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OFFICIAL REPORT
(HANSARD)

Wednesday, March 5, 1997

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Wednesday, March 5, 1997

The House met at 2 p.m.

Prayers

The Speaker: Every Wednesday we sing our national anthem. We will be led today by the hon. member for Wetaskiwin.

[*Editor's Note: Whereupon members sang the national anthem.*]

STATEMENTS BY MEMBERS

[*English*]

THE ENVIRONMENT

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, I rise on behalf of the constituents of Okanagan—Similkameen—Merritt who have concerns about the Liberals' proposed endangered species protection act. The Canadian Cattleman's Association oppose this bill because their land will be devalued without providing necessary compensation.

The government plans to bring down its own despotic recovery agenda instead of listening to the individual stakeholders. A Reform government would have created this legislation from the ground up by consulting with the individual stakeholders. We would have spelled out the recovery plan process and provided a greater understanding of what is expected of the individual landowner. We would have addressed the issue of compensation for land devaluation before introducing legislation. A private and government operated fund would have been set up.

In all areas Canadians need a fresh start, including a meaningful process in the area of environmental protection. The Liberals have failed us again and it is Liberal cabinet ministers who will be added to the endangered species list following the next election.

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COST RECOVERY PROGRAMS

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, delegates who attended the recent Canadian Federation of

Agriculture annual meeting had one important message on cost recovery to make very clear. From potato growers in Prince Edward Island through wheat growers on the prairies to apple growers in British Columbia, the message was the same. The government has this issue all wrong.

Farmers from coast to coast will have a smaller net income this year because of other government policy decisions. On top of lower incomes and higher input costs, the government is heaping additional increased costs on everything from inspection fees to marine steorage fees on to the backs of farmers. It seems like this very unsympathetic Liberal government has decided to turn user fees into a source of revenue for the government.

It is time to re-evaluate the cumulative effect of what has been done, and in consultation with the Canadian Federation of Agriculture and other farm groups, revisit the whole issue of cost recovery programming.

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TORONTO

Mr. Bill Graham (Rosedale, Lib.): Mr. Speaker, Monday the citizens of six Toronto area municipalities rejected the Ontario government's proposal for megacity amalgamation. One understands the results of this vote when one considers the substance of these proposals and the fundamentally undemocratic process that accompanied them.

Toronto voters have said no to a proposal which, while purporting to address problems of governance in the Toronto area, ignores the best advice of all municipal government experts. They have said no to a proposal which creates a mega monster, unable to respond to the real needs of the region and too far removed from its citizens for local accountability. They have said no to a fundamentally ill-conceived proposal to finance welfare and housing from the municipal tax base.

Mike Harris and his government should heed the message. The best interests of the Toronto region, which represents 25 per cent of the GDP of this country, is at stake. Now is the time to abandon political partisanship and to work together to find practical solutions to this very important issue.

S. O. 31

[Translation]

CITY OF CHÂTEAUGUAY

Mr. Maurice Godin (Châteauguay, BQ): Mr. Speaker, last year, in January 1996, the City of Châteauguay suffered severe flooding because the Canadian Coast Guard hovercraft was not available to clear the mouth of the river, as it was being repaired.

This absurd situation prompted me to ask on several occasions that the Minister of Fisheries and Oceans make sure to change the maintenance schedule of this craft so that, in future, it would be available, if needed, during the months of January, February and March.

This year, when we had this spell of milder weather on February 21, the hovercraft was able to respond. As Bruno Dufour, the hovercraft captain, indicated, this year, they did not want to take any chances, and the craft was overhauled in November in order to be ready to respond to any emergency come January.

I am very happy that the citizens of Châteauguay did not have to contend with more flooding this year.

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[English]

DON MCKINNON

Mr. Joe Comuzzi (Thunder Bay—Nipigon, Lib.): Mr. Speaker, Mr. Don McKinnon from northwestern Ontario recently became a member of the Order of Canada. Mr. McKinnon received this very high honour because he identified, staked and promoted Hemlo, one of the largest gold deposits in the world. Hemlo is in northwestern Ontario, about 25 miles east of Marathon. The Hemlo discovery has led to the Williams, David Bell and Golden Giant gold mines.

From 1985 to the present, those operations have produced in excess of \$4.5 billion in wealth for the area. This discovery has led to great economic development in northwestern Ontario. I can attest to that. When I was a lawyer for the firm of Weiler, Maloney, Nelson of Thunder Bay, I helped to open the first law office in Marathon and I saw first hand what a development like this means to an area.

• (1405)

I guess I could tell other stories, but not today, about the opening of that law office. As the MP for this area all citizens I am sure join with—

The Speaker: The hon. member for Lincoln.

WOMEN'S INSTITUTE

Mr. Tony Valeri (Lincoln, Lib.): Mr. Speaker, the Women's Institute, a world-wide organization, which was founded in Stoney Creek, is celebrating its centennial year in 1997.

As the first organization of its kind in rural Ontario, the institute provided a social and educational forum for rural women at a time when they had few opportunities to learn about the world that existed beyond their daily routines.

The institute created opportunities for women to learn about medicine, architecture and the legislative process, just to name a few.

One hundred years later the Women's Institute organization is represented world wide with a membership of over six million women in more than 80 countries. Dedicating themselves to community service and leadership, institute members have generously donated their time to a wide variety of projects and causes.

Stoney Creek, a community with strong historical roots, has benefited immensely because of the work of institute members who acted as volunteers, fund raisers and supporters of Battlefield House, Erland Lee Home and the Westfield Heritage Centre.

Along with countless other Canadians, I pay tribute to the—

The Speaker: The hon. member for Erie.

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CUSTOMS OFFICERS

Mr. John Maloney (Erie, Lib.): Mr. Speaker, in 1996 Canada's customs officers seized almost \$700 million worth of drugs, contraband, alcohol and tobacco, as well as more than 2,000 firearms.

Revenue Canada currently employs approximately 3,200 customs officers at border points and ports of entry across our vast country. These capable and competent public servants do everything from collecting duties, to enforcing health regulations, to investigating drug smuggling.

In our war against smuggling and all its adverse ramifications, Canada's customs officers represent very much the first line of defence. Working in co-operation with the RCMP and other domestic and international law enforcement agencies, the men and women of Revenue Canada's customs operation have contributed greatly to keeping our communities, our streets and our houses safe and secure.

S. O. 31

I salute these dedicated workers across Canada and especially those in my riding who work at the Peace Bridge in Fort Erie. Congratulations, ladies and gentlemen, on a job very well done.

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[Translation]

AGRICULTURAL PRODUCERS

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, I wish to salute the agricultural producers of the riding of Beauport—Montmorency—Orléans, who, through their work, help feed the people of Quebec and Canada.

Like many other workers, agricultural producers of eastern Canada have seen their working conditions deteriorate and their income go into a serious dive these past few years.

To maintain their level of production, they have no choice but to go into debt and work ever harder. Their hard work and perseverance mean plentiful supplies in our grocery stores. From our ancestors, these men and women inherited a taste for hard work and success.

This Liberal government must take the necessary steps to promote agricultural production, a sector essential to our economy and population.

We, in the Bloc, want to commend agricultural producers for their perseverance, hard work and quality products.

* * *

[English]

LIBERAL PARTY

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I had a hair-raising experience the other day. Yes, indeed, I hear the Liberals want to win the next election and the Conservatives even think they have a hope of coming back.

Mr. Speaker, I am here to tell you that just because the upper echelon of who's who in this country thinks that, I do not believe the average hard working Canadian, or student or senior citizen can hear them.

Now hear me out. I am hearing that these old parties are out of touch. They no longer represent the average Canadian. This could be just hearsay, but I clearly suspect the truth of the matter is that these Liberals will be here today and gone tomorrow.

