. Even if they cut back on what they are eating but are still eating more calories than they burn off, even if it is less than it was the week before, they will still gain weight. They are adding to the problem. They are getting fatter.

The debt is getting bigger. The government is adding to the problem. It is not solving the problem. That scares me. Every Canadian should be afraid.

In the next election Canadians should be looking at which party is offering sound fiscal management. Which one is saying it will make government smaller, lower the overhead, offer tax relief, and put more money in the pockets of Canadians so that they will have more money to spend? It would mean less for government but it could get on with servicing the debt with a surplus. Those are the kinds of people to vote for, the ones who will stick to what they say they will do.

The Reform Party as a third party had the opportunity to keep only one promise. It walked away from the fat cat MP pension plan, which members opposite did not walk away from. Some 51

Reformers opted out of the pension plan. They will never qualify for a pension plan here. The finance minister and the Prime Minister made sure of that. Reformers did it gladly, to set an example.

I hope Canadians will remember that. Leadership starts at the top. This is the first group of politicians that ever put their money where the mouth is. They want to do what is right for Canada. It shows they are sincere. It shows where their hearts are. It shows where their pocketbooks are. They care about Canadians. They want to make the country better for Canadians. They do not want to throw out money on flags and TV programs and be loved by everybody. They are prepared to pay the price, sacrifice and do what is right for Canadians.

The finance minister made an \$800 million commitment to the Canada Foundation for Innovation, which was very worth while. I believe it is a good program. Over the next five years it will provide many dividends for Canada and for Canadians. The finance minister chose to charge off the \$800 million to last year's budget.

I accuse the finance minister of going against generally accepted accounting principles. It is a bad precedent. Cabinet ministers should be paying attention. The issue is not whether he is doing a good job. The issue is whether they are allowing a precedent to be set by a finance minister who might not be here the next time around. Another finance minister could abuse that power, based on precedent, and we could be in real trouble.

The Liberals should pay attention. They are the government. They have the responsibility—

• (1540)

The Deputy Speaker: The member's time has expired.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, it gives me great pleasure to enter the debate on the budget implementation legislation.

I cannot help but respond to some of the comments made by my colleague from Calgary Centre. Members talk about originality. I went door to door in the last federal election. We had a phrase in my organization that we took some time to study as people do when they enter into a campaign. Our phraseology was a fresh start. We had that on our brochures. We promoted it because it was very much a fresh start for Canada and for the people Durham.

Canada had its fresh start back in 1993. It always gives me great delight when I hear the Reform Party saying me too another four years later. That tells us a lot about its policies. Basically it is mired in the past.

It has taken us a long time to get to where we are today in our fiscal responsibilities. Past governments of all political stripes for a variety of reasons created deficits and debts which we have had the responsibility in this administration to deal with. I say responsibility because we have not shirked our responsibilities. Looking back

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to when I first wanted to enter this place, it was basically to improve the finances of the country.

I am proud to be part of a government that took that commitment seriously, that started off with a \$45 billion a year deficit and dropped it to \$35 billion. In the last budget it is down to \$17 billion. We can see that we are going in the right direction.

The hon. member talks about a long term plan. Presumably he means that somehow we are going to make it go away tomorrow. We are not. We have a long term plan. The long term plan is toward fiscal responsibility, getting the deficit and debt down.

The hon. member wanted to intervene about taxation. Reformers talk about the lower income groups they will drop off the tax roll. There may well be some merit in that but that kind of policy creates a tax wall. It creates a wall so that people cannot get away from the lower income. They are lower income people and as soon as they jump over the wall they are hit with 20, 30 or 40 per cent taxes. That is the kind of regime the Reform Party would have us enter into.

They spend very little time talking about the other side of the issue. They want to give their buddies and friends, the rich of the country, a reduction in taxes. Who picks up the bill for that? It is the middle income earners, the people in my riding, people with \$50,000 or \$60,000 worth of income. They are the ones who will pick up the bill for the so-called Reform agenda.

I agree with another aspect the member mentioned. I do not want to dwell a long time on Reformers. On the infrastructure spending program they went on and on about comparing infrastructure dollars to jobs created. Nowhere did we ever say that the prime motivation of the infrastructure spending program was to create long term jobs. We always said it created short term jobs. It gave people hope.

It gave people hope. I remember back in 1993 when people had no hope at all. Once that infrastructure spending program came into play, people saw things were happening. More important, the infrastructure spending is not directly impacting jobs per se. It is creating the infrastructure or the environment where governments and small business people can create wealth. They have better roads and better sewer systems. They can create business opportunities.

The Reform Party seems to have entirely missed this point. It is mired in the past. It keeps studying history.

One thing my colleague said, to lead me into the main part of my dissertation, was that Canadians for some reason do not feel good. They feel a queasy uncertainty. It is that uncertainty with which the budget deals. What is that uncertainty and what drives it?

• (1545)

Basically, what drives it is that we live today in a period of change that is no different from the industrial revolution. Things are changing because the country is moving to a different type of economy. The Reform Party does not seem to understand what that change is all about and how it impacts people.

The people are concerned about jobs. Clearly, if someone is unemployed they are concerned about jobs. However, the people who are concerned about jobs today are the people who have them. People are worried that they are going to lose them for some very specific reasons. They see how technology has impacted their lives and it gives them fear and concern. I would like to discuss that concern relative to this budget and relative to my riding. In some ways, it is a microcosm of what the problem is.

In Durham, we have General Motors. The General Motors plants are in the riding south of mine, in Oshawa, but a lot of the workers live in my riding. More important, the person who started General Motors in our area, Sam McLaughlin, had a carriage factory. That is part of my riding.

In those days, Sam McLaughlin was building carriages so that horses could trot people around for their transportation. When General Motors came to Canada, it needed a framework to develop an automobile industry. That is very important. Most of the growth in this economy has been in the automotive sector. Basically an engine was put on a carriage that horses would pull. Think of that. We are talking about the 1800s. Think of what that meant to the people who lived there at that time.

They were people who were working on carriages for horses or people who raised horses. It must have been very disconcerting to them to see suddenly these cars going around and their business and agriculture threatened. They must have worried at night about whether they were going to maintain some kind of livelihood with this new engine of change that was enveloping them in Durham.

What happened, of course, is that this new engine created new change. It created the need for gasoline. It created the need for better roads. We were talking about infrastructure only a few minutes ago. It created the need for those kinds of infrastructures. It created the need for auto mechanics.

Generally speaking, most people will agree that if they actually study the people who got new employment from using a car, in fact, they got better jobs. They got higher paying jobs than they would have had if they were in the agricultural sector.

That is change that is really upon us. A lot of people have uncertainty. They feel uncertainty about that change. The opposi-

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tion parties, whether Reform or Conservative, breed on this uncertainty. They try to say it is the government's fault that we are living in a period of change. Nothing could be further from the truth. What people need is the courage and conviction to go forward into the 21st century.

When I look at Durham today, in some ways we are very much married to that industrial economy. I have some interesting statistics here. The industrial economy allowed for a relatively modest degree of human capital to resolve into a fairly good return on people's labour. People talk about the new society which is upon us as the new knowledge based society, which requires considerably more human capital to get that higher return.

In Durham, this is something I have been very concerned about. Of course, Durham, General Motors and the automotive sector are very close together. It has created a problem for us to break out of that and to start realizing the potential benefits that science and technology can deliver. What do I mean by that? It can mean prosperity in the lives of people for better jobs, better lives, better health care, et cetera.

• (1550)

Over 25,000 people in my riding of Durham have post-secondary education. The education of over 18,000 of those people is science related. Durham has a population of approximately 250,000 people. That is not a lot when that aspect is considered. Another aspect to be considered is why people are not educating themselves in the area of science and technology.

Of the 18,000 people who have those degrees, only 8,000 have jobs in the field of science. In reality, there is a deficit in Durham of over 10,000 people who cannot work in Durham because no jobs are available in their field. They have to go away. A lot of our youth also go away to be educated.

The government's program, the Canada Foundation for Innovation, is just one way to equalize that and for our educational institutions to utilize the \$850 million. We talk about the importance of frugality in spending, but we have found a way to spend money in these very important—

The Deputy Speaker: I am sorry. The hon. member's time has expired.

[*Translation*]

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, I am pleased to participate in this debate on Bill C-93, an act to implement certain provisions of the budget tabled in Parliament on February 18, 1997.

I would like to focus on a new measure introduced in this budget and dealing with the establishment of the Canada Foundation for Innovation.

First of all, I would like to read—and this will come as a surprise to you—a number of rather eloquent statements, which I would go as far as to describe as most honourable, made by some of our colleagues opposite. The first one states, and I quote:

We are working to ensure that Canada and Canadians are winners in this new global economy, an economy which above all focuses on knowledge and our knowledge capacity. That means helping our universities modernize and enhance their science capacity. It means helping our teaching hospitals improve their research capacity. It means increasing our investments in new technologies, research and development.

This is what the Prime Minister said on February 13. Three days later, the Minister of Finance announced in his budget speech the establishment of the Canada Foundation for Innovation. This is the explanation he gave for it at the time, and I quote:

We must broaden our notion of infrastructure. We must take it beyond its traditional meaning to include the components of future economic success, post-secondary education, knowledge, innovation. These are the building blocks of the new wealth of nations. It is in this infrastructure as well that government must invest, for if we fail to do so we will fail the country of tomorrow. We will short change the next generation.

He went on to say:

Research facilities provide the tools needed to develop leading edge skills, skills that our students have to acquire if they want to succeed and we want to remain competitive in a world growing more competitive by the day.

He stated further: "The fact is that much of our current research infrastructure is literally unable to handle the kind of pressures required to keep Canada in the front ranks of the new economy. Innovation does not just happen. It requires investment".

And he concluded with these words: "The Canada Foundation for Innovation is about looking forward. It is about our children. It is about education. In short, it is about investing in the future growth of our economy, making a down payment today for a much greater reward tomorrow".

• (1555)

I was listening to all this and I was just stunned to see this new awareness, on the part of the Liberal government, of the importance of research and development. For close to a year, we had been condemning the cuts to the research program on nuclear fusion in Canada, which were to put an end to the tokamak project in Varennes. We condemned these cuts for a year, and now we are told that the future of Canada, the future of the Canadian economy, is based on research in the advanced technology sector.

However, to justify its decision to cut its modest contribution of \$7.2 million to the tokamak project in Varennes, the government

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was saying that it had set other priorities. Its top priority was the research, development, marketing and sale of CANDU reactors.

As you know, the traditional process of nuclear fission is a dangerous, highly polluting and ultimately obsolete technique, while nuclear fusion is a promising, clean and safe method of producing energy in high volumes. Of course, we are told that nuclear fusion will not yield results for another 20 to 50 years, at least. Granted, but if we give up now, we will never benefit from that technique, at least not in Canada.

The tokamak project in Varennes, in which the federal government invested a modest \$7.2 million, is currently the most important research and development project on energy in Quebec. It is particularly insulting and unacceptable to see that the federal government wants to withdraw its annual \$7.2 million subsidy, considering that Quebec receives barely 17 per cent of federal investment in research and development.

Regardless of the process, research on nuclear fusion allows us to develop new skills and technologies that will be of use in much more than just the nuclear fusion industry. Indeed, the research program on nuclear fusion generates economic spinoffs amounting to millions of dollars, mainly for the Montérégie.

This decision by the federal government is all the more astonishing given that the European Union is now investing US\$550 million annually on nuclear fusion, and it plans on increasing its budgets by 10 to 25 per cent over the next five years; not a cut, but a 10 to 25 per cent increase on the base figure of US\$550 million.

For its part, Japan is investing US\$600 million annually in nuclear fusion research. The United States has levelled off its investment in nuclear fusion research at close to \$225 million annually and, over the last five years, South Korea, the People's Republic of China and India have also become involved in nuclear fusion research.

Can it be that the federal government is completely cut off from the reality of today's technology? Is it completely unaware of what the future holds with respect to energy production? It seems so. The decision is all the more incomprehensible because the modest \$7.2 million invested by the federal government in nuclear fusion research means that Canada is investing only 1 per cent of the amounts spent in this sector internationally.

But by investing a mere 1 per cent of the amounts spent internationally on nuclear fusion research, Canada receives all the technological spinoffs from this research. If we now decide to cut our nuclear fusion funding or research program, Canada will have missed the boat when this form of energy starts to be used. It is important that we continue our investments in nuclear fusion research.

• (1600)

It must also be understood that if the federal government withdraws its modest contribution of C\$7.2 million, it will be the only G7 country no longer investing a cent in nuclear fusion research.