The Speaker: I would remind you, my colleagues, that we do not allow props in the House. I did not know whether or not this was going to be a permanent addition to the member's head so I permitted it this time.

• (1410)

CANADA PENSION PLAN

Ms. Bonnie Brown (Oakville—Milton, Lib.): Mr. Speaker, in February when the federal and provincial finance ministers reached an agreement to modify the Canada pension plan they solved a problem that should have been tackled 10 years ago.

They responded to the priorities expressed by Canadians during the consultations and as a result all retired CPP pensioners and those over 65 as of December 31, 1997 are not affected by any of the changes. Those currently receiving disability benefits, survivor benefits or combined benefits also are not affected. All benefits under the CPP will remain fully indexed to inflation and the age of retirement remains the same.

Canadians have had their confidence in the CPP restored. Now all Canadians can count on the CPP to be part of their retirement income in future. This is another example of a successful federation at work.

* * *

INTERNATIONAL WOMEN'S DAY

Ms. Mary Clancy (Halifax, Lib.): Mr. Speaker, as we approach International Women's Day I look around and see many women who are practising as physicians when in the past many said that women could not do that.

I see women who are legislators when in the past many said that women should not vote. I see women who have become engineers when the world said that only men were allowed to build bridges. Indeed, the minister of public works is building the biggest bridge in the world. I am proud of these women for taking the challenge, for following their dreams and listening to their hearts.

More than 40 per cent of Canada's small businesses are operated by women and the number of women entrepreneurs is growing at a rate far greater than any forecaster had ever dreamed. Women have raised their voices because of the serious lack of research on women's health issues and they have been heard. The government established five centres of excellence for women's health, one in Halifax at Dalhousie, to address the lack of research on women's health in Canada.

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[Translation]

WOMEN'S HEALTH

Mrs. Eleni Bakopanos (Saint-Denis, Lib.): Mr. Speaker, International Women's Week gives us an opportunity to honour all those who work to promote equality for Canadian women. It is also a time to reflect on the challenges that were met in the past, and to face current ones, such as women's health.

S. O. 31

[English]

Breast cancer claims the lives of 5,000 Canadian women each year. Thousands more are diagnosed with the sickness and have to endure countless hours of radiation therapy if they are to survive. Let us not forget the economic and emotional toll on their families.

I wish to salute the Hellenic Friends of the Auxiliary of the Royal Victoria Hospital in Montreal who through donations and activities, such as their annual tea which I had the pleasure of attending, are doing their part to ease the suffering of cancer victims. Through their efforts a patient immobilization system was purchased for the hospital to help cancer patients with their radiation treatment, and particularly women with breast cancer.

[Translation]

During International Women's Week, let us show our support to this cause by wearing a pink ribbon.

* * *

TOBACCO

Mr. Paul Mercier (Blainville—Deux-Montagnes, BQ): Mr. Speaker, it is said that the road to hell is paved with good intentions, and the same goes for Bill C-71. Indeed, the government's intention to fight tobacco use is a good and even excellent idea.

But what a useless and disastrous mistake it is making by seeking to essentially prevent tobacco companies, which are the only ones willing to do so, from sponsoring sports and cultural events which are part of Quebec's heritage and which are vital to its economy. The major rallies held yesterday, including in Montreal, conclusively show that the public is opposed to the bill.

To be sure, the Minister of Health is ill-inspired when he gets it in his head to protect our health. A few months ago, he wanted to prevent us from eating camembert cheese. Today, he is targeting our merchants, our athletes, our artists, and our cities' finances. What can we do to bring the minister to his senses?

* * *

[English]

DANGEROUS OFFENDERS

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, beginning next month the RCMP will be posting its 10 most wanted list on the Internet. But when the premier edition hits the net, only 2 of the 10 most wanted are Canadians, with the majority being American. That is not really surprising, given the government's pathetic record in dealing with illegal immigrants and bogus refugees with criminal records.

Is there any other country that would allow an escaped dangerous offender from another country to claim refugee status and then release him pending his next hearing? Does it really come as a

surprise that this escaped convict failed to show up for his hearing? No wonder American fugitives want to get into Canada.

• (1415)

I suggest that maybe the Minister of Canadian Heritage should get involved. She cannot be pleased with only 20 per cent Canadian content. I can assure her that there is no shortage of Canadian criminals, which requires us to import them from the United States.

* * *

SEAL HUNTING

Mr. Jack Iyerak Anawak (Nunatsiak, Lib.):

[Editor's Note: Member spoke in Inuktitut.]

[English]

Last month the International Fund for Animal Welfare released a disturbing video depicting incidents alleged to have occurred during the 1996 Newfoundland seal harvest.

The tape is currently under investigation. Where there is sufficient evidence, violators will be prosecuted.

Inuit and other responsible seal hunters were shocked and disgusted by the video. It was repugnant to see animals treated in such an insensitive and wasteful manner. The Inuit method of seal harvesting entails complete utilization.

I urge Canadians and the international community to avoid stereotyping all seal hunters because of the alleged actions of a few. The great majority of sealers harvest responsibly and humanely.

This video sensationalism of animal rights organizations threatens Inuit and Newfoundland communities who are just trying to survive.

[Editor's Note: Member spoke in Inuktitut.]

* * *

[Translation]

IRAN

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, in recent days, major earthquakes have hit northwestern Iran. It is estimated that close to 1,000 people have died, with 2,500 more injured and 40,000 homeless, and the number of casualties keeps increasing.

On my behalf and on behalf of the Bloc Québécois, I wish to offer our most sincere sympathies to all the bereaved families. We cannot remain insensitive to the hurt and confusion of these people, and to the tragic sights left by these terrible earthquakes.

We deeply sympathize with the Iranian population afflicted by this tragedy. To make things worse, research operations to help victims must be conducted in extremely difficult situations, in snow and intense cold.

Oral Questions

We are asking the Canadian government to take the necessary measures to help the victims of this earthquake.

ORAL QUESTION PERIOD

[Translation]

TOBACCO

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, all the media in Quebec are commenting on the government's anti-tobacco bill, and the majority are definitely in favour of a more flexible approach to sponsorship and the broadcasting of sports and cultural events associated with tobacco companies. Every one is amazed at the unnecessarily rigid stand the government has taken.

Does the Prime Minister not realize he has a perfectly good issue and that this government, because of its unwillingness to compromise, is spoiling everything and even alienating thousands of citizens who are recent recruits to the anti-smoking movement? Does he not understand?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker the government's main concern is the health of our young people. Everyone knows that tobacco advertising has a tremendous influence on young people who start smoking when they are 13, 14 or 15, and it is worse in Quebec than anywhere else.

When we introduced this bill a few months ago, the Quebec Minister of Health criticized us for not going far enough. I read one of Mr. Rochon's draft bills on tobacco, and I want to quote a passage from clause 22, which goes much further than our proposal. It says that all funding of sports, cultural or social activities or facilities, either directly or indirectly, for the purpose of promoting tobacco in any manner whatsoever, is prohibited. Perhaps our friends opposite should stop playing politics with this issue and take a serious look at the problem.

We have shown some flexibility. The companies asked for a three-year moratorium, and we agreed to a two-year period of adjustment. However, the problem is still there.

We did not do this because we felt like it, but because it is our duty to take steps to protect the health of young Quebecers. I know, the Bloc Québécois is always more intent on political gain than on protecting the interests of Quebec's young people.

Some hon. members: Hear, hear.

• (1420)

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, it is not very brave of the Prime Minister to use what other

people are doing as a shield to justify his own actions. This is hardly a sign of bravery. He is the one on the stand here, not Jean Rochon in Quebec City. The question was put to the Prime Minister.

And the question is this: Why is the Prime Minister being so intransigent, why is he doing such a poor job? Why is he getting everybody up in arms against him and, in the process, undoing any progress made in the fight against tobacco? He does not realize he is sabotaging his own cause.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Leader of the Opposition tries to please everyone. We act responsibly, and these are very serious responsibilities. When the Quebec Minister of Health speaks, he does so as the person responsible for people who need medical care.

I will read you a letter sent to me by Mario Laurin in Val-d'Or. Mr. Laurin is fighting lung cancer caused by smoking. Here is his letter: "Our children's health is surely the most precious thing in the world; you must protect it, with legislation if necessary. Mr. Prime Minister, I urge you to stand up to the tobacco companies and get Bill C-71, the anti-tobacco bill, through Parliament".

I could quote other people suffering from cancer caused by smoking. As I said this morning, we can tolerate advertising directed at adults who smoke, but not when it goes after young people in their early teens. Those who represent the tobacco companies know that if a person has not started to smoke by the age of 19, he probably never will.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, I am not sure whether the following term is parliamentary. May I use the term demagoguery in this House?

Some hon. members: Sure.

The Speaker: No, you may not.

Mr. Gauthier: Mr. Speaker, in that case I am at a loss for words that can express what I think of the Prime Minister. But I can tell you that everyone in Canada agrees with the need to reduce our consumption of cigarettes.

However, there are various ways to achieve that objective. Some are more acceptable than others, and some are less effective.

Does the Prime Minister of Canada realize that a young person who goes to the Du Maurier tennis open is far more likely to buy a tennis racket than a package of cigarettes when he goes home?

Some hon. members: Hear, hear.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I suppose Du Maurier is spending money to help Spalding. Come on. A tobacco company spends money on advertising because it get results.

Oral Questions

Like everybody else, we want to keep the Grand Prix and other events in Canada, but we are not stricter than other countries. France has similar rules, and Grand Prix events are still being held there; we see the same in Australia, where a race will be held on the weekend. They have passed some very strict laws, but the Grand Prix will be held next Sunday.

We want to keep the competition. In fact, the companies will have the right to do on-site sponsorship. Furthermore, the bill gives them another two years to adjust to the new rules. However, we decided that we would take steps in Canada to prevent tobacco advertising from affecting young people of 13, 14 and 15, and we will continue to do so. The tobacco companies can advertise on the site but no advertising may be directed to young people of 13, 14 or 15.

• (1425)

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, in France they have companies like Renault and Ligier, and despite the stringent legislation in Australia, they have made an exception for the Australian Grand Prix. That is why the Grand Prix will be held. The Prime Minister is barking up the wrong tree with the wrong strategy.

Does the Prime Minister admit that, in wishing to attack tobacco consumption, he is placing a number of festivals and sporting events in real danger, particularly in Montreal, Toronto and Vancouver?

[English]

Hon. David Dingwall (Minister of Health, Lib.): Mr. Speaker, through you to the hon. member opposite, the former president of the Grand Prix organizing committee in Quebec said the following: "I find the blackmail efforts that are presently occurring surrounding the Grand Prix very embarrassing. I know what I have been talking about, since I was the president of the 1991 Grand Prix organizing committee".

I can well understand the need for the members of the Bloc Québécois to huff and puff on both sides of the issue, but I want to inform the hon. member that children, les enfants du Québec, are a lot more important than any of those events that the hon. member has made reference to.

[Translation]

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, the children of Quebec are so important that I devoted 35 years of my life to educating, not coercing, them.

Since the Prime Minister refuses to understand, I shall be very clear. Clause 31 of the bill has three paragraphs: (a) and (c), which say the same thing, and (b), which contradicts the other two. Can the Prime Minister make a commitment in this House to do everything in his power to ensure that paragraph (b) is deleted from clause 31, so that people like me, who love the Grand Prix, can watch it on weekends?

[English]

Hon. David Dingwall (Minister of Health, Lib.): Mr. Speaker, I am delighted that the hon. member has spent 35 years in the teaching profession. I hope the hon. member would continue in that role of teaching young people in the province of Quebec the hazards of smoking

It should be noted that the National Cancer Institute of Canada said this about advertising: "There is substantial evidence that young people are aware of and respond to cigarette advertising".

The U.S. Food and Drug Administration said: "Image based advertising is particularly effective with young people in that the information conveyed by imagery is likely to be more significant to young people than information conveyed by any other means of advertising".

I want to say to the hon. member that members of the Bloc Québécois can throw that aside and accuse the government of being unreasonable, but the hon. member knows full well that this government has been prudent and has been reasonable. We have provided an implementation period for all those involved. Notwithstanding that, we are different from the province of Quebec because we are not banning sponsorship—

Some hon. members: Hear, hear.

* * *

HEALTH CARE

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, when the Liberal government brought in medicare in 1965 it promised to pay 50 per cent of the approved cost. That was a condition on which provinces like Alberta and Ontario joined the plan.

Thirty-two years later federal funding of medicare has dropped to 16 per cent. This Prime Minister, who claims to be a defender of medicare, has cut health care by 40 per cent since coming to power.

• (1430)

The Prime Minister can cry crocodile tears about the Montfort hospital. He can blame Mike Harris. He can pretend it is a national unity issue. But he is the one who is primarily responsible for hospital closures across the country.

How can the Prime Minister continue to blame others for hospital closures and waiting lines when he is the one who has cut health care funding by 40 per cent?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, as usual, the leader of the third party has the wrong figure. We

Oral Questions

have not cut transfer payments by 40 per cent. The Minister of Finance can reply to that in detail.

We just had to put the finances of the nation in good order. This is the same leader of a party who was telling us that we were not going fast enough. Remember when we said to the Canadian people we would do that in three years, go to 3 per cent. He wanted to go to 0 per cent in three years. We took three years. Now we have the lowest interest level that we have known in 35 years. All the provincial governments are benefiting from the fact that they pay less on their debts because of the action of this government to put the finances of this country in good order.

By the way, perhaps the leader of the third party should report on the success of his campaign in Alberta against Ralph Klein.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the Prime Minister and the government had some choices to make in the federal budget. They chose to cut health by 40 per cent since 1993. The Prime Minister can find \$2 billion a year in subsidies for CMHC. He can find \$850 million to \$1 billion in subsidies for the CBC. He can find \$300 million in subsidies for Via Rail. He can find over \$2 billion in subsidies for corporations like Bombardier and others that receive corporate subsidies. But the Prime Minister cuts health care by almost \$4 billion a year.

Are crown corporation subsidies and business subsidies a higher priority with the Prime Minister's government than the health care of Canadians?

Hon. David Dingwall (Minister of Health, Lib.): Mr. Speaker, there is such a thing in politics as the flip-flopper of all time. This is the same member who in March 1995 stood in his place and condemned the Minister of Finance who gave notice, gave predictable funding to the provinces with the cash floor for the purposes of health care, thereby providing \$25.1 billion.

The leader of that party in March 1995, in an amendment to a non-confidence motion, condemned the government for its failure to eliminate the deficit quickly and decisively within one year.

This is the flip-flopper of all time. He says one thing on Monday and another thing on Friday.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, in Reform Party proposals, our fresh start, we proposed cutting in virtually everything else in order to increase federal health care funding by over \$4 billion a year. There are some ministers in this House who are experts on cutting health care. They are the Prime Minister, the Minister of Finance and the Minister of Health.

Look at their record. Here is what they have cut in health care: Newfoundland, \$85 million; little P.E.I., \$20 million; slashing health care expenditures in New Brunswick by \$103 million; Quebec, \$1.2 billion; Ontario \$1.3 billion.