In closing, I would like to put this announcement of \$800 million for a Canada Foundation for Innovation in perspective. First of all, it must be understood that the government is initially investing only \$180 million. The \$800 million is in the long term, and we shall see how much it actually invests in the end. But what has to be understood is that it is essentially making this investment with the money it cut in transfers to the provinces.

The 1996 budget forecast that provincial transfer payments would be \$20.6 billion. In actual fact, when we look at this year's budget, we see that this amount has dropped to \$19.8 billion, or \$800 million less, exactly the amount announced for the Canada Foundation for Innovation.

Mr. Speaker, you are indicating that my time is up. I shall now conclude by saying that Quebecers will not be taken in by the tricks and duplicity of this government. We will find a way to make this clear in a few weeks.

[English]

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, I am very pleased to take part in the debate this afternoon on Bill C-93, a measure regarding the government's fourth budget and one which acknowledges the three main goals of our agenda since it was elected: job creation, economic growth and deficit reduction.

First, I would like to take the opportunity to commend the Minister of Finance for soliciting and considering the views that were expressed by many Canadians during the process leading up to the budget. I believe the budget addresses positively the issues that were brought forward by the people of Canada. The budget also proves that the government is keeping its promise to put Canada's fiscal house in order. The government has remained committed to reducing the deficit.

In 1993-94 the deficit had risen to \$42 billion, approximately 6 per cent of GDP. The 1996-97 deficit is the lowest in 15 years at under \$19 billion. Canada has every reason to be proud of its fiscal recovery. Other countries in the G7 are reportedly impressed by our fiscal turnaround and if the projections for the future are correct, by 1998-99 Canada will have the lowest deficit in the G7 with a record low of \$9 billion. That projected record low will also end the need for Canada to borrow money from outside of the country.

The government has met its deficit targets in the past and I firmly believe that the projected targets for the future will also be met.

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Since the government took office in 1993 more than 700,000 jobs have been created. In the last four months alone 85,000 Canadians found employment, the vast majority of them in full time jobs.

The government is also working hard to create the opportunities that are so desperately required to keep improving the fiscal health of Canada and to restore confidence. The announcements that I am particularly pleased about are those measures introduced to assist small and medium sized businesses. The survival of many small communities across Canada rely on the building, strengthening and continued success of small and medium sized business.

My riding of Huron—Bruce is a rural riding. The people of Huron—Bruce depend on small business for employment. Without the existence of small business in ridings like mine, people would not be able to put food on their tables or clothes on the backs of their children. Unemployment has a direct effect on the local economy. Without businesses and employment stimulation in small communities, small communities may cease to exist.

The 1997 budget announced very encouraging provisions to provide Canadians with job opportunities. Improving employment prospects is a team effort between different levels of government and the private sector. For example, the new hires program is an initiative to encourage small businesses to create jobs by offering employment insurance premium relief to 900,000 eligible businesses that hire new workers.

Another measure to assist small businesses is the step to reduce the paperwork burden of payroll taxes which the government imposes by allowing businesses with less than \$1,000 monthly payroll deductions to file on a quarterly basis. One model partnership is the Canada infrastructure works program. An additional \$425 million in federal support for infrastructure will have many positive influences on communities. Not only does the investment in the Canada infrastructure works program produce short term and long term jobs, but by upgrading local infrastructure it allows communities to stay competitive and viable in attracting business and commerce.

• (1605)

Technology is the way of the future. It is a science that changes rapidly from day to day. The technology partnerships Canada investment fund provides up to \$250 million annually to work with businesses and to keep the development, marketing and production of new technology in Canada.

The industrial research assistance program offers financial support and/or technical advice to numerous Canadian companies to assist them in taking full advantage of the latest technology to increase their competitiveness internationally, while at the same time creating jobs locally.

On a more personal, riding related level, I am very happy to see that the government continues to recognize and acknowledge the important role that rural Canada plays in our society. Nearly one-quarter of all Canadians live in the rural sector. I feel that the rural development measures outlined in the budget reflect the changing needs of rural Canadians.

The Farm Credit Corporation is an invaluable financial instrument for rural Canada. This budget provides an additional \$50 million in capital to the Farm Credit Corporation to expand its ability to support growth and diversification.

The budget also introduces the community access program for rural Canada. It is important that the people of rural Canada experience the same technological opportunities that urban Canada does. The world wide web is an amazing communication and information instrument which links people together around the world. This budget provides an extra \$30 million over three years to connect 5,000 small communities, with populations between 400 and 50,000, to the information highway via Internet sites. Young and old alike will greatly benefit from this access.

The challenges that face our youth are clear. Last spring the government created a youth task force to solicit and consider the concerns of young people. Knowledge and training are key factors behind employment. However, rising tuition costs are making it difficult for students and parents to afford post-secondary education. The budget responds to struggling students and families by doubling the already established education credit.

The budget also provides assistance to students who have had to borrow money from the government. The government realizes that it is difficult to find employment on graduation. Due to the hardships that many graduates are facing, students will be allowed to defer their loan payments for up to 30 months during the period between post-secondary graduation and employment.

Also, for high school students seeking employment in order to save for post-secondary education, the budget has consolidated \$2 billion in a new youth employment strategy for work experience and employment related programs and services for youth.

As well, the existing youth internship and summer student employment programs will enable 140,000 more young Canadians to gain the experience they require in order to enter the workplace.

Child poverty has been an ongoing concern across the nation. Many families live at a low income level and are often unable to provide their children with basic necessities, such as food and clothing. If children do not receive the start they need at a young age, how can we possibly expect them to become healthy, educated and productive adults, the same adults that will run the country in the future?

The 1997 responds to the hungry cries of low income families by introducing a new cross Canada child benefit system. The measures introduced in this budget complement the child support reform announced in the 1996 budget. The government announced that federal spending on children will increase from \$5.1 million to \$6 million. The new Canada child tax benefit will go to all eligible families, those who are employed and those who require social assistance.

The changes that the government is imposing will also initiate the process of dismantling the welfare trap, a trap that so many have fallen into.

Canada will certainly be better off if the government can help to prevent and reduce the overwhelming numbers of children living in poverty.

Our national health care system is one of our proudest achievements. It is a system that many other countries envy. However, it has been under much duress and scrutiny. Last year the budget introduced the Canada health and social transfer, a measure that provided the provinces with predictable and assured funding. To demonstrate the federal government's commitment to the health system, a cash floor of \$11 billion in cash transfers has been guaranteed over the next five years and then will grow accordingly to ensure that funding will not be jeopardized.

The National Forum on Health which was originally established by the Prime Minister to allow Canadians to express their visions of a more effective and efficient health care future recently brought forward its recommendations. The forum concluded that the health care system is fundamentally sound and adequately funded. However, it did note that its usefulness in various areas could be improved.

In response to the forum and its findings, the 1997 budget allocates an additional \$300 million over the next three years for health initiatives. To break down the moneys that have been rationed, \$50 million will go toward the creation of a new Canada health information system to provide Canadians with the best medical information and the latest developments regarding medical treatments; \$150 million has also been specified for a health transition fund to assist the provinces to launch pilot projects to investigate new and better approaches to health care. These funds will be awarded to the provinces and territories on an equal per capita basis, with expenditure discussions to take place among Canada's ministers of health.

• (1610)

There are already two active programs to help prevent health problems from developing: the community action program for children and the Canada prenatal nutrition program. The community action program for children provides services to address the developmental needs of young children who are at risk.

The Canada prenatal nutrition program addresses the problem of low birth weight babies among high risk groups such as pregnant

adolescents and women who have used alcohol and drugs. This budget increases the funding to these existing programs by \$100 million over the next three years.

Canadians with disabilities face many obstacles in everyday life. Last year the budget doubled the assistance provided to persons with disabilities to a tax credit for those who provide in-home care for family members.

The 1996 budget promised to review measures and opportunities for people with disabilities. In response to that promise, the task force on disabilities was created and chaired by the member for Fredericton—York—Sunbury. It is the government's desire to create a better society for all Canadians.

Not only is the list of expenses eligible for the medical expense tax credit been broadened, but a new opportunities fund has been set up to help a significant number of Canadians with disabilities to help prepare, find or keep either part time or full time jobs. Every Canadian has the right to contribute to the economy.

The opportunities fund will help to integrate disabled Canadians into the economic life of their community as well as increase their independence.

In closing, may I say that in a country as vast and diverse as ours, it is a privilege to be able to be part of the team that outlines priorities and goals and achieves them. We have made some significant changes. I am confident that by maintaining our practice we will continue to face and meet the challenges that lie ahead of us.

It is with these sentiments that I fully intend to vote in favour of Bill C-93, an act to implement certain provisions of the 1997 budget.

[Translation]

Mr. Crête: Mr. Speaker, I am pleased to speak to the budget implementation bill.

We had a very clear picture this past week—

The Deputy Speaker: Pardon me, but I believe, since we are taking turns, that it is now the turn of the Reform Party.

[English]

Mr. Silye: Mr. Speaker, I rise on a point of order. Our member would like to speak.

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, it is a real pleasure to try and speak to this bill. I am completely confused.

It is really quite incredible to sit here and listen to this debate today on Bill C-93. It strikes me as more than a little odd that in

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just about the last two and a half hours we have managed to move ahead about a year and a half. About two and a half hours ago we were debating Bill C-92 which dealt with implementing certain aspects of the 1996 budget. Here we are now moving at the speed of light and dealing with Bill C-93 and the implementation of certain facets of the 1997 budget. We are moving ahead very quickly.

In replying to this legislation, I noticed that once again the Liberal government is doing exactly the same thing that it has become renowned for doing over the past three and a half years. It is using every procedural tactic possible to stifle debate in the House of Commons, particularly today. Rather than face the public honestly and try to shut down debate as it normally does with time allocation, it has opted to use another procedure and shuffle these two bills off to committee, regardless of the fact that the principle of these bills has already been decided. I listened to a couple of Liberal members make their presentations. The hon. member for Durham said something to the effect that it has taken us a long time to get to where we are today.

• (1615)

Mr. Silye: Three years.

Mr. Hill (Prince George—Peace River): Exactly. That is what I was going to say. It is not such a long time to a lot of Canadians. Canadians can remember back to balanced budgets. Canadians can remember back to a time when, even though wages were substantially lower, they had a lot more of their income at their disposal at the end of the day.

The hon. member for Durham went on to say that he came here to improve the financial situation. He spoke in glowing terms of how he was so proud of the Liberal record over the past 3.5 years. The budget we are talking about in Bill C-93 is the fourth budget since the Liberals came to power following the 1993 election. He spoke as though he was quite proud.

I wonder if Canadians watching the debate today are equally proud of another \$111 billion worth of debt. The Liberals do not talk about that. They do not talk about the fact that interest on the debt is by far the single largest expenditure for the federal government and for taxpayers.

When we talk about the federal government it is important to understand there is only one taxpayer in the country. One person is paying the bill. Some seem to operate under an illusion in this place. They are insulated. They think the government is providing these services and programs. They turn to government to look for direction and for hope for the future when in reality it is the people of the country who are providing all this for themselves. Sometimes the old parties seem to forget this fundamental fact.

The Liberal member for Huron—Bruce talked about two of the goals the Liberals had when they were elected in 1993. It was job growth and controlling the deficit. Once again the hon. member, as did his previous colleagues, spoke in glowing terms of how far we have come.

Mr. Schmidt: With 1.5 million unemployed.

Mr. Hill (Prince George—Peace River): Exactly. Why are 1.5 million people still unemployed if the Liberals have done such a great job of jobs, jobs, jobs? That was one of their big promises.

Let us look at their two big promises in the 1993 election. One was jobs, jobs, jobs. We have 1.5 million people unemployed or two million to three million unemployed people with the ones out there who have given up looking for work. They have simply given up and are no longer even included in the unemployment statistics. There is no hope left in them to be out there seeking a job. Why are they so proud of that?

Mr. Schmidt: Are they proud of their tax increases too?

Mr. Hill (Prince George—Peace River): That is right. They talk about the fact that there have been no tax increases. When they were on this side of the House they very clearly understood there were two ways to increase taxation. There is the honest way, where they increase the tax rate and take the heat from it publicly. Or, there is the sneaky way where they do it by plugging some so-called tax loopholes and with excise taxes and other such taxes. That is the way the government has opted to go.

I do not believe for a minute Canadian people will to be fooled by this, not for a minute. It is them at the end of the day, the end of the week and the end of the month who have less and less money to spend on essentials: food, homes, gasoline for their vehicle to get to and from work, and raising their children.

We must look at the real facts if we are to discuss the 1997 budget and the deficit. Both Liberal members across the way revealed quite correctly that the deficit had come down from \$42 billion when they came to power in 1993 to somewhere in the neighbourhood of \$19 billion today.

• (1620)

They look at that and say: “What a wonderful achievement. We are on the road to victory”. Let us look at how that was accomplished. It was accomplished by \$24 billion in increased tax revenue achieved in a number of ways. I spoke two hours ago to the 1996 budget and referred to the fact that a substantial amount of the increase was because of something called bracket creep.

Mr. Silye: The finance minister?

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Mr. Hill (Prince George—Peace River): No, not the finance minister. There is a system of bracket creep. When the Liberals got into government they refused to index to the inflation rate, even though they complained about it when they were in opposition and the Tories were doing this type of thing. It is a sneaky way to increase tax revenue. They complained about it very volubly when they were on this side. When they got over to the other side they recognized it was a way in which to continue to gather in more and more tax dollars from Canadians, \$24 billion more annually than when they took office. They have cut \$7 billion from the Canada health and social transfer.

In Bill C-93 they are talking about the Canadian Foundation for Innovation, an \$800 million program over five years. They talk about it as though it will be the answer. They hold it up as the be all and end all. The fact of the matter is that hospitals have closed and highly trained and skilled doctors have moved to other countries because there are not the opportunities here there should be, due to their cuts.

They have cut \$7 billion on one side but on the other side they will initiate a few small new programs. I suspect they will be highly bureaucratic programs. The Liberals are talking about a board of 15 new patronage appointments that will necessary to operate the organization. That is typical of the government. That too highlights the problems and the differences.

As Canadians head toward the next election the choice will to be increasingly clear. They can choose big government, big spending, big taxes, big bureaucracy, more and more government intrusion into their everyday lives, or they can choose smaller government, balanced budgets and lower spending and tax cuts. That will be their choices. It will be made very clear as we go into the next election.

[*Translation*]

The Deputy Speaker: My apologies. Now it is really the turn of the hon. member for Kamouraska—Rivière-du-Loup.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I am very pleased to finally be able to speak to the bill on budget implementation.

In this bill we find more of the smoke and mirrors the government has been using on the whole issue of fighting the deficit. For a long time now, the federal government has been claiming that it has been fighting the deficit effectively. Yet it must be seen—and this is something the people of my riding have understood, and are telling me—that the federal government has fought the deficit in the following way: it let the surplus in the employment insurance fund build up, deciding to take out \$2 billion in the next five years

and reinject only \$800 million. This means a deficit of \$1.2 billion at a time when we need all the incentives we can get to create employment. There is no adjustment included in the present bill.

What is more, transfer payments are being cut. Today, all of the provinces, Quebec, Ontario, the others, are faced with problems that require them to make major cuts in health and education. This is always the result of actions by the federal government.

This past week we learned that the federal government has not cleaned up its own act. Since 1994, the objective had been to reduce expenditures in the order of 19 per cent. Today we see that the reduction has been about 9 per cent. So there is another 10 per cent that has not been saved.

• (1625)

We are talking about \$8 billion worth of expenditures. If this amount had actually been saved, the government could have taken the pressure off the employment insurance fund and arranged for more money to be invested in business. When we talk about the transition job creation fund, about money from the employment insurance fund that is invested in projects, it could put a lot more into those projects than is now the case. The current problem stems from the government's decision to use the employment insurance surplus to pay off the deficit.

So the government aimed at the wrong target. It decided to fight the deficit. That is fine, but meanwhile, it could have taken more decisive steps in this year's budget to ensure that employment is again a priority, but there is no indication of this, and certainly not among Reform Party members who are being most unruly today.

So the priority that should have been set on employment is missing from this budget. People were waiting for some kind of action, for instance if we consider the government's procurement policies, this morning the government released the report of the parliamentary committee on government operations. After three and a half years in power, not one year but three and a half, we can say that this government is not effective, lacks openness in its procurement policies and does not use those policies to assist regional development across Canada.

I think that is inconceivable. The report as such is interesting, although it should have been tabled three years ago. The government should have taken steps two and a half years ago. This year, the budget should have contained measures to change the government's procurement policies, so that the negative impact of employment insurance reform on eastern Quebec and the maritimes could be compensated by meaningful expenditures, including government procurement, something that is sadly lacking.

There is no significant action on research and development. How will regional economies that need to diversify be able to meet the

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challenges of the 21st century? They must be given a chance to transform their economy, to include research and development in the agri-food sector, for instance. There is room in secondary and tertiary processing for developing products that will be successful on foreign markets, which means they would not be stuck with primary processing where there are far fewer jobs today than was the case 20 years ago.

In agriculture, the future is in processing. We must keep producing primary products, but we must ensure that they are subsequently processed in this country so we can sell them in that form on American and European markets and throughout the world.

So, there is nothing dynamic in the present budget or in the practical applications.

The member for Matapédia—Matane pointed out to me that the approach to the forestry industry could have been very different so as to permit an improvement.

In connection with the new policy on U.S.-Canada relations, quotas were imposed on lumber exports. There is however a major new market to be developed and that is for wood which has been processed and which is not subject to quotas. If the processing industry is developed, it would mean increased exports to the United States, which are not limited by quotas. This paves the way for initiative, for original ideas. It provides a breath of fresh air to those who have come up with ideas in our regions to develop processing companies and development incentives. This will surely be one of the issues in the upcoming federal election, with people wanting to know what each party has to offer.

There was none of the originality we might have expected. Here in Parliament, the official opposition is often the source of originality, as we have seen in documents such as those tabled on tax reform and the RRSP employment proposal, which could have been included in the budget. But there is nothing like this.

The budget implementation policies are rather like the budget. We could describe the budget as neutral, rather lazy, failing to aim at the real target, unemployment. It should help us attain our objectives by creating jobs and breathing new life into our regional economies.

• (1630)

In the last part of this presentation, I would like to talk more specifically about a different problem, that of American pensions. Yesterday, the minister made an interesting announcement. It was the result of the efforts of members of pretty well every party, I think. In particular, I would mention those of the member for Bellechasse, with whom I set up a non-partisan committee to propose solutions to the minister, of the member for Windsor—St. Clair and of the Solicitor General, whose efforts I am aware of.

Once the new agreement between Canada and the United States is ratified, the situation will finally be corrected. In the meantime, however, one thing has not been corrected and could be in legislation to implement the budget, such as this. The federal government could have made an advance available to people who were penalized by the Americans' deduction of 25 per cent income tax from all American pensions. It often amounts to \$1,000, \$1,500 or \$2,000, but it is money that enables people to buy food and pay the rent.

If the agreement is not ratified until January 1998, low-income people will have lived two full years with 25 per cent less than what they should have received. I think the government should go the extra step and provide advances so that people on limited incomes have at least 50 or 60 per cent of the money they should normally have. It could have done so through a bill like this one. Perhaps it is not too late. Perhaps the government could bring in an amendment to this effect, so as to put a lid on the inequity created by the change made to the tax treaty.

Once the U.S. Senate has ratified the agreement and the Canadian government has done so in keeping with the announcement made yesterday, the problem will be resolved, but in the meantime, there are people on very low incomes who will be forced to cut back on necessities for two years or two and half years, after which time they will receive a cheque covering the past two years. Why does the federal government not show some consideration and quickly give these people an advance?

These days, people are paying for mistakes made by governments when it should be the other way around. I would therefore ask the government to do that and to be more effective than it has been in reducing the deficit, to show more foresight than it has in curbing unemployment and, as far as American pensions are concerned, to show some consideration and take action to settle the problem once and for all.

In closing, it seems to me that the federal government still has a long way to go in terms of addressing the unemployment problem. The active measures one would have expected are nowhere to be seen, and that is probably the issue on which this government will be judged most harshly by the people in the next federal election.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to rise for a short while to address some of the issues. Earlier this day the Parliamentary Secretary to the Minister of Finance laid out some of the principal provisions of Bill C-93.

He referred to the issues of science research and development, in particular the Canada Foundation for Innovation. He outlined a program where the government would put as much as \$800 million over a five-year period into this important sector. The investment

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followed a pattern the government has used in other programs where partnerships can be developed. It is expected—

An hon. member: Has he already spoken?

Mr. Szabo: The member is wondering whether I have spoken. That was on Bill C-92. I know they enjoyed that one. The member was wondering whether I had anything else to say on RRSPs and was after some tax planning tips.

• (1635)

With regard to the elimination of the seven-year limit on the carry forward of unused RRSPs, the member knows that young people who are cash poor in the early years will be able to contribute. The statistics show that contributors to RRSPs make the majority of their contributions after age 45. Certainly that opportunity is an important aspect which I left out in my speech on Bill C-92.

As the member knows, neither one of us care for Garth Turner's rationalizations of why would should buy RRSPs from him.

Mr. Keyes: No, no.

Mr. Szabo: I hear the member. If he had heard the speech he would well know the reason he is pushing RRSPs is to earn enormous commissions without providing his clients the kind of information they really need to know. It is not only how to get money into an RRSP. It is how to tax plan to get it out at the lowest effective tax cost to the taxpayer and to the family. That is an important issue.

The rat fink phone line to turn in taxpayers is quite a draconian and extreme measure.

Bill C-93 is related to some extent to Bill C-92. It deals ostensibly with the provisions of the budget of February 18. The parliamentary secretary raised some extremely important issues with regard to EI and the relief to be given to businesses with premiums of less than \$60,000. There was to be a grace period for EI premiums for new employees, an important aspect with regard to the overall strategy of the government in promoting economic growth and jobs for Canadians. The subsequent reduction of EI premiums for businesses is estimated to create an additional 20,000 jobs.

These kinds of elements in the budget brought down by the hon. Minister of Finance continue to show the commitment of the government to the growth of jobs for Canadians. As he has said and as the Prime Minister said on many occasions, as long as there is one Canadian out there who wants to work and who has not had an opportunity for a job they will continue to look for opportunities to promote an environment which will provide those essential jobs.

I cannot help but comment on the plight of young people. They are in a situation where they are competing for their first jobs with

people who have already been in the labour force for many years because of the number of jobs that were lost, particularly the entry level jobs. It is an extremely serious situation for young people because it is not their fault. They have the education to a great extent and are looking for a chance.

In terms of its work with the provinces, internship and apprenticeship programs and other partnerships will tend to create the foundation that is essential to providing important jobs.

I have a message for young people, particularly those in high school. I have done a little of research since becoming a member of Parliament. I have spoken to the Peel Board of Education about the percentage of dropouts in high school. I was astounded to find out there were no hard and fast statistics because of re-entry into high school by people who formerly dropped out.

There are some rationalizations that somehow someone who has dropped out and comes back in and completes high school is just as successful as those who start and complete their high school education.

• (1640)

We can imagine the condition of young people's lives vis-à-vis their families when they have taken the decision to drop out before finishing high school. I imagine the parents feel sadness that their children did not have the motivation, support or whatever it was at a time when they really needed it and when it was so important for them to continue school.

People who have not finished high school have a tremendous problem finding that entry level position. We cannot expect small businesses that are struggling to compete to hire high school dropouts. Those jobs are gone in the new high tech global economy. Canada's role is to provide knowledge based jobs. Our young people have to understand that for them to earn a spot in the labour force it is essential that they as a minimum complete their high school education.

As an aside I pass on to young people that if there is anything they could possibly do, they must continue their education through high school. Hopefully they will find the motivation and a linkage to a community college or some other opportunity to develop their skills and talents. Every Canadian has something to contribute to a knowledge based economy if they would only invest a little of their time in its development.

In this last portion I would simply like to make a couple of comments about the child tax benefit. Members will know that some years ago there was an item called family allowance. Family allowance was a universal benefit given to all Canadians regardless of income. That changed over time. We now have a child tax benefit. It is effectively income tested. It provides assistance effectively to those with children who are in need.

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The budget provides for an enrichment of the child tax benefit. As the parliamentary secretary laid out, the benefit for a couple with one child would be \$1,625; for two children, \$3,050; and for every additional child over two, \$1,425.

The House has talked about an issue called a caregiver tax credit. It is a concept where we are looking for opportunities to provide financial or tax assistance to families who choose to provide care in the home not only to preschool children but also the chronically ill, the aged or the disabled.

The enrichment of the child tax benefit goes a long way to improving the support we have given to families with children. I continue to advocate on behalf of my constituents that the finance minister and all colleagues of the House look for ways to continue to enrich the support we should be giving to families who need help.