• (1435)

How can the government possibly maintain that it is the defender of medicare when the Prime Minister and the finance minister have hacked, gouged and slashed health care by almost \$4 billion a year?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, at the time we took office, transfers to the provinces had been declining for nearly a decade. When we took office we put in place a series of cuts in our own spending that allowed us in the last budget to commit to the provinces that not only were the transfer cuts at an end but that the transfers were now put on a formula that would allow them to increase in the years ahead.

The leader of the Reform Party used words like gouge, scrape and cut. Let me quote from "A Fresh Start for Canadians", Reform's most recent program. The Reform Party has said: "On top of the existing reductions in transfers, the Reform Party, on taking office, will immediately cut three and a half billion dollars from the Canadian health and social transfer". What do you call that?

* * *

[Translation]

U.S. HELMS-BURTON LAW

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

Yesterday, in Washington, the Minister of Foreign Affairs met for the first time with the new U.S. Secretary of State, Madeleine Albright. One purpose of the minister's visit was to make preparations for the next meeting between the Prime Minister and the President of the United States.

Could the minister report on the discussions he had with his American counterpart concerning the Helms-Burton law?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, we had a good exchange on a number of topics. We reached agreement on numerous matters involving co-operation, such as on Haiti, the expansion of NATO, and other issues.

But we certainly had an opportunity to express once again our opposition to the Helms-Burton law and we will continue to lobby against this legislation.

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, for months now, the government has talked, expressed its point of view and taken various steps, but it has done little of a concrete nature.

I will address my supplementary to the Minister for International Trade. Late last week, in order to comply with the U.S. anti-Cuban legislation, Wal-Mart withdrew Cuban-made pyjamas from its Canadian shelves.

Oral Questions

Does the minister agree that the credibility of the government's action is seriously compromised and that the only way to restore it is to rigorously enforce Canadian law?

[English]

Hon. Arthur C. Eggleton (Minister for International Trade, Lib.): Mr. Speaker, with respect to the matter concerning Wal-Mart, it is being looked at by justice officials. We expect that Canadian companies will abide by Canadian law. That was the intention of our amendments under the Foreign Extraterritorial Measures Act.

As the Minister of Foreign Affairs has indicated, we are continuing in our opposition to the Helms-Burton law and its extraterritorial application of American law. We believe it is fundamentally wrong in terms of international trading law.

* * *

HEALTH CARE

Mr. Grant Hill (MacLeod, Ref.): Mr. Speaker, hospital closures are hanging like an albatross around the Liberal government's neck.

I would like to go into health minister's backyard real close. In Nova Scotia over the past year hospital bed closures have totalled 25 per cent. It is interesting to note that waiting lists in the province of Nova Scotia in the same period have climbed 25 per cent. They are longer.

Will the health minister simply stand up and admit that his government's policies of cutting health care transfers by 40 per cent are directly responsible for the increasing waiting lists in his home province?

• (1440)

Hon. David Dingwall (Minister of Health, Lib.): Mr. Speaker, as many reputable organizations have said with regard to health care spending, no less than the National Forum, Canada has the second most expensive system of the OECD countries.

The hon. member, in his selective memory with reference to the facts, forgets to inform the House that under this government and this Minister of Finance in this fiscal year alone we are providing to the provinces in terms of equalization payments in excess of \$8.6 billion. In addition, the interest reductions we have been able to do on our fiscal side provide an additional \$1.6 billion for the provinces.

The issue is not one of funding. The issue in provinces across the country has to do with the management of the health care system.

Mr. Grant Hill (MacLeod, Ref.): Mr. Speaker, this is the second time we have heard it is just a management problem that is at heart here.

What did the Liberals do with the money that should be going to the hospitals? The first thing is the health minister tried to divert funds in his own province. The second thing he has done is he gave \$33,000 to the Cape Breton Yacht Association.

Reform would simply take those funds and put them into the hospitals, which is quite a contrast, I should think.

Will the health minister simply stand and admit that his government policies are responsible for longer waiting lines in his own province?

Hon. David Dingwall (Minister of Health, Lib.): Mr. Speaker, what an interesting day it is. The hon. member on October 17, 1995 said: "Medicare is bad for everyone". On November 23 he changed his mind. He said that medicare was important to all Canadians. Then in March 1996 the very distinguished, the eloquent, the very colourful leader of that party said: "There is going to have to be continued reductions in social transfers".

I know the Bloc Quebecois is huffing and puffing, but I did not think the Reform Party would be puffing and huffing too.

* * *

[Translation]

REGIONAL DEVELOPMENT

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, my question is for the Secretary of State for the Federal Office of Regional Development—Quebec.

For over a year now, the federal government has refused to renew the framework agreement on regional economic development with Quebec. In the meantime, sectoral agreements have expired, and the regions of Quebec are now suffering as a result.

Is the federal government prepared now to show its good intentions and conclude agreements on regional development with Quebec, as it did recently in ratifying agreements with New Brunswick and Nova Scotia?

Hon. Martin Cauchon (Secretary of State (Federal Office of Regional Development—Quebec), Lib.): Mr. Speaker, my predecessor at the Federal Office of Regional Development wrote on two or three occasions to the Government of Quebec precisely to conclude a harmonization agreement on intervention in regional development in the province.

Unfortunately, at the time, the two or three attempts were declined by the Government of Quebec, which was not interested in reaching a harmonization agreement. This was in the period before the referendum, and the provincial government certainly did not want to show that the federal system worked well.

Oral Questions

What we did then was to set up a new program under which the Federal Office of Regional Development intervenes where it can do the most within its areas of jurisdiction.

We are now prepared to go ahead and discuss harmonization with the Province of Quebec, even if harmonization is a fact, because we were farsighted and wanted to look after the public's interest.

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, I do not know if that is profitable federalism, effective federalism, but when the Liberals formed the government in 1993, nearly two thirds of the money spent by the federal government in Quebec on regional development passed through the economic and regional development agreement. Today, three years later, it is less than a third. The federal government prefers to operate directly, over the heads of Quebec and the regions.

Is the Secretary of State prepared to put a stop immediately to his circuitous strategies and to negotiate in good faith with Quebec in the best interest of the regions of Quebec?

• (1445)

Hon. Martin Cauchon (Secretary of State (Federal Office of Regional Development—Quebec), Lib.): Mr. Speaker, as regards the investment of money in regional development, the funds invested in Quebec compare favourably with those invested in all the other regions of Canada.

What upsets the members of the opposition is that, because they refused a year and a half ago to sign a harmonization agreement with the Government of Canada, we set up a regional development structure, which suits the public and meets their needs. There are 13 regional offices within the federal office, and there are 55 community futures development corporations. Why are they so upset that we have understood and that the public is now beginning to understand? Because even if the Government of Quebec is not interested in it, the process of harmonization is being carried out by the organizations themselves locally. That is what profitable federalism is all about.

* * *

[English]

NATIONAL DEFENCE

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, the Reform Party has received some interesting documents and I would be prepared to table them.

An hon. member: They finally got some mail after three and a half years.

The Speaker: I would prefer if we did not wave papers around.

Mr. Mills (Red Deer): Mr. Speaker, I apologize. I was just doing what some of the ministers do.

The document I have proves the Prime Minister's friend and political appointee, Bob Fowler, broke the Privacy Act when he improperly issued documents in an attempt to destroy the reputation of Colonel Michel Drapeau. Unbelievably he did this to try to prevent Colonel Drapeau from legally submitting access to information requests at the Department of National Defence.

Will the Prime Minister finally hold Mr. Fowler accountable for his actions and recall him immediately to Ottawa?

Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the hon. gentleman has indicated that he is prepared to make the documents to which he refers available to members of the House.