We will have an opportunity to talk about this issue much more. I simply wanted to reiterate the importance of the enrichment of the child tax benefit to assist families. I appreciate the opportunity to have participated in the debate on Bill C-93 and urge all members to support it.

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I believe that you would find unanimous consent for the following motion. I move:

That we adjourn debate on Bill C-93 in order to begin debate on Bill C-82 until the end of Government Orders this day at which point all questions to dispose of the report stage of the bill be deemed put, a recorded division deemed requested and deferred until Tuesday, April 15, 1997, at 12.30 p.m., and immediately after the said divisions, the House shall proceed to the third reading stage of the said bill and all questions necessary to dispose of the third reading stage of the said bill shall be put no later than 4 p.m. on that day provided that any division requested thereon may not be deferred.

That on Friday, April 11, 1997, the business to be considered under government orders will be Bill C-5 and Bill C-17 and that no later than the time provided for government orders on that day all questions necessary to dispose of the remaining stages of both bills shall be put forthwith and recorded divisions be deemed requested and deferred until Tuesday, April 15, 1997 at 12.30 p.m.

That at completion of debate on Bill C-93 on Monday, April 14, 1997, a recorded division be deemed requested and deferred until Tuesday, April 15, 1997 at 12.30 p.m.

• (1645)

The Deputy Speaker: Shall we adjourn the debate on Bill C-93?

Mr. Strahl: Mr. Speaker, I think we are going to agree to the motion. However, it was a very long motion. I would ask the parliamentary secretary: Is that the motion that was typed up and sent over or has it been amended? There has been quite a bit of negotiation this afternoon and I want to make sure we are agreeing to exactly what we agreed to previously.

Mr. Zed: Mr. Speaker, first I want to thank all parties for their co-operation.

The only change to what we discussed earlier was the third reading debate. This allows for third reading to occur right after the vote at 12.30 p.m. on Tuesday. That is the only clarification.

The Deputy Speaker: I take it that the hon. member is satisfied with that?

Mr. Strahl: Yes. Thank you, Mr. Speaker.

The Deputy Speaker: Does the hon. parliamentary secretary have the unanimous consent of the House to move the motion?

Some hon. members: Agreed.

[Translation]

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

The Speaker: I declare the motion carried.

(Motion agreed to.)

The Speaker: It is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised at the time of adjournment is as follows: the hon. member for Shefford—COR-CAN.

* * *

[English]

AN ACT TO AMEND CERTAIN LAWS RELATING TO FINANCIAL INSTITUTIONS

The House proceeded to the consideration of Bill C-82, an act to amend certain laws relating to financial institutions, as reported (with amendments) from the committee.

SPEAKER'S RULING

The Deputy Speaker: I have a ruling to make. Copies are available if members wish to have them.

Bill C-82 is an act to amend certain laws relating to financial institutions. There are six motions in amendment standing on the Notice Paper for the report stage of Bill C-82.

[Translation]

Motions Nos. 1, 3 and 5 will be grouped for debate, but voted on separately.

[English]

Motions Nos. 2, 4 and 6 will be grouped for debate, but voted on separately.

[Translation]

I will now put Motions Nos. 1, 3 and 5 to the House.

MOTIONS IN AMENDMENT

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

Motion No. 1

That Bill C-82, in Clause 42, be amended by adding after line 35 on page 22 the following:

“(4) Where there is in force in a province a law that imposes terms and conditions in respect of financial services described in subparagraph 3(b)(i) that are provided in that province, that law, as amended from time to time, shall apply to every bank located in that province.

(5) No regulation made under subparagraph 3(b)(i) shall apply to any bank located in a province that has in force a law described in subsection (4).

(6) For greater certainty, in this section the term “in force” in reference to a provincial law includes a provincial law that comes into force on or after the coming into force of this section.”

Motion No. 3

That Bill C-82, in Clause 55, be amended by

(a) replacing line 29 on page 30 with the following:

“459. (1) The Governor in Council may make”

(b) by adding after line 18 on page 31 the following:

“(2) Where there is in force in a province any law that deals with any of the matters referred to in paragraphs (1)(a) to (e), that law, as amended from time to time, shall apply to every bank located in that province.

(3) No regulation made under subsection (1) regarding any matter referred to in paragraphs (1)(a) to (e) shall apply to any bank located in a province that has in force a law described in subsection (2) dealing with that matter.

(4) For greater certainty, in this section, the term “in force” in reference to a provincial law includes a provincial law that comes into force on or after the coming into force of this section.”

Motion No. 5

That Bill C-82, in Clause 226, be amended by replacing lines 33 to 38 on page 136 with the following:

“(a.1) transfer all or any portion of its policies to, or cause itself to be reinsured, on an indemnity basis, against all or any portion of the risks undertaken by it by any body corporate incorporated under the laws of a province that is authorized to transact the classes of insurance to be so transferred or reinsured.”

He said: Mr. Speaker, I am pleased to address this important measure, Bill C-82, at report stage. The official opposition is basically proposing three amendments to the legislation before us today.

The first amendment concerns clause 42, in which the federal government seeks to regulate financial services. We propose that the government take into account the fact that financial services come under the exclusive jurisdiction of the provinces. This is the purpose of our first amendment.

• (1650)

The second amendment also relates to the federal government's intention to take action regarding tied selling and consumer protection. Again, in our second amendment, which deals with

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clause 55, we suggest to the federal government that, when provincial legislation applies to consumer protection, tied selling or other issues, such legislation should be complied with by financial institutions.

Our third amendment, which we feel is the most important one for Quebec and all Canadian provinces, concern clause 226. Clause 226 provides that it is not possible for a provincially chartered insurance company to purchase any portion of insurance policies or transactions from insurance companies operating under a federal charter.

For example, a Quebec insurance company such as l'Entraide, which is mentioned in today's edition of the daily *Le Soleil*, cannot, under federal legislation on financial institutions, make such purchases, since it has a provincial charter, and it cannot purchase a federally chartered company. By contrast, a federally chartered company can purchase any portion of insurance policies or transactions from another company that also operates under a federal charter.

There is no longer any justification for this barrier in the context of a free competitive market. This situation is unfair to Quebec insurance companies for two main reasons.

First of all, they cannot freely enter into transactions with another insurance company that is federally regulated, even to purchase a block of policies that are all held by Quebec policy holders. No one has control over his own affairs under this bill.

Second, it is contrary to the spirit of NAFTA and of any agreement concerning international trade, as well as financial services. Treatment under this bill and under section 226 that is still in force today is more favourable to foreign insurance companies, which are, for the most part, federally chartered, than to provincially chartered Quebec and Canadian insurance companies. A French federally chartered insurance company, for example, could buy a block of insurance policies from a Canadian federally chartered company that decided to go out of business.

It would be the same for an insurance company from Brazil or the United States—name any country in the world—that was, and usually is, federally chartered. It could buy a block of insurance policies from a federally chartered insurance company operating in Quebec that decided to wind up its operations. A provincially chartered Quebec company cannot do the same, and this is completely unacceptable.

The federal government is using consumer protection as an excuse not to eliminate this discrimination. Why would consumers be better protected in a situation that allowed federally chartered

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insurance companies to buy insurance policies from another federally chartered company, but consumer protection is no longer an issue when a provincial company decides to buy this same block of insurance policies?

We are not in a developing country when it comes to financial institutions or the insurance sector. We have institutions in place, in Quebec and elsewhere, and the Inspector General of Financial Institutions is responsible for the security and proper operation of financial markets.

There is also CompCorp—the Canadian Life and Health Insurance Compensation Corporation. This corporation requires a high degree of solvency of all insurance companies, whether under provincial or federal charter. They must be solvent and their solvency is verified annually. The corporation also requires these companies to keep reserves in the event of compensation, and is also responsible for the final payment of compensation if a company has the misfortune to go bankrupt.

• (1655)

Consumers have ample protection, whether we are talking about transactions involving an insurance company under a provincial or a federal charter. So the argument that the consumer must be protected does not hold water, especially since we have a situation that is discriminatory. As I said earlier, a Quebec company has fewer rights than a foreign company with respect to acquiring a block of insurance policies in order to expand and be able to deal with globalization and fierce competition in the insurance sector.

The Minister of Finance today, in response to one of my questions, was quite forthcoming when he said he would like to meet the official opposition critic and people from the industry, including representatives of the Entraide insurance company, to discuss ways to amend the legislation.

I commend the minister on his open minded approach, but I would appreciate it even more if he would accept the amendment we are proposing, which consists in allowing insurance companies under a provincial charter to acquire blocks of insurance policies or to acquire, in part or in whole, the business of an insurance company active in Quebec under a federal charter.

In fact we discussed all this with the Quebec Minister of Finance who is willing to make certain concessions so that the federal government could move on this amendment from the Bloc Quebecois. Mr. Landry, the Quebec Finance Minister, said that the Quebec legislation on trust companies and credit unions is in some ways discriminatory, but it is the reverse of the kind of discrimination we mentioned today, in other words, companies with a provincial charter may only acquire part of the business of other

provincially regulated companies but not of a company operating under a federal charter. The Quebec Finance Minister is prepared to go part of the way toward amending the Quebec legislation, if the Minister of Finance accepts the amendment proposed by the Bloc Quebecois that would allow this type of transaction.

I think this is an interesting proposal, and I also think that this government, and especially the Minister of Finance, who call themselves apostles of free trade, should realize that on the eve of the 21st century, this kind of discrimination makes no sense at all, especially when we consider what we are losing as a result.

There are at least two provincially regulated insurance companies in Quebec which would be forced at this time to expand, to rationalize, to become more efficient, because of this type of discrimination in the Financial Institutions Act, and the challenges of globalization and rationalization that have been in place for the past ten years.

It is perhaps time for the other side to make a move and we are offering our full co-operation to the Minister of Finance so that we may get Bill C-82 through rapidly, if he will accept the amendments we are proposing to him, in particular the one allowing provincially regulated insurance companies to rationalize and have transactions with federally regulated companies.

It would be only logical to do so, and in my opinion the matter of consumer protection has been resolved. The consumer is protected by recognized institutions which are, let us keep in mind, within an area of jurisdiction that is exclusive to the provinces. All that is left to do is for the other side of this House to show some good will. Next week the Minister of Finance can, when the bill is passed on second reading, acknowledge the value of our arguments and claim to be a true defender of the economic interests of Quebec.

[English]

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am pleased to speak to this first group of motions which have been moved by the official opposition. I would like to speak to each of them in order.

Motion No. 1 deals with financial planning and the suggestion that the act be amended to provide that where there is any provincial regulation on the provision of financial planning services, that provincial regulations shall override the Bank Act.

• (1700)

I want to clarify first of all that the amendment is proposed in respect of section 410(3) which deals only with the right to make regulations in respect of new in house services, for instance provision of information processing services and specialized financing services.

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The right to make regulations about the provision of financial planning services by banks was introduced in the 1992 Bank Act and is not being changed by Bill C-82. That being said, I think what underlies this motion is the suggestion that the federal government, federal regulators in the Bank Act, have no place whatsoever in the area of financial planning and regulations with respect to financial planning.

It would simply be untenable if the Bank Act and other financial institutions legislation which regulate financially chartered institutions were not to be able to control the scope of powers of those institutions. It is simply unacceptable to carve out certain powers and say you cannot deal with those powers with respect to a federal institution. Clearly concomitant with the right to regulate certain institutions is to regulate the scope of the powers of those institutions.

With respect to the second motion with respect to privacy and the proposal from the official opposition that where there is any provincial regulation on privacy it shall override the Bank Act, I also understand that but I think consumers understand that they are better off that this area of privacy and consumer protection is a matter of shared jurisdiction between the provinces and the federal government when it comes to financial institutions and consumers are the better for it.

The last motion that was just brought forward by the official opposition deals with the transfer of blocks of business between insurance companies. The proposal has been made that the act be amended to permit the Minister of Finance to allow transfers of blocks of insurance business from federally regulated companies to provincially regulated companies.

Again, I understand the motivation for the recommendation of this change. Indeed it is something that officials are looking at. Today in question period one of the hon. members from the official opposition asked the Minister of Finance if he could proceed and make this change at this time. The Minister of Finance indicated he was open to considering such a change but that officials still had work to do.

We have several concerns before we would agree to such a change. Among them is the protection of policy holders and the safety, soundness and prudence of the regulatory system. It is a complex matter. Under current law transfers of blocks of insurance policies that are purchased by one company from another are not permitted when one of those companies, the seller, the vendor, is a federally regulated company and the purchaser, for instance, is a provincially regulated company. The reason for that relates, as I said, to the protection of customers and solvency of federally regulated companies. It is essential in a transfer situation that the same supervisor continue monitoring not only the transferring company but the acquiring company.