We will be very pleased to look at them and to consider what is actually in them, because I have learned from experience that what they wave in the House and refer to is often quite different from what we find if they get around to tabling anything.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, my goodness it is hard to believe that minister about waving documents around when he fails even to put them up the same day he waves them.

Submitting information requests is the legal right of every Canadian but Colonel Drapeau got too close to the truth. That is when Mr. Fowler decided to take him down. Mr. Fowler even sent his illegal poison pen letter about Colonel Drapeau to CSIS, the Department of Justice, and the Department of National Revenue. He broke the Privacy Act by issuing this illegal letter and that is unacceptable.

How could the government justify a person like this representing Canada to the international community at the UN?

Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the hon. member has made a number of comments in his question including illegal poison pen letters.

The hon. member is well aware of the rules of the House. Making allegations that people have committed illegal acts is something members who are often considered honourable can do in the House. I have again learned from experience. They have great reluctance expressing those kind of views outside where the protection of the House does not prevail.

Oral Questions

[Translation]

FOOD INSPECTION

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, my question is for the Minister of Agriculture.

Agriculture Canada recently notified the meat and poultry industry, as well as the processed fruit and vegetable industry, of its intention of doing away with the mandatory registration and approval of labels and recipes for these products.

Since the industry is prepared to pay a fair and equitable share of the costs to continue to have access to the services his department has been providing since 1959, will the minister maintain these services and not eliminate them anytime soon?

• (1450)

[English]

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, as the hon. gentleman knows, under the business alignment plan of our food production and protection branch we are pursuing a five-part approach to the issue of cost recovery and user fees. The notion of imposing a user fee is the last of the options after we have explored and exhausted the four previous alternatives.

The hon. gentleman makes an interesting suggestion with respect to certain fees for certain services. Our department has always been willing to be flexible and reasonable in considering these suggestions. I will examine the proposal the hon. gentleman makes to see if it is viable.

[Translation]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, I remind the Minister of Agriculture that the industry is prepared to pay a fair price for the services currently provided.

Does the minister recognize that he is off beam with this recommendation to abolish these services in the short term, when a study commissioned by his own department concluded that it would result in reduced compliance with the standards respecting labelling and recipes for the products in question and, in addition, may jeopardize the health of our fellow citizens, and of young people in particular?

[English]

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, let me assure the House, the hon. gentleman and all Canadians that as we work our way through any changes that pertain to the Canadian food inspection system the health and safety of Canadians is, has always been and will always be the number one priority.

HOUSING

Mr. Tony Ianno (Trinity—Spadina, Lib.): Mr. Speaker, my question is for the minister responsible for housing.

Social housing is important to thousands of Canadians. In Ontario the Harris government plans to pass responsibility for housing down to the municipalities. This has left many families living with fear and insecurity.

What assurance could the minister give residents of social housing in Ontario that the Government of Canada will not abandon them and that they will continue to have the access to affordable homes they deserve? Will the minister put their fears to rest?

Hon. Diane Marleau (Minister of Public Works and Government Services, Lib.): Mr. Speaker, yesterday I had the honour of signing the first agreement with one of the provinces on the transfer of the administration of social housing. I invite everyone to look very closely at the agreement and to recognize there are six principles and a very strict accountability framework.

We want to have the provinces do more with the money we spend by combining their administration with ours.

As for Ontario, I have written to the minister responsible advising him that the onus is on the province to show us how its proposed plan would fit with these principles and with our accountability framework. If it does not fit we will not transfer it.

* * *

CITIZENSHIP AND IMMIGRATION

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, less than two weeks ago when the government tabled its part III estimates, the Department of Citizenship and Immigration indicated that it would be spending \$40 million less than last year.

However efforts of fiscal responsibility appear to have only a two-week life span with the government as the minister is now requesting an additional \$88 million in the supplementary estimates.

Could the minister explain to the House why she has increased her department's spending by more than 15 per cent in less than two weeks?

Ms. Maria Minna (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the department is responsible for the settlement of immigrants as they come to this country.

For some time there have been a great deal of discussions back and forth with the provinces with respect to settlement programs. That is where the majority of the increase has been coming from with respect to provincial allocations on settlement programs.

Oral Questions

• (1455)

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, this discussion has been going on for a number of years. While this pre-election goodie is nothing more than an effort by the government to buy its re-election with taxpayers' money it still does not treat the provinces equally.

For example, Quebec receives \$3,294 per immigrant from the government for settlement. Even with a \$20 million increase in federal spending British Columbia will only receive \$1,035 per immigrant.

If the minister is not prepared to fund all the provinces equally, is she at least prepared to give B.C., Ontario and Alberta the same guarantees found in the Canada-Quebec accord?

Ms. Maria Minna (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the hon. member has been requesting this kind of assistance for quite some time. There have been all kinds of requests.

All provinces have settlement programs. If the hon. member is suggesting we should not be increasing the settlement program to halt immigrants who come to this country to settle that is not acceptable.

The government is basically acceding to the demands of the provinces over the last several years. This is a positive thing for immigrants. The programs are needed and they will be implemented.

* * *

[Translation]

CRAB FISHING

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

Last week, the minister released the results of his most recent spring exercise in improvisation, the snow crab plan. Indeed, for the third consecutive year, the minister reduced the harvest rates allocated to Quebec fishers. In total, the minister reduced the quotas for snow crab by 928 tons, which amounts to a loss of \$15 million for the industry.

In order to put a stop to the constant transfer of jobs and resources from one province to another, will the minister pledge that Quebec will get its usual share, instead of reducing its quotas as he has been doing for the last three years?

[English]

Hon. Fred Mifflin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the hon. member is talking about the most lucrative fishing industry in Atlantic Canada on the east coast.

He is talking about an industry that contains one resource and two main factions: the traditional crabbers and the non-crabbers. We are also dealing with the maritime provinces and the province of Quebec. Each year the negotiations start and go on for a long time.

Since June 19, 1996 negotiations have been ongoing with the various industries, with the various unions, with the traditional crabbers, with the non-traditional crabbers and with the provinces.

Two weeks ago there was an agreement by all parties, each side compromising to do as much as possible to come up with a crab plan that satisfied as many as possible in the case that each party had to put water in their wine.

As the plan pertains to Quebec, every accommodation was made for the province of Quebec, the province of New Brunswick, the province of Prince Edward Island and all fishermen involved to come up with the best possible plan.

* * *

HEALTH CARE

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, the Prime Minister said in the House about 45 minutes ago that his government had not cut health care.

Let me quote from the government's own document "Getting Government Right" dated February 20, 1997. On major transfers to other levels of government, the actual Canada health and social transfer for 1993-94 was \$16.8 billion, down to \$12.5 billion in 1997-98 and going down again next year to \$11.8 billion.

In light of that irrefutable evidence, will the Prime Minister withdraw his assertion that he has not cut health care and admit that he has misled the House?

Some hon. members: Oh, oh.

• (1500)

The Speaker: I am going to permit that question if the right hon. Prime Minister wants to answer it.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I said yes. I admitted that we have cut, but I said that we have not cut by 40 per cent. Of course we have cut.

The Reform Party is telling us that we are not cutting enough. As the Minister of Finance said a few minutes ago, the Reform Party would cut \$3.5 billion if it ever formed the government. But I can assure the people of Canada: don't worry, it will not form the government.

* * *

PRESCRIPTION DRUGS

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, my question is for the Minister for International Trade.

Privilege

The Minister of Health said yesterday that the 20 year drug patent protection under Bill C-91 cannot be changed because of Canada's international trade obligations. Afterward, international law experts said that Canada can change Bill C-91 to allow for cheaper prescription drugs for Canadians under the NAFTA article "ordre public, section 1709(2) and article 27(2) of the WTO code.

Can the minister tell us if there are any public interest exceptions permitted under these or any articles of the NAFTA and the WTO as they pertain to drug patents or any other intellectual property?

Hon. Arthur C. Eggleton (Minister for International Trade, Lib.): Mr. Speaker, our reading of section 1709(2) of the NAFTA and the WTO intellectual property clauses is that there are very limited provisions in terms of changing our present laws in any respect. It covers very urgent types of circumstances and does not allow for us to return to the pre-1993 compulsory licensing provisions.

* * *

VEHICLE EMISSIONS

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, my question is for the Minister of the Environment.

Vehicle emissions are a major source of air pollution. Canadians do not want to put their lives into danger every time they leave the house. What has been done to ensure that in future Canadians will breathe more safely, and has the minister been able to secure the co-operation of the provinces in this effort?

Hon. Sergio Marchi (Minister of the Environment, Lib.): Mr. Speaker, let me thank my hon. friend and colleague for raising that question.

The number one culprit, when we speak of air pollution in our cities, is caused by car emissions. That is why the government has announced, starting with next year's car models, that the standard emissions in Canada will be the tightest anywhere in the world.

Along with the new generation of car emission standards, we need to usher in a new generation of cleaner fuels. That is why the government has moved boldly on MMT, on benzene and on sulphur.

When the cars hit the road, that is provincial jurisdiction. Older cars pollute 10 times more than new cars. That is why the province of Ontario, for instance, should stop paying lip service to this issue and begin to walk the talk by putting an inspection and maintenance program for cars in place so that all of us can breathe a sigh of relief.

PRESENCE IN THE GALLERY

The Speaker: I wish to draw to the attention of the House the presence in the gallery of His Excellency Hennadii Udovenko, Minister of Foreign Affairs of Ukraine.

Some hon. members: Hear, hear.

• (1505)

The Speaker: First I am going to deal with a point of order of which I have received notice. It arises from question period. Then I will go on to a response to the question of privilege that was raised yesterday.

* * *

[*Translation*]

POINT OF ORDER

ORAL QUESTION PERIOD

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, during oral question period, when the leader of the opposition used the word demagoguery, you rose and said you did not want him to use that term again. I would like you to take a look at the blues, because at the end of his speech the health minister probably got carried away by calling me a hypocrite.

The Speaker: I will look at the blues, as we call them. I will check to see what was said and I will get back to the House if necessary.

[*English*]

I have another point of order. Does this come from question period today?

TABLING OF DOCUMENT

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, I referred to a document during my question. I would like to table that document now.

The Speaker: This request can be granted if the House agrees unanimously. Does the hon. member have permission to put the motion?

Some hon. members: Agreed.

The Speaker: Does the hon. member have permission to table the document to which he referred?

Some hon. members: Agreed.

* * *

[*Translation*]

PRIVILEGE

HEALTH CANADA ADVERTISEMENT

The Speaker: Yesterday, the hon. member for Laurier—Sainte-Marie raised the question of privilege. He has been notified that we

Privilege

shall be getting, if not a response, at least an explanation or a brief speech explaining what occurred. I therefore give the floor to our friend, the Parliamentary Secretary to the Leader of the Government in the House of Commons.

[*English*]

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, yesterday the Bloc House leader, the hon. member for Laurier—Sainte-Marie, rose on a question of privilege. I would like to reply to some of the points he raised, as they referred to a document he tabled in the House yesterday.

In the course of his intervention the hon. member referred to an advertisement in a Quebec newspaper and said that it was similar to the GST advertising in 1989. By analogy he claimed that it was inappropriate, just as the advertising was in 1989, because it implied that specific legislation was in place, that it referred to specific provisions it purported were already law when the bill still was not passed. That was the reference the hon. member gave the House when he raised his question of privilege.

While I acknowledge the precedent exists, the matter before us today is in clear and stark contrast because the advertisement now in question does not refer to any provisions of any law or any proposed law.

The advertisements that were placed in the Canadian media present a number of facts about conditions that relate to the use of tobacco. The advertisements do not claim that the provisions of any bill are already enacted. Mr. Speaker, on careful reflection of both the English and the French versions you will see that is the case. The French version of the advertisements call on the readers to support la loi anti-tabac. In English it refers to anti-tobacco legislation. If one wanted to be an absolute purist one might argue that the French Translation ought to say "le projet de loi" and in English it ought to say "bill".

• (1510)

However, one must bear in mind that we are dealing with advertisements. It is common in such cases to use colloquialisms that may not, in the strictest sense, be precise. To the layman, however, the meaning is very clear. In French one frequently hears the phrase "le projet de loi" referred to merely as "la loi" even though it has not yet passed, just as in English one often refers to a bill as legislation, even though in the strict sense of the word it is not legislation until enacted.

There is very substantial proof that these advertisements do not in any way represent Bill C-71, which is still before the House, as having been enacted.

Clause 1 of the bill gives us some very important information on this matter of privilege. Clause 1 of the bill gives it a short title,

namely the tobacco law, or in French la loi sur le tabac. The advertisements refer to anti-tobacco legislation, la loi anti-tabac, which is not the short title, the long title or in fact any title of the bill before the House.

In conclusion, the advertisements do not in any way interfere with the ability of the House to consider the legislation before it. They do not refer to the number or the title of any bill before the House and they do not describe the provisions of any bill before the House. They describe a reprehensible public problem and urge citizens to support unspecified legislation to deal with these problems. This does not in any way impair the ability of the House to do its duty. Respectfully, I would submit, it is not a breach of privilege. It does not encroach on the privileges of the members of the House.

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, I would like to speak in support of the question of privilege raised by the hon. member for Laurier—Saint Marie. There is certainly a violation here that should be noted.

Mr. Speaker, I would like to take you back to a decision and comments made by Mr. Speaker Fraser in this assembly with regard to the debate on the GST, the goods and services tax, and a debate that went on at that time. As I understand it, prior to the passing of the GST legislation, the government of the day put advertisements in the paper to the effect that the legislation had been passed by Parliament and was the law of the country. Certainly on that basis that was a violation.

The advertisement we have before us today does that again. It says: "I support the anti-tobacco law," which is not on the books as of this moment in time. Again, that is the same violation which was noted by the hon. member, the House leader of the Bloc Quebecois.

I would like to refresh your mind, Mr. Speaker, of comments made by the hon. member who is now the House leader for the government, Mr. Herb Gray, who said at that time with regard—

• (1515)

The Speaker: I ask the hon. member to refrain from using names. The title of the minister is enough.

Mr. Speaker (Lethbridge, Ref.): Mr. Speaker, I certainly recognize that. I was making an attempt to be clear in my definition of which House leader I was referring to and I understand the ruling as such.

The then House leader of the opposition party is now the House leader of the Liberal Party which is in government. Referencing the GST advertisement of the day he said that in effect there would be a new tax on January 1, 1991. The advertisement was intended to convey the idea that Parliament had acted on it because that was the ordinary understanding of Canadians about how a tax like this one was finally adopted and put into effect. That being the case, it was

Privilege

clearly a contempt of Parliament because it amounted to a misrepresentation of the role of the House.

Speaker Fraser of the day said the following with regard to those comments and the advertisement:

This advertisement may not be a contempt of this House in the narrow confines of a procedural definition, but it is in my opinion ill-conceived and it does a great disservice to the great traditions of this place. If we do not preserve these great traditions, our freedoms are at peril and our conventions become a mockery of modern and responsible members on both sides of the House. That ad is objectionable and should never be repeated.

That was said clearly to members who are now sitting in the House and were present for Speaker Fraser's comments at that time.

It has happened again. It is unacceptable. It has been a violation of privilege and I recommend, Mr. Speaker, that you rule accordingly.