If financial difficulties were to arise the superintendent would have the information to take effective action by ordering both

companies to take appropriate measures. This may not be able to be done if the acquiring company is not under the supervision of the superintendent.

I want to focus on some of the problems. That is not to say they are insurmountable. Indeed, as I said a moment ago, federal officials are looking at this suggestion and shortly, if the questions that we have about safety, soundness and consumer protection can be addressed, I could foresee a change along these lines being made, but we are not there yet.

I just want to end by saying that Bill C-82, the financial services legislation, contains many important changes for the financial services sector and in particular the insurance sector. We have been responsive to many of the proposals that were brought to this government before the preparation of the white paper and the consultations that took place after the white paper before the finance committee reflected, and these responses are reflected in this bill.

• (1705)

To be fair, this request for the federal Minister of Finance to grant the discretion to allow these transfers between federally regulated and provincially regulated companies was not something that was brought forward by the industry during these consultations as a priority for the changes it wanted to see in this round. It has been brought to our attention at the 11th hour by certain insurers in the industry and it is a valid suggestion that we should look at, but we must take the time to look at it so we can assure ourselves that prudence and consumer protection are addressed. We are going to do that.

Mr. Schmidt: Mr. Speaker, I have a question of clarification. I wish to introduce amendments to Bill C-82. Is that appropriate now or do you have to do something to bring those motions forward?

The Acting Speaker (Mr. Milliken): I assume the hon. member is referring to the other motions standing on the Order Paper in his name and that he wants to proceed with debate on those motions.

If that is so, is the House ready for the question on the group now before the House?

Some hon. members: Question.

The Acting Speaker (Mr. Milliken): The question is on Motion No. 1. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Milliken): All those in favour of the motion will please say yea.

Some hon. members: Yea.

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The Acting Speaker (Mr. Milliken): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Milliken): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Milliken): The division on Motion No. 1 is deferred. The next question is on Motion No. 3. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Milliken): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Milliken): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Milliken): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Milliken): The division on Motion No. 3 is deferred. The next question is on Motion No. 5. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Milliken): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Milliken): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Milliken): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Milliken): The division on Motion No. 5 is deferred.

The House will now proceed to debate on the motions in Group No. 2.

Mr. Werner Schmidt (Okanagan Centre, Ref.) moved:

Motion No. 2

That Bill C-82 be amended by deleting Clause 45.

Motion No. 4

That Bill C-82, in Clause 55, be amended by deleting lines 19 to 42 on page 31 and lines 1 to 10 on page 32.

Motion No. 6

That Bill C-82, in Clause 412, be amended by replacing lines 18 to 22 on page 254 with the following:

“Governor in Council.”

He said: Mr. Speaker, I wish to speak to these amendments and to refer briefly to the hon. parliamentary secretary with regard to Bill C-82 covering a number of financial institutions. I think that is correct, a number of the wishes were put into place, a marked improvement forward.

However, the sections I am referring to, essentially clause 45, part of clause 55 and the subsequent amendment to clause 412, are there for a very specific reason which has to do with tied selling. Tied selling means to sell one product on the condition that another product be purchased. In other words, in the case of getting a mortgage from an institution you would get that mortgage only on the condition that you also brought your RRSPs or other kinds of things to that institution, which could be a bank, credit union, trust company or whatever the case.

The difficulty is that the individual once having made application for loan and wanting that loan has no choice. That is where the issue lies and this is where we want to come to grips with this matter.

I draw this to the attention of the House. The government has indicated that it would pass this legislation at this time but that it would not proclaim these two sections of the act until September 1998. That proposes a very interesting dilemma. If the issue is that this should be done now, then why would one delay this thing? The rationale given was that it has to be given to the finance committee so it can study in depth the implications of tied selling in the world of financial business.

All the rest of this was done in consultation with industry and was subjected to an in depth study. Now apparently this issue requires further study but in the meantime the government will pass legislation to permit institutions to do it. There seems to be a certain lack of logic in this procedure.

I am so concerned about this issue because it is not in the interests of the consumer. There are people who would argue this is of particular interest to certain vested interests in the financial sector.

• (1710)

I submit that the interest is the consumer and the protection of the consumer. I draw to members' attention the comments that were made by the director of government relations of the Insurance Bureau of Canada when he appeared before the committee: “If there is an area where the committee may choose to make Bill C-82 an even better piece of legislation, it is with respect to the tied selling provisions proposed under section 459.1 of the Bank Act. Our view is that subsections (2) and (3) have been worded too

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broadly and may permit the bundling of certain bank products and other financial services in a way that may not be beneficial to consumers”.

That is the crux of the issue. It is not only our view but it is the view of the Insurance Bureau of Canada and the member companies. It is also the view of the Insurance Brokers Association of Canada, which has written a similar letter on this issue.

The matter goes even further when we get into the statement: “The finance committee is also expected to assess ways to make a distinction between cross-selling and practices anti-competitive or coercive ones. The distinction between what is and what is not acceptable could be, we are told, reflected in future regulations. If our understanding is correct, it implies that the proposed interpretive amendments to section 459.1(2) and (3) of the Bank Act may be deleted or modified to reflect the finance committee’s findings and recommendations”.

What are the implications of tied selling that make me concerned and that show why these provisions are not in the interests of the consumer? Probably the primary issue here is the matter of forcing consolidation of financial assets into a single institution.

Why is this significant? In this case we are dealing only with banks. It should apply to other institutions as well but the act refers here only to banks. They could precipitate a change in loan status, credit lines and so on based on the customer information available to them from information that may be existent in a subsidiary.

We were told before the committee by the Canadian Bankers’ Association that the bank would never use information from its health insurance subsidiary or their life insurance subsidiary to in any way influence what would happen in terms of this issue.

Let me read the policy statement that exists in one of the subsidiaries of one of our six major banks. This is written to clients of this subsidiary: “In respect of the law the officers and employees must scrupulously observe in letter and spirit all laws governing business and securities activities. Confidentiality of client information is a fundamental principle of our firm. No employee may release confidential client information unless required by law or with the client’s consent”.

Then there is assurance that the subsidiary is wholly owned subsidiary of the bank and the bank guarantees all the liabilities of the subsidiary.

Now comes the key part, sharing client information. The subsidiary: “May give confidential client information to the bank. This type of information includes a client’s name, address, phone number, income, assets, debts, investment objectives and financial plans”.

The bank may use this information for the following purposes: to sell its services to the client; to survey the relationship between the subsidiaries and their clients; to determine the amount of debt outstanding to the subsidiary and to the bank; for any other purpose about which the subsidiary will inform the client in writing. That is the clincher.

What is excluded? Nothing. The bank will not pass this information to anyone else. Notice under the heading of consent: “By opening an account with this subsidiary, you are consenting to the bank’s use of the information. If you want to end this consent, you must give written notice to the subsidiary, addressed and delivered to your subsidiary’s branch. Your notice will be in effect when you receive a written acknowledgement from that subsidiary. The subsidiary may then decide to close your account if you said you wanted to withdraw this consent, and give you at least 30 days written notice before doing so. They will assume that you have received this notice five days after it was mailed”.

• (1715)

If that is not a clear indication of how the information in a subsidiary may become the information available to another subsidiary or the bank, I would like to know what could be clearer than that.

That is one of the reasons confidentiality of information and consolidation of all of one’s financial assets under one bank could be very serious if one of these businesses or certain parts of the enterprises get into difficulty.

There is another reason this is not in the best interest of the consumer. The point has been made, which is precisely what subsection 459.1(2) states, that preferred rates may be given on the condition that certain other products and services be purchased from a particular person. Preferred rates are given.

What does this suggest? It seems to me that we all know about lost leaders. It is certainly possible for a financial institution, in this instance a bank, to provide the individual a preferred rate, perhaps even a preferred rate in RSP purchases or in terms of negotiating securities. Then, once the business is consolidated under one roof, it could simply say: “Guess what? Our costs have gone up and we are going to have to increase the price of these services to you”.

It is certain price fixing and a certain monopoly position vis-à-vis a particular customer that may not be in the interest of the consumer.

Finally and probably the most significant part is to recognize that we in this country need freedom. We need freedom of choice, fairness and equality. If the government wants to declare its support for consumers in the first instance, to support growth and development of small business and to maintain strong, stable and viable financial institutions like banks, it will support these amendments.

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Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I thank the hon. member opposite for his work on the bill. He has been tireless in his efforts at the finance committee. Once again he is trying to bring forward amendments in the House which I am sure he thinks will improve the bill.

We have taken a very long time to look at the needs of the financial services sector and to respond. Major amendments were introduced in 1992. Up to that time it had been traditional to amend the Bank Act and related statutes in the sector every 10 years. Because of the nature of the changes introduced in 1992 it was decided to review those changes in five years, in 1997.

Consultations were conducted. A white paper was issued. Discussions were held on the white paper. Hearings were held by the finance committee of the House of Commons and by the Senate banking committee. The government took time to reflect on the consultations and legislation issued. It has been debated in the House. It was again debated at committee. We now find ourselves at this stage very close to moving forward with what is essentially a bill that does some minor tinkering with financial services statutes because of the major overhaul that was done. The conclusion the government came to was that many of the changes put in place in 1992 were still being absorbed by the sector. It would be unfair to Canadians and unfair to the sector to once again make major changes. The bill before us today deals with a host of issues responsive to needs to make the sector more efficient, more accountable and more responsive to the concerns consumers have addressed.

• (1720)

I digress for a moment to say the government announced the creation of a task force on financial services to look ahead to the 21st century and to ask some fundamental questions about the shape of the sector for the next century. How will it continue to serve the interests of Canadians while continuing to grow and prosper? How will it help enhance the opportunities for jobs and growth? What powers are required? What realities will the industry face?

We cannot sit back and simply say what we have will always be good enough. The world changes whether we like it or not. Competitive factors are there whether we like it or not. Our financial services sector, a major engine of employment and investment, requires that the government take the time—and through the task force it is doing so—to ensure the sector is poised to deal with the challenges of the next century.

The sector is often maligned in the House because it is misunderstood. That is not to say there is not fair criticism. There certainly is. We heard a great deal of it in the committee, which was quite

legitimate, as is true of any business sector. It is a major employer, particularly the banks, of millions and millions of Canadians through their RRSPs and their company pensions. Sometimes we forget that.

Motions Nos. 2, 4 and 6 in the second group relate to the issue of tied selling. We heard much about tied selling before the finance committee during the consultation stage when we were considering the white paper. Allegations have been made that certain financial institutions engage in tied selling and that the legislative provisions which currently exist in the financial services laws are insufficient to deal with the problem.

The committee and the government concluded that as yet there is insufficient evidence of the existence of tied selling as it has been described to us by certain parties. Therefore the government took a decision recently to invite the finance committee of the House of Commons to engage in a detailed study of tied selling in the financial services sector. That study will take place over the next year. In the interim while the study is going on, the government has indicated that it expects each participant or each industry group in the financial services sector to develop internal guidelines to deal with tied selling practices in this area. The government certainly hopes that a self-regulatory regime will develop in that sector. We certainly want to give it time to happen.

• (1725)

The hon. member opposite, knowing the party he represents, does not want government to rush in to regulate and not necessarily help the situation. We are giving the industry time because the industry has said: “We can address the problem. Let us address it”. We are saying: “We will stand back and let you do that”. We will also look at the whole area through the good work of the finance committee in the year ahead.

To facilitate that we have proposed that a new tied selling provision, which had been proposed in the legislation originally tabled before the House, be suspended and not be proclaimed in force until a certain date in the future.

In the interim the existing tied selling provision, whether adequate or inadequate, will remain in place so that we are not left with no provision whatsoever in the Bank Act dealing with tied selling.

The government looks forward to hearing from the finance committee of the House of Commons with respect to its recommendations about the tied selling provision, what should be reflected in regulations under that provision, what activity should be described as acceptable and what activity should be prohibited.

We are mindful of the experience of our neighbours to the south in the United States where there are extensive provisions dealing with tied selling and carve outs of acceptable activity. We do not want to inadvertently take away from consumers the opportunity to

benefit from relationships that can happen in the market by just an outright prohibition at this point.

While we appreciate the member's interest in the area, his concern for consumers and for the efficient functioning of the sector, we think we have the best situation of all. We have proposed the new tied selling provision and suspended it. It will be proclaimed in force. The government at that point will have the benefit of seeing how the self-regulatory regime works and the benefit of extensive study of the subject of tied selling throughout the financial services sector by the finance committee. I am sure the hon. member opposite will co-operate in the work of the finance committee.

On behalf of the government I urge hon. members, as I did with respect to the first group, to reject these motions.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I vehemently disagree with the Parliamentary Secretary to the Minister of Finance.

In his speech he indicated that the bill on financial institutions had been debated and was pretty close to moving forward. Those words mean they are not sure what they should be doing on tied selling. That is the clause members of the Reform Party are most concerned about. It is the clause that is potentially extremely dangerous for consumers if the bill is allowed to go through without clear definition and for competitors in the financial world.

The bill affects the four pillars of the financial industry: trust companies, insurance companies, investment dealers and the banks. By far the most powerful institution of those four are the banks.

The Parliamentary Secretary to the Minister of Finance should know it is the job of government to protect those who cannot protect themselves, to protect against monopolies and to protect against unfair intrusion into competitive areas where single suppliers of a service are not held at a disadvantage.

I submit that clause 45 deletes the current section in the act that prevents tied selling. Subsection 459.1(1) reads:

A bank shall not impose undue pressure on, or coerce, a person to obtain a product or service from a particular person, including the bank and any of its affiliates, as a condition for obtaining a loan from the bank.

That makes sense. I agree with that. It is the clause that basically says that no tied selling, no coercion and no undue pressure on the consumer. It protects other institutions that offer insurance and investments and the bank does not have the advantage.

Then it goes to clauses 2 and 3 which my colleague from the Okanagan wants deleted. I support that amendment. Section 459.1(2) confuses things more. It reads:

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For greater certainty, a bank may offer to make a loan to a person on more favourable terms or conditions than the bank would otherwise offer to a borrower, where the more favourable terms and conditions are offered on the condition that the person obtain another product or service from any particular person.

If that does not give the banks unfair advantage, these people do not know what they are talking about. The bill is advocating volume discount. I have five products. You are coming to me for a mortgage. I approve your mortgage, but I say: "Listen, I can give you a better rate on the mortgage if you buy an RRSP. I will give you an even better rate if you buy insurance on your house". Those are three products. But wait a second. A trust company cannot provide all of those products. Insurance companies cannot provide all of those services. Investment dealers cannot provide mortgages. That is unfair.

Mr. Speaker, you are giving me a sign, but I believe the agreement made by the House leaders was that we would be given two ten-minute speeches on this today and that would be it. That is what the parliamentary secretary to the House leader told us. I believe that the Bloc agreed to that, as did the Reform Party. I thought I had five more minutes.

The Acting Speaker (Mr. Milliken): The Speaker is bound by the House order that was adopted earlier this day, which provides that at the end of Government Orders, which is at 5.30 p.m., as the hon. member knows, all questions are deemed to be put and a recorded division deemed to be requested and deferred until Tuesday, April 15 at 12.30 p.m.

If there is any other arrangement, I am unaware of it. If there is consent, the hon. member may continue for another five minutes. Otherwise, I believe the time has expired and it is my duty to interrupt the proceedings in accordance with the order adopted earlier this day.

Mr. Silye: Mr. Speaker, I was present when the negotiations were going on. If there is some confusion, then of course you will proceed to Private Members' Business, but I would like to make it clear and put it on the record that I still have five minutes remaining when this debate resumes.

I know that the parliamentary secretary to the House leader is busy with other matters, but I wish he was here to clarify the situation because I do insist, because that was the deal, that I be allowed to finish this point. That is one of the things which is wrong with sending this stupid bill off to committee after only three hours of debate.

Mr. Campbell: Mr. Speaker, in the absence of the parliamentary secretary to the government House leader, I was present in the House and I believe you may have been in the chair, Mr. Speaker, when the motion was discussed. If you refer to the text of the motion, it is clear in its terms.

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I think you have proceeded quite properly and that at 5.30 p.m. today all questions are deemed deferred until Tuesday and all stages of the bill which is before us, Bill C-82, will be dealt with at that time.

Mr. Silye: Mr. Speaker, I do not disagree with what the parliamentary secretary to the finance minister said. I just want to have it on the record and make it clear that when we continue government orders I will have the floor to finish my speech.

The Acting Speaker (Mr. Milliken): The difficulty the hon. member has is that when the matter comes up again it is for a vote. There is no continuation of the debate except at third reading stage.

Mr. Kilger: Mr. Speaker, certainly everything that was mentioned by the Parliamentary Secretary to the Minister of Finance is correct. I fully support his view on the matter.

However, I was also involved in the negotiations with the other parties and, given the co-operation of all the parties and the fact that the matter will be coming to a vote on Tuesday without any further debate, as you stated, in a spirit of co-operation I think we should give the member for Calgary Centre another five minutes in order that he may conclude his remarks. Then, of course, the vote will be deferred until Tuesday at 12.30 p.m.

The Acting Speaker (Mr. Milliken): The House has heard the suggestion of the chief government whip. Is it agreed that we extend for five minutes at this time?

Some hon. members: Agreed.

Mr. Silye: Mr. Speaker, I would like to thank government members for giving me the opportunity to finish my remarks.

I would caution those members of the Standing Committee on Finance who will be considering this bill, especially with respect to the issue of tied selling.

For greater certainty, we have to ensure that there is a level playing field for financial institutions. We have to be concerned that investment dealers, trust companies and insurance companies do not have the same rights to provide all of the services which banks do.

For instance, all those money machines out there are only banks, Mr. Speaker. You have to have a bank account in order to use them. These other institutions do not have that right. If a clause is put in which says that the more services that one uses with the bank the better deal one can get on one's rate for borrowing the money, that is giving an unfair advantage to the banks. To me that is very clear. It is unfair to the other institutions.

For the individual consumer in that particular case it might be fair. As my colleague from the Okanagan pointed out, there are two schools of thought concerning what happens when one bank or one institution ends up getting all the business and knows everything

about that person. Either that is good or that is bad. If it wants to pull the plug it can pull the plug.

Clause 3 states that for greater certainty a bank or one of its affiliates may offer a product or service to a person on more favourable terms or conditions than the bank or affiliate would otherwise offer where the more favourable terms and conditions are offered on the condition that the person obtain a loan from the bank.

I am confused or call me stupid, but one clause says we get rid of tied selling, then it is replaced with this type of tied selling. That allows tied selling. That is not cross selling. The banks can offer more services, thereby if they are allowed to give discounts they can give greater discounts than the other institutions. Therefore, it becomes tied selling and people will end up dealing more with the banks and it is a loss of revenue or business for the other institutions.

Cross selling is fine. I have applied for a business loan, they have approved it and then they ask me questions like "Jim, do you need a mortgage? Do you need something else?". When I tell them no, they say "Okay. If you did you know we could look at it favourably". That is suggestive selling. Or I just bought a house and they ask if I would like to get insurance on that house. Then I ask what is the rate. At least I get my mortgage and I am approved. It has nothing to do with my mortgage being conditional upon me also getting insurance. If they just suggest it, that is okay.

We do not know what goes on behind closed doors, but we did have witnesses come before the committee and say that this kind of thing is done by certain bank managers who are more aggressive than other bank managers. The law may say one thing but the application of the law by individuals in the workplace might allow them to do another thing. If they do another thing, then we end up with coercive tied selling and that concerns me.

I do not want to be a part of a 35th Parliament that passes something like this without proper debate, proper discussion, lots of witnesses in the committee so that we know exactly whether we are talking about cross selling or tied selling.

Maybe somebody should put forward an amendment that would allow insurance companies, trust companies, investment dealers that want to merge to go into the banking business as well. In that way they can compete with the banks and we will not have these kinds of debates. Then whatever the bank offers as a volume discount for having more and more services, these other companies would also be in a position to do the same thing.

Mr. Speaker, I want to thank you for your patience in listening to the different points of order. I want to thank the chief government whip for conceding the extra five minutes and the Parliamentary Secretary to the Minister of Finance for also agreeing to allow me

these few more minutes so that I can get the points across that I wanted to make. I thank everybody in the House.

[*Translation*]

The Acting Speaker (Mr. Milliken): Pursuant to the agreement reached earlier today, all motions in Group No. 2 are deemed to have been put and recorded divisions are deemed to have been requested and deferred.

Is the House ready for the question.

Some hon. members: Question.

The Acting Speaker (Mr. Milliken): The question is on Motion No. 2. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Milliken): All those in favour will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Milliken): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Milliken): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Milliken): The recorded division on the motion stands deferred.

The next question is on Motion No. 4. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Milliken): All those in favour will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Milliken): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Milliken): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Milliken): The recorded division on the motion stands deferred.

The next question is on Motion No. 6. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

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Some hon. members: No.

The Acting Speaker (Mr. Milliken): All those in favour will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Milliken): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Milliken): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Milliken): The recorded division on the motion stands deferred.

[*English*]

It being 5.30 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

On a point of order, the hon. member for Scarborough West.

Mr. Tom Wappel (Scarborough West, Lib.): Mr. Speaker, I rise on a point of order. I want to apologize to my friend from Scarborough—Agincourt for taking just a few minutes of private members' time on this point of order.

After discussions with my friends on all sides of the House, I believe that if you seek it you will find the unanimous consent of the House for the following motion. I move:

That the House proceed immediately to Bill C-205, an act to amend the Criminal Code and the Copyright Act (profit from authorship respecting a crime), at report stage and third reading without further debate.

• (1740)

The Acting Speaker (Mr. Milliken): The House has heard the proposal of the hon. member for Scarborough West. Does the hon. member have the leave of the House to proceed as indicated with the two stages of the bill without debate?

Some hon. members: Agreed.

PRIVATE MEMBERS' BUSINESS

[*English*]

CRIMINAL CODE

The House proceeded to the consideration of Bill C-205, an act to amend the Criminal Code and the Copyright Act (profit from authorship respecting a crime), as reported (with amendments) from the committee.

Mr. Tom Wappel (Scarborough West, Lib.) moved that the bill be concurred in.

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The Acting Speaker (Mr. Milliken): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to.)

The Acting Speaker (Mr. Milliken): When shall the bill be read the third time? By leave, now?

Some hon. members: Agreed.

Mr. Wappel moved that the bill be read the third time and passed.

Mr. Strahl: Mr. Speaker, I would like to ask the hon. member who, on this side, he had those discussions with since I was not a party to them? I know he was planning on having those discussions but I was not privy to them. I hate giving unanimous approval to something of which I was not a part. Could he explain that?

Mr. Wappel: Mr. Speaker, I thank the hon. member for his question. I had my discussions with the critic for justice for the Reform Party, the member for Crowfoot, and also with the member for Lethbridge whom I believe is the House leader. Both of them concurred with this. I assure my hon. friend of those discussions and that they did agree.

Mr. Strahl: Mr. Speaker, I know we had planned those discussions. I know our party has been supportive of this bill and I will take the member at his word. I am happy to support the motion that has been put before us.

The Acting Speaker (Mr. Milliken): Is it the pleasure of the House to adopt the motion at third reading?

Some hon. members: Agreed.

(Motion agreed to, bill read the third time and passed.)

* * *

INCOME TAX ACT

Mr. Jim Karygiannis (Scarborough—Agincourt, Lib.) moved that Bill C-324, an act to amend the Income Tax Act (entertainment expenses), be read the second time and referred to a committee.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I rise on a point of order.

In light of the great co-operation that has been evident in the House this afternoon I am sorry to rise now just before my hon. colleague is about to speak, but I must rise on a point of order with respect to private member's bill C-324.

I must sadly say, and I would ask you, Mr. Speaker, to rule on this, that the bill is not in order on the grounds that the intent of Bill

C-324 is to increase taxes and would therefore require the tabling of a ways and means motion.

I remind my hon. colleagues that such legislation requires the tabling of a ways and means motion which can only be tabled by a minister of the government. On these grounds, I would ask, Mr. Speaker, that you rule this bill out of order. I would like to add that I am sorry to have to rise and do this but as a matter of the order of the House I felt it essential to do so lest we have a breakdown in the way in which those sorts of bills are brought forward.

Mr. Speaker, I would ask you to take a position on that.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, once again I find myself disagreeing with the parliamentary secretary on this issue. He well knows that we have a committee that reviews private members' bills. It is the job of that committee to determine whether or not private members' bills should go forward.

• (1745)

The scrutiny and review of the principles and objectives of that bill, whether or not they conflict with government policy, whether or not they should be allowed to proceed, is determined in that committee. Members well know that.