Mr. Bob Kilger (Stormont—Dundas, Lib.): Mr. Speaker, I was here during that time. Those ads were very different from what appeared in publications yesterday.

In the substance of the ad there is nothing that says the legislation is passed or that it would become effective on a certain date. It does not refer to the result or the consequences of the legislation as the GST ads did.

There is no point even considering the content of these ads compared to the GST ads that caused the ruling by Speaker Fraser, which was a good ruling and one I supported.

In terms of this question of privilege I see nothing in the ads that violates the privilege of any member vis-à-vis the piece of legislation which was before the House yesterday and will be back in the not too distant future.

I simply leave for your consideration, Mr. Speaker, that in comparing the two issues you find there is no question of privilege.

Mr. John Nunziata (York South—Weston, Lib.): Mr. Speaker, the Minister of Health makes a very persuasive argument about the devastating impact of cigarette smoking. I noticed an ad in a newspaper today entitled "Let's Sponsor the Health of Our Kid" which went on to state a number of facts.

It said that in Canada each year 256,000 young people start smoking on average at age 14. Half of these young people will smoke all their lives. One in every five deaths is caused by smoking. Smoking related diseases cost the Canadian health care system \$3.5 billion. As many as three million Canadians alive today will die from tobacco related causes.

If that in fact is the case, if that is the impact of cigarette smoking in Canada and if the minister is being sincere, surely cigarettes ought to be banned. The importation and sale of cigarettes should be illegal.

The ad goes on to ask the reader to support anti-tobacco legislation. That is misleading. Bill C-71 is not anti-tobacco. It does not ban or prohibit the importation and sale of cigarettes, cigars or any other form of tobacco.

• (1520)

If the government and the Minister of Health were making this case in terms of the devastating impact of cigarette smoking, if one in every five deaths is caused by smoking and smoking related diseases cost the Canadian health care system \$3.5 billion, to be consistent they have a legal and moral responsibility to ban tobacco. By simply banning advertising on sport cars and at cultural events is not good enough.

The Minister of Health is either sincere or, as he said earlier today, he should go all the way as opposed to huffing and puffing.

The Speaker: We are getting more into debate. I would like you to speak to the particular question of privilege.

[Translation]

Mr. René Laurin (Joliette, BQ): Mr. Speaker, it seems to me the matter is fairly simple. In the question of privilege which we raised, we did not accuse government representatives responsible for placing this advertising message of any malicious intent. We are not saying that they were trying to make any false representations, not in the least.

Today, instead of just admitting the mistake, the parliamentary secretary is trying to argue that a document can be referred to as both a bill and an act.

If it is true that the same document can be called both an act and a bill, in future the two expressions could be used interchangeably all the time, and we will never know where we stand. No one is saying that the government had wrong intentions, we are saying that the government made a mistake. Please acknowledge your mistake and make the necessary apologies.

[English]

The Speaker: I will hear one more intervention on this question of privilege.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I refute the arguments put forth by the government whip who suggests the matter is not that relevant. He would lead us to think that the vote in the House was assumed by the government. If we ever find that the government of day can assume the outcome of a vote in the House, democracy in this country is in extreme peril.

I draw attention to page 4460 of *Debates* when the Speaker ruled regarding the GST issue on October 9, 1989. He said:

Under these conditions, the Chair feels it must exercise extreme caution against unduly restricting the authority of the House to deal with a perceived contempt, especially given the arguments which have been presented.

He went on to say:

I must confess that I have certain doubts regarding this case. Normally in cases of doubt, it has been the practice for Speakers to allow an appropriate motion to go forward for a decision of the House.

Therefore I ask you, Mr. Speaker, to consider in your ruling the fact that democracy is assumed by the government and to allow this motion to go forward.

The Speaker: This question of privilege was raised yesterday by the hon. member for Laurier—Sainte-Marie. Today I received opinions from eminent colleagues in the House, opinions which I am sure you will give me some time to consider.

I do not know at this point if I have the documents in English and in French. I saw the hon. parliamentary secretary referring to a document in English. I would ask him to table it so that I can see it.

I will take all the representations of today including the precedence of my predecessor, Mr. Speaker Frazer, a very highly regarded Speaker of the House, and other Speakers who have ruled on matters such as these. As we know, no two matters are virtually always alike. It is for that reason I will take my time in making a decision. I will get back to the House if it is necessary.

ROUTINE PROCEEDINGS

• (1525)

[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 9 petitions.

* * *

[English]

COMMITTEES OF THE HOUSE

FINANCE

Mr. Jim Peterson (Willowdale, Lib.): Mr. Speaker, I have the honour to table the eighth report of the Standing Committee on Finance.

It deals with Bill C-70 which does two things. It makes a number of changes, clarifications and amendments to the GST. Much more important, it is the first step in creating a national harmonized sales tax replacing all 10 existing sales taxes with one. This is a first step in that direction.

I thank the many witnesses who appeared before us and made presentations. I thank members of all three parties, including the member of Beaver River who is giving me all her attention right now, who worked in an assiduous and constructive way with us. I

Routine Proceedings

thank, as always, the staff of the House of Commons who again has been exemplary. I have the honour to table this report, in both official languages.

Mr. Nunziata: Mr. Speaker, I rise on a point of order. During his submissions the hon. member said that this report represented the beginning of a harmonized GST across the country.

That is a misstatement of fact, given that several provinces have made it very clear they do not intend to harmonize their provincial tax with the GST.

The Deputy Speaker: The hon. member knows that is debate.

[Translation]

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, further to the comments by the chair of the Standing Committee on Finance, I would like to add a few comments on the Bloc Québécois' dissenting opinion.

I would like to add that the Bloc Québécois supports the concept of harmonizing sales taxes, but cannot support the Liberal government's wasting everybody's time and energy with a half-baked and unfair scheme.

In the current state of affairs, there is no proof that Bill C-70 simplifies and improves things. On the contrary, as regards the rules governing the display of prices, consumers may find an item bearing four different prices in a catalogue or on a retailer's shelves.

Bill C-70 will considerably complicate the lives of individuals and businesses. So the big questions remained unanswered, because the Liberals are putting their electoral interests before the interests of the taxpayers. We also think that the government should redo its homework and go over Bill C-70.

[English]

JUSTICE AND LEGAL AFFAIRS

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the ninth report of the Standing Committee on Justice and Legal Affairs.

Pursuant to the order of reference on Monday, October 7, 1996 the committee has considered Bill C-55, an act to amend the Criminal Code (high risk offenders), the Corrections and Conditional Release Act, the Criminal Records Act, the Prisons and Reformatory Act and the Department of the Solicitor General Act. The committee has agreed to report it with amendments.

Thanks to all the witnesses who provided some excellent testimony that enabled us to make these terrific amendments.

The Deputy Speaker: Colleagues, I wonder if we could revert to tabling of documents. I would like to file a report on behalf of the Speaker.

Some hon. members: Agreed.

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[Translation]

REPORT OF COMMISSIONER OF ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

The Deputy Speaker: I have the honour to table, pursuant to the Standing Orders concerning the auditor general, the report of the Commissioner of the Environment and Sustainable Development to the House of Commons for the year 1997.

[English]

The report is permanently referred to the Standing Committee on Environment and Sustainable Development.

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IMMIGRATION ACT

Mr. Jag Bhaduria (Markham—Whitchurch—Stouffville, Lib. Dem.) moved for leave to introduce Bill C-378, an act to amend the Immigration Act (permanent resident status).

He said: Mr. Speaker, I am extremely pleased to have the opportunity today to introduce my private member's bill. I want to thank the hon. member for York South—Weston for seconding this bill.

The intent of the bill is to amend section 24 of the Immigration Act, which would allow a person seeking to come into and remain permanently in Canada to be deemed a permanent resident if he or she lived in Canada for 25 years or more prior to 1970 before leaving Canada.

This amendment would address the concerns of many Canadians who have reallocated outside Canada for a period of time and are now faced with having to reapply for permanent resident status with of course the appropriate security checks. This has resulted in numerous bureaucratic delays and in many cases the process can be quite cumbersome.

My bill would eliminate a time consuming delay and also allow an immigration officer to make the decision to grant automatic permanent resident status if they are satisfied with the individual's prior resident status.

I look forward to the unanimous consent of the House on this.

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

* * *

CRIMINAL CODE

Mr. Randy White (Fraser Valley West, Ref.) moved for leave to introduce Bill C-379, an act to amend the Criminal Code (arrest

of those in breach of condition of parole or statutory or temporary release).

He said: Mr. Speaker, I am privileged to table in this House a private member's bill which will amend the Criminal Code to provide for the arrest of those in breach of condition of parole or statutory or temporary release.

I must acknowledge the dedication and commitment of the Abbotsford city police, particularly Constable Mike Novakowski who provided the incentive and foresight to put this bill in force. Because of police officers like Mike Novakowski throughout Canada we will eventually have safer streets in our community.

This enactment makes a breach of a condition of parole or statutory or temporary release an indictable or summary condition offence, as is the case for breach of a probation order.

Paragraph 495.(1)(a) of the Criminal Code allows a peace officer to arrest a person who has committed an indictable offence or whom he finds committing a criminal offence. Therefore this amendment enables a peace officer to arrest a person who is in breach of a condition of parole or release.

The amendment to section 497 provides for such a person to be held to give the board that granted the parole or release, if the board considers it advisable, an opportunity to apply to keep the person in custody until it is able to issue a warrant of apprehension to facilitate a review of the parole or release under the Corrections and Conditional Release Act.

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

* * *

[Translation]

LOUIS RIEL COMMEMORATION ACT

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): moved for leave to introduce Bill C-380, entitled an act respecting the designation of a Louis Riel Day and revoking his conviction of August 1, 1885.

She said: Mr. Speaker, I am very honoured to table once again a bill to quash the conviction of Louis Riel and to try to honour his memory.

● (1535)

If this bill had a chance of passing second and third reading and being voted on by this House, we could honour the memory of Louis Riel annually on November 16, because this bill would create a Louis Riel Day for all of Canada.

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

[English]

PETITIONS

NATIONAL HIGHWAY SYSTEM

Mr. Lyle Vanclief (Prince Edward—Hastings, Lib.): Mr. Speaker, I have two petitions which I wish to present to the House today.

In the first the petitioners call on Parliament to urge the government to join with the provincial governments to make the national highway system upgrading possible beginning in 1997.

TOBACCO

Mr. Lyle Vanclief (Prince Edward—Hastings, Lib.): Mr. Speaker, the second calls on Parliament to demonstrate the government's sincere regard for the public good and enact and bring into law the tobacco control legislation as promised, such legislation to include, in so far as possible, measures outlined in the blueprints.

[Translation]

CREDIT CARDS

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I am pleased to table a petition signed by 500 people in my riding calling on Parliament to pass legislation imposing a ceiling on interest rates on credit cards issued to consumers by banks and major retailers that would be tied to the Bank of Canada rate.

[English]

HUMAN RIGHTS

Mr. David Iftody (Provencher, Lib.): Mr. Speaker, I have three brief petitions which I will summarize with your permission.

The first petition is signed by a number of constituents from the community of Lac Brochet. Very briefly, the petitioners pray and request that the House not amend the Criminal Code or the charter of rights and freedoms to in any way indicate societal approval of same sex marriages.

PORNOGRAPHY

Mr. David Iftody (Provencher, Lib.): Mr. Speaker, the second petition I would like to present today is signed by a number of constituents from the Blumenort, Morris and Rosenort area of Provencher. The petitioners draw to the attention of the House the negative impact of pornography on men, women and children. They pray that the current laws are protected and upheld for all Canadians.

ASSISTED SUICIDE

Mr. David Iftody (Provencher, Lib.): Mr. Speaker, in the third, the petitioners pray that Parliament ensure that the present provi-

Routine Proceedings

sions of the Criminal Code of Canada prohibiting assisted suicide be enforced vigorously and that Parliament make no changes in the law which would sanction or allow the aiding or abetting of suicide or active or passive euthanasia.

The petition is signed by a number of my constituents from Morris and the Niverville area.

NATIONAL HIGHWAY SYSTEM

Mr. John Finlay (Oxford, Lib.): Mr. Speaker, I would like to present a petition signed by a number of my constituents and constituents from surrounding counties. The petitioners call upon Parliament to urge the federal government to join with the provincial governments to make the national highway system upgrading possible.

NUCLEAR WEAPONS

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, pursuant to Standing Order 36, I am honoured to table a petition today. The petition contains over 100 signatures from the St. Stephen area of New Brunswick. The petitioners request Parliament to support an immediate initiation and conclusion by the year 2000 of an international convention which will set out a binding timetable for the abolition of all nuclear weapons.

NATIONAL HIGHWAY SYSTEM

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, pursuant to Standing Order 36, I have the honour to table a petition from 27 Albertans from central Alberta.

The undersigned residents of Canada allege that 38 per cent of the national highway system is substandard and that Mexico and the United States are upgrading their national highway systems. The petitioners say that it would save lives, avoid injury and lower congestion, among other things. Therefore the petitioners call on Parliament to urge the federal government to join with the provincial governments to make the national highway system upgrading possible.

• (1540)

SABLE ISLAND

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I have yet another petition from the good and concerned citizens of the province of Nova Scotia. In June of 1996 the Prime Minister of Canada announced that he would work toward diverting the Sable Island gas pipeline to Quebec City. It is unacceptable for the Prime Minister to decide the destination of Nova Scotia's natural gas without consulting Nova Scotians. Nova Scotians assert their right to control the destination of Sable Island gas and demand the federal cease tampering with this issue.

Supply

[Translation]

QUESTIONS ON THE ORDER PAPER

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

The Deputy Chairman: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

SUPPLY

ALLOTTED DAY—CPP PREMIUMS

Mr. Preston Manning (Calgary Southwest, Ref.) moved:

That this House condemn the government for requiring Canadians to pay over 70 per cent more in CPP premiums, thus increasing payroll taxes that are a cancer on job creation, while refusing to eliminate the huge subsidy that those same Canadians must pay to maintain the gold-plated MP pension plan.

He said: Mr. Speaker, I rise to speak on this motion which pertains to the government's 70 per cent hike in CPP premiums. I will begin with a brief review of the Liberal-Tory record on the Canada pension plan.

The plan was established in 1966 under the Liberal government of Lester B. Pearson. The plan was originally established as a pay as you go plan. It has been described critically by Bill Robson of the C.D. Howe Institute as a pyramid type scheme in which income for early investors is provided not from investment in real assets but from the capital of later investors.

During its 31 years of existence the CPP has never been administered by anyone other than Liberal and Tory administrations. Over the years various observers have pointed out that the CPP was headed for trouble and that it would require a significant increase in contributions to deliver the benefits promised, particularly to the aging baby boom generation.

Successive governments ignored this problem and the situation was allowed to deteriorate to the point where drastic action was required. On February 14, four days before the federal budget was brought down, the finance minister therefore announced that Canada pension plan premiums would be increased from 5.8 per cent of earnings to 9.9 per cent of earnings over six years, a

whopping 73 per cent increase in payroll taxes, the greatest single increase in payroll taxes in the history of the country.

He also announced that despite the increase in premiums there would be no increase in benefits. Thus the average worker will end up paying a total of \$1,635 per year matched by another \$1,635 from the employer