This bill is at second reading. It was presented to the House. The government House leader had ample time and opportunity to ask the member to withdraw. This gentleman has worked hard to put forward some ideas in his suggestion. Whether we agree with it or not is another issue.

This gentleman is a member of Parliament. He has followed the proper course and if you rule in favour of the point of order of the parliamentary secretary to the finance minister, you will be stepping on the toes of another hon. colleague.

We should just proceed with this debate as planned and let this thing play itself out. The proper procedures have been followed.

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I think this bill deserves our consideration, especially since it is not votable. In addition, the bill not being votable, the point made by the parliamentary secretary is irrelevant, as it will have no funding implications. This is simply an opportunity for this House to look into the matter and the desirability of taking action in that area.

Not being votable, this bill will have no economic impact, but it will have an impact nonetheless because of the relevancy of the idea put forward by the hon. member.

[English]

Mr. Campbell: Mr. Speaker, I have a couple of points. It was evident in the hesitation in my earlier remarks that I am troubled to

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be rising to object to this bill's being receivable and debatable here because of the hard work of my hon. colleague which many of us do in trying to get private members' bills before this House.

I do not want to interfere with that process. However, it is always up to you to decide whether something is in order that we are debating in this House.

Notwithstanding the procedure that has been followed, it is clear that the sorts of bills that call for this kind of action by the government must be preceded by a ways and means motion which can be tabled only by a minister of the government.

Mr. Speaker, should you rule in favour of proceeding with this debate, we will proceed and debate this motion. I want to make it clear and have it on the record that the bill, in the government's view, is not properly receivable by this House because of the nature of the bill. I am sorry that is the outcome.

Mr. Jim Karygiannis (Scarborough—Agincourt, Lib.): Mr. Speaker, I rise on the same point of order. With regard to the point raised by my hon. colleague, I would like to make a few points clear.

This bill was properly researched and drafted by the private members' business office which, I assure members of the House, is highly professional in its organization with many years of experience in these matters. It saw no problem with regard to the exclusive prerogative of the crown to levy taxes and believes this bill to be in order.

Erskine May's twenty-first edition, pages 727 and 728, shows examples of matters that require a ways and means resolution to be initiated by a minister of the crown. The examples listed include, under taxation, new taxation, continuation of an expiring tax, reimposition of a repeal tax, increase in the rate of the existing tax, and extinction of an instance of tax.

This bill does not change or repeal the rate of taxation or offend any of the criteria which fall under the purview of the government. It merely eliminates a deduction which will cause persons and business affected by this bill to pay this rate of taxes, as do other Canadians.

I therefore ask you, Mr. Speaker, to rule against this point of order and let the debate proceed.

Mr. Silye: Mr. Speaker, to satisfy the parliamentary secretary to the finance minister, as the member from the Bloc Quebecois pointed out, this is a non-votable motion. There will be no ways and means required to do anything because the House does not have to vote on this.

The Acting Speaker (Mr. Milliken): The chair has heard the arguments put forward by all hon. members on this issue. I want to stress that in my view the parliamentary secretary is absolutely correct to raise the issue at this stage. It may seem late to hon. members, but bills are introduced and read for the first time

without being reviewed by other hon. members. They sit on the Order Paper until they win a draw and are put on the order of precedence. It seems to me entirely appropriate that the issue be raised at this stage.

• (1750)

It could have been raised earlier I suspect as a point of order at any other time but it has been raised now and it clearly impacts on whether the bill is votable.

I must say that I have grave doubts as to whether this bill is in order. I refer to page 821 of Erskine May's twentieth edition:

Matters which are covered by the term 'charges upon the people' may be briefly summarized as—(2) the repeal or reduction of existing alleviations of taxation such as exemptions or drawbacks—

It is clearly stated that where there are such changes it would appear that ways and means proceedings are necessary and the full scope, that is a resolution, would have to be introduced first, followed by the bill.

In view of the fact that the House is ready to proceed with the debate today and in light of the fact that members are prepared to debate the subject today, and in view of the comments that have been made concerning the possibility of such a debate, as your Speaker I will take the matter under advisement and give a formal ruling on the point of order at another time.

We can proceed with debate today. I have indicated the way the Chair is leaning in light of the arguments advanced. If that is satisfactory we will now proceed with debate.

Mr. Campbell: Mr. Speaker, thank you for resolving it in that fashion. I want to indicate to my hon. colleague we will proceed as a result of what you said but I want to be assured that did not stand as any precedent whatsoever.

The Acting Speaker (Mr. Milliken): As I indicated to the parliamentary secretary, I will come back to the House with a formal ruling at a later time, possibly next week.

Mr. Jim Karygiannis (Scarborough—Agincourt, Lib.): Mr. Speaker, it is with great pleasure to rise today to speak on my private member's Bill C-324, an act to amend the Income Tax Act. Bill C-324 provides for the elimination of entertainment expenses as a deduction under section 67.1 of the Income Tax Act.

I received a number of calls and correspondence from lobby groups and business associations under the mistaken belief that meal deductions would be affected by this amendment. I would like to make it clear from the outset that this amendment would not affect business meal deductions.

What this amendment would do, however, is bring a certain amount of fairness into the tax system for both small businesses and individuals. I would like to commend the government which in the 1994 budget reduced the deduction from 80 per cent to 50 per cent. At that time there was much concern expressed by the

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business community that this would have a detrimental effect, but this was proven not to be the case.

I believe that elimination of the entertainment deduction would in the short term cause a small amount of disruption but in the long term have no negative effect on businesses and a positive effect on the revenues of the government and create a more equal playing field for all those who pay taxes

If we look at sport stadiums in any major Canadian city the majority of the best seats and practically all the box seats are held by corporate entities. They do so with the help of 50 per cent deduction on their income tax, while at the same time the average Canadian sits in a cheaper seat up in the bleachers and pays full price. The same holds true for attending the theatre, opera or the events where the business community gets to deduct half the cost while the average Canadian pays full price. This situation gives rise to the circumstance that most sport stadiums count on the very expensive box seats to provide necessary revenue to pay the exorbitant salaries of sports figures who are indirectly being supplemented by the Canadian taxpayer.

Although no figures are available there is much anecdotal evidence to suggest that many of these corporate seats and boxes are used by employees and their friends and families rather than to further business contacts, as was the original intent of the deduction. In my opinion this change would result in significant savings to the people of Canada with relatively no impact on small businesses and only a small period of adjustment for large businesses.

• (1755)

While this bill has not been deemed a votable item, I believe that it is of some importance and when the opportunity arises I shall resubmit it.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I am pleased to speak today on this private member's bill. The procedural debate we had earlier is but an indication of the Liberal government's unwillingness to reform the tax system. Beyond the principles raised, it is obvious that, these past three years, the Government of Canada has sought to avoid at all costs changing the tax system to any great extent.

While the Minister of Finance received with great interest the papers on corporate and personal tax reform prepared by the Bloc Québécois, the government did not act on either. On every issue, be it family trusts, the GST or tax havens, the Bloc played its role as a watchdog, defending the interests of the taxpayers, but the government failed to show the leadership one would have expected from a

government looking to change things and make tax policies more effective, with respect to employment development in particular.

According to the Bloc's analysis of corporate taxation, the federal government could recover something like \$3 billion a year by revising or eliminating some outdated, ineffective or unfair tax expenditures. The expenses specifically targeted by the hon. member in his bill deserve consideration. It would be appropriate to take an in-depth look at these expenses to see if, given the effort asked from everyone to help improve public finances, we can still afford to allow entertainment expenses as a tax deductible item. We must also look at who benefits from such deductions.

The same questions could be asked about the fact that lobbyists are allowed some tax deductions for their lobbying activities. It is rather strange that a group, whose mission is to try to influence parliamentarians so as to favour the interests of those it represents, can enjoy a tax benefit that does not exist for ordinary citizens. This is rather peculiar and a review of this whole issue seems in order.

So, whether we are talking about corporate or individual taxation, the federal government did not do its homework, as evidenced by the fact that a Liberal member feels compelled to table a private member's bill to deal with a very specific issue, namely the tax deduction allowed for entertainment expenses.

There is also a significant shortfall when it comes to personal taxation, because a lack of initiative or imagination on the part of the federal government keeps it from bringing about the tax reform that is so necessary. Here again, some \$2.5 billion could be recovered, while about \$4 billion could be reallocated annually, if the government reviewed or abolished some obsolete or inefficient expenses. Such a reform would also improve fairness within the federal tax system.

Therefore, the Bloc Québécois fully supports this bill. Why should the Income Tax Act allow a company to reduce its tax liability by several thousand dollars simply because it happens to have, for example, a private box in a sports centre? This is something our society must no longer tolerate, in view of the hardships experienced by the poor. A government that imposes an employment insurance reform which has the effect of diminishing benefits provided by the program while increasing the surplus cannot maintain measures that favour those who have money, as well as measures that do not necessarily yield the anticipated economic benefits.

So yes, the hon. member is right to call for abolition of this type of deduction; yes, it would be right also to demand that the government carry out far more extensive taxation reform, that it take into consideration the points submitted by the Bloc Québécois in two major documents on personal and corporate tax reform, from which a number of elements ought to have been adopted by the minister.

• (1800)

The fact that they were not is perhaps related to the fact that the minister has created a taxation review committee, a technical committee made up of experts, most of whom come from communities already taking advantage of the systems and conditions in place. Given such a context, it is understandable that the government is trying to avoid having a bill like this go any further.

I congratulate the hon. member, for at least this provides the opportunity to bring the debate out in the open on the eve of a federal election. I think that it will enable the voters to ask some questions of the various parties, such as: "What do you intend to do about these tax deductions? Does the Liberal Party of Canada feel these types of deductions ought to continue? What about the Reform Party, the Bloc Quebecois?"

In our case, the answer is obvious. Where the entertainment deduction is concerned, we feel this ought to no longer be allowed, especially for corporations, who use this in the end as a corporate perk, while at the same time often calling for the government to interfere as little as possible. You cannot have it both ways. There must be the greatest equity possible. I feel that the bill has the best of intentions in this area; it will not have any financial impact because it cannot be voted on, but it will have some impact on the political debates.

I hope that the people of Quebec and the people of Canada will take advantage of the next election to ensure that the next government, the next Parliament, all of the representatives who are here, will focus particular attention on this issue.

The Bloc Quebecois will certainly be there to remind the government that action is necessary. There is also a connection with political party financing. When a political party like the Bloc Quebecois is 100 per cent financed by individuals, and companies, organizations of any kind or labour unions cannot invest directly in a party, then it is only indebted to the electorate.

When a political party receives substantial contributions from banks, large corporations, even unions or other organizations, then its hands are tied when it wants to introduce tax reforms that only benefit the individual, and not people who were able to make sizable contributions to the party's coffers.

In concluding, I may say we applaud the principle behind the bill and the fact that the hon. member has asked the government to do what it failed to do for three years in terms of tax reform. We hope that the hon. member's initiative will be reflected as soon as possible in concrete government actions.

It appears that this sort of decision and action will not be taken until after the next election, but at least we hope that the Liberals will make specific commitments and that, if they are returned to power, they will keep their commitments and we will have a tax reform that eliminates all unfair deductions such as those for

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entertainment, although there may be some in other sectors too. The impact of each of these measures on job creation has to be assessed, and this will have to be a major criterion for tax reform, so the people of Quebec and Canada can trust the tax system and see clearly the advantages and disadvantages of each measure, and the new tax system will have to be fair.

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I am going to argue against this non-votable bill. Based on words and the ideology of the Bloc Quebecois member and the Liberal member who moved the motion, they are out to lunch when it comes to corporations. Do they not realize that corporations pay taxes and lots of taxes?

They talk about how this being a tax deductible item and the corporation getting it at half price while the person who takes his lunch to work has to pay full price. The corporation or business has generated the revenue to have the right to buy season tickets, to have the right to spend \$50,000 for a box.

Why do the government and the current income tax system allow these businesses to write that off against their incomes? It is for a very good reason.

• (1805)

They are sizeable corporations. They are movers in the business world. They are growing and expanding and they wish to communicate their message. The best way to get the attention of others who might possibly buy their product is to mix and mingle with them at times when they are not busy producing their product, from the hours of 8.00 until 12.00 and the hours of 1.00 until 5.00. The noon hour and evenings become prime time for people to spread their message.

Having a box at a hockey game can be a legitimate deduction because of expectation of profit. Companies in Canada cannot afford to buy a box if they are broke. Companies in Canada cannot afford to spend that money unless they are generating the money against which they can deduct the cost of the box from income.

Even at 50 per cent it is a good compromise. At 50 per cent the company has to think about how it is spending its money, whether it is justified and whether it will get a return through this contact and through this sales pitch.

It is a good compromise. It reduces the abuse. It legitimizes the expense. When it was 100 per cent I agree there was a lot of abuse. The 80 and 20 was not enough to ensure that companies thought twice about it. The 50:50 rule should not require a motion like this. It makes a mockery out of people going into business.

Profit leads to more tax revenue for the government than it loses through the tax deduction. That is another point. If the company

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has a box which leads to more business, for example a high tech corporation with a box at the Corel Centre, the company makes more money. The bottom line increases. The tax revenue increases. I bet it is more than the 50 per cent deduction on the \$50,000 box. What they are arguing against is less revenue for government, if it is taken away.

It would not apply to food. That is good. I was pleased the member made that clarification.

I do not understand how everybody seems to think we have to tax, tax, tax the rich and the corporations. We have to make sure that they pay their fair share. There is no question. People with lower incomes should pay less taxes than people with higher incomes. The simplified tax system I recommended would be progressive. It would have the same level of generous personal deduction. Everybody would pay the same rate with none of the tax exemptions. They would be eliminated. People would pay the single rate and maybe a dual rate on incomes up to a certain level and then a higher rate on incomes above \$30,000, say 17 per cent and then 25 per cent.

The point is that what sets a country apart from less fortunate and less expanding countries is how it handles its tax regime. Is it a punitive tax regime or is it an inducement tax regime? Do people get to keep more of their money when they make more money?

Our system is getting pretty iffy. We seem to punish incentive and successful people by taxing them more and more. The levels are higher than they should be. We are at the maximum in terms of taxes. The finance minister knows that. That is why he has not raised personal tax rates in the four years he has been here. He has been very smart not to do that. Had he done that, the Liberals would be a lot lower in the polls than they are right now.

With respect to corporations, the tax regime is important because we are now in a global economy. If the separatists want to have their own country, they had better learn quickly that if they punish their corporations by taxing the heck out of them, there will not be very many jobs. Who creates the jobs? It is the corporations. Do corporations really pay taxes? No, they do not.

We could say that the banks contribute \$8 billion in taxes. We could look at any financial statement of a public company to see how much it paid in taxes. Do they really pay those dollars in taxes? No. It is the consumer who pays the taxes. The tax cost is built into the corporation every year. It is built into a price increase to protect the bottom line. It is the people who pay. It is the consumers who pay the taxes.

• (1810)

The whole argument that we should tax corporations more is bogus. On the surface we must have a tax regime for corporations. I

am not one who says corporations should not pay tax. That is what some people say. They think costs would be lower and product costs would be lower and they would pass it along to consumers. No, I do not think so. I do not agree with that. They should pay some tax.

It is important to have the right incentives in place, a tax regime that is properly thought out. If there is expectation of profit it is a legitimate expense. If corporations are investing in hardware or investing in people, how do they get their message out there? They advertise. They advertise in a lot of ways. It is not just a media buy in the electronic media or the print media. Word of mouth sometimes is the best form of advertising.

If I just started a brand new restaurant, one of the better ways for me to increase clientele and sales so I can hire more people and end up paying more taxes is to start bringing people there. That is a legitimate deduction if I bring people there to introduce them to my product, my place of business, and show them what we have.

Both the Bloc member and the Liberal member who have just spoken do not understand the corporate environment. They do not understand what corporations really do. They do not understand how much of a contribution corporations make.

It is government's role to create the right incentive and the right environment for the private sector to create jobs. We are slowly getting the Liberals to accept that. They are talking the talk now. Maybe they will start walking the walk.

A bill like this one is draconian. It is dinosauric. It is from the past. We must create incentives for businesses to stay in Canada. We must give businesses the legitimate opportunity to deduct their expenses. Those expenses that are clearly and legitimately intended to increase their profitability should be deductible.

The 50 per cent rule legitimizes, reduces abuse and allows corporations to have the respect they have when they spend this kind of money. If these corporations did not spend this kind of money, does the member know how many rinks there would be in the country? Does the member know how many sporting venues or other venues would exist if there was not an inducement for companies to spend these moneys? There would be a lot less. How many jobs would be lost? I do not think the whole psychology has been thought out by the two members. They see high profits.

I would rather go after Bombardier. Lending money to Bombardier as the government has done is shameful. It is a profitable company with a profit of \$400 million last year. Over the last 10 or 12 years it has received over \$1 billion. We do not know when it will be paid back or how much will be paid pay back. How much of the \$400 million is the government getting back. We do not know those things.

Those are the ways in which I would increase revenues. That is how I would go after corporations. I would not subsidize businesses to that extent. If they cannot survive on their own they should go broke.

If Bombardier with its huge profit this year wants to buy a box at the Molson stadium, it should be allowed to deduct that against its income because it generated that \$400 million. A company does not generate \$400 million profit unless it hires a lot of people and has a lot of clients. It is a worldwide company. It needs to show the kind of operation it has. The member should rethink his position on going after corporations and not allowing deductions of this nature.

While I have the floor is it proper for me to move third reading?

The Acting Speaker (Mr. Milliken): I should caution the hon. member that if he seeks consent the Chair might be disposed to make a ruling on the procedural regularity of the bill. I am not sure, in light of the discussion we had earlier, the member would want to do that.

• (1815)

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I was only afraid that the hon. member for Calgary Centre wanted yet another five minutes. The spirit of co-operation only goes so far.

I would like to comment on Bill C-324, which we have been debating for the last few moments. It concerns the income tax system and specifically taxes on corporations.

I understand the intent of the bill is that certain company expenses on entertainment should not be deductible. In addition to the procedural irregularity of the receipt of the bill before the House which you, Mr. Speaker, have taken under advisement and on which I am not commenting further, there is a different problem.

I note, with all respect to my colleague the hon. member for Scarborough—Agincourt, the bill suffers from a drafting error, which I am sure was not the intent of the member. The bill would raise the current deduction for business entertainment expenses which is subject to several limits under the current Income Tax Act to 100 per cent of eligible expenses on entertainment.

I know that the intent of the bill and the tenor of his comments are quite different. The question before us is, to what degree should entertainment expenses be deductible in the computation of income for businesses.

As indicated earlier, the current deduction for business entertainment expenses is limited in several ways. First, businesses are not allowed to deduct certain types of business expenses. Specifically, expenses paid for the use of a yacht, camp, lodge or golf course facility are not deductible unless the taxpayer made or incurred the

Private Members' Business

outlay or expense in the ordinary course of his business from providing the property for hire or reward.

Second, the Income Tax Act requires that any business or entertainment expense must be reasonable in the circumstances and incurred for the purpose of earning income from a business or property.

Third, since 1994, qualifying business meals and entertainment expenses have been deductible at a rate of 50 per cent. Prior to 1994, 80 per cent of qualifying meals and entertainment expenses were deductible.

The current income tax rules are based on the presumption that business meals and entertainment expenses contain a portion which is incurred to earn income and, therefore, would normally be regarded as legitimate business expense. They also contain an element of personal consumption which should not be deductible. However, it would be very difficult to identify the precise proportion of business meals and entertainment expenses which represent the business component.

For this reason, the Income Tax Act permits businesses to deduct 50 per cent of eligible expenses on business meals and entertainment expenses in the calculation of taxable income.

I should also note that Canada's treatment of business meals and entertainment expenses is in line with the level of tax deductions in all provinces, including Quebec. I was startled to hear the hon. member say that he thought it should be changed. I wonder if he has told his provincial friends in Quebec City that. The federal deduction level currently is in accord with the level in all provinces and in the United States.

In conclusion, I would first say that the government cannot support Bill C-324. Indeed, I doubt that the hon. member for Scarborough—Agincourt would support it because of the drafting error which, in effect, causes the opposite result from that which he has asserted he intended.

However, even if the bill was redrafted in a way which would carry out its stated intent, I would recommend to the House on behalf of the government that it not be approved because it does not recognize that a portion of these expenses do have a legitimate business person. The complete denial of these expenses would not constitute an improvement in the system we now have.

The Acting Speaker (Mr. Milliken): There being no further members rising for debate and the motion not being designated as votable item, the time provided for the consideration of Private Members' Business has now expired and the order is dropped from the Order Paper.

Is it agreed that we call it 6.30 p.m.?

Some hon. members: Agreed.

*Adjournment Debate***ADJOURNMENT PROCEEDINGS***[Translation]*

A motion to adjourn the House under Standing Order 38 is deemed to have been moved.

CORCAN

Mr. Jean H. Leroux (Shefford, BQ): Mr. Speaker, a laundry in the city of Granby, in my riding, recently bid on a contract to service the Granby and Brome—Missisquoi—Perkins hospitals. Buanderie Shefford has been providing laundry services to these two hospitals for eight years now.

● (1820)

On December 19, 1996, Buanderie Shefford received a call for tenders. After the Granby company posted a \$200,000 bond, it realized, when the tenders were opened, that it was the lowest of the four bidders.

Strangely enough, the Corporation d'achat régionale de biens et services de la Montérégie decided to issue another call for tenders without giving any explanation whatsoever. This time, my constituent came out second, behind the Centre correctionnel de Laval, CORCAN, which, strangely enough, had not submitted a bid the first time around but did this time, knowing in advance what the prices of its competitors would be.

The private company, Buanderie Shefford, might lose a contract to a company funded in large part by taxpayers.

One has to wonder whether CORCAN includes all of its costs in the bids it submits and respects the same ground rules as its private sector competitors.

This is obviously a blatant example of unfair competition on the part of the federal administration, taking major contracts away from companies which are at least as competitive as Corrections Canada.

CORCAN employs, on a regular basis, some 1,800 offenders whom alone, I might add, cost Canadian taxpayers close to \$90 million a year. The tax burden should not be made heavier, it is bad enough as it is. The result would be a further 15 workers out of a job. This is a fact, and it is unacceptable.

Fifteen jobs are in jeopardy, 15 families may have to suffer the disastrous consequences of unemployment. While the Liberals promised jobs, jobs, jobs, just the opposite is happening in this case.

I sent letters to the solicitor general on two occasions. I have questioned him in this House and, on March 21, he told me he would be most pleased to look into the matter and to report to me as

promptly as possible. Here we are three weeks later and nothing has been resolved in this matter. Time is of the essence. Will the minister take action to redress this injustice?

Our local entrepreneurs have a right to operate in a free market setting where the rules of the game are not altered by the interference of government agencies whose financial resources are totally unconnected to their economic performance.

The government must act responsibly and act as quickly as possible to resolve this unfair situation. The government has one responsibility: it must withdraw its bid. That is the only conceivable solution.

Otherwise, law abiding citizens whose taxes pay for correctional facilities will end up losing their jobs. That is unacceptable. It makes no sense.

Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, it is my pleasure to provide an answer to a question raised in the House by the hon. member for Shefford, on March 21.

At the time, the hon. member expressed concern about the bid submitted by CORCAN, following a call for tenders by the Corporation d'achat régionale de biens et services de la Montérégie. He felt that CORCAN was an example of unfair competition on the part of the federal administration.

I want to explain that CORCAN is a special operating agency under Correctional Service Canada, which is accountable to Parliament, through the Department of the Solicitor General. The purpose of CORCAN is to promote rehabilitation of inmates into Canadian society by providing them with job and training opportunities during their stay in federal penitentiaries and for brief periods once they are released.

There are always around 1,900 federal inmates working for CORCAN. These working inmates get job-related training and experience. According to a 1994 study, former inmates who had worked for CORCAN were much less likely to be sent back to a federal penitentiary. Since these individuals do not reoffend as much, programs like CORCAN improve public safety.

CORCAN has five areas of activity: manufacture, agro-business, construction, services and textile. Its 32 workplaces are distributed among the 58 federal correctional facilities. CORCAN sells its products to federal, provincial and municipal governments and to institutions such as hospitals, schools, universities and charitable organizations.

As a special operating agency, CORCAN receives no appropriations but must borrow the money it needs to operate through a revolving fund. This money must be paid back with interest. CORCAN's operating costs must be recorded in its financial

Adjournment Debate

statements in accordance with generally accepted accounting practices.

CORCAN is always trying to minimize the adverse effects of its activities on the private sector. An independent review of CORCAN's operations demonstrates that it holds—

The Acting Speaker (Mr. Milliken): I am sorry to interrupt the member but his time has expired.

The motion to adjourn the House is deemed to have been adopted.

[*English*]

Accordingly, the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 6.25 p.m.)

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Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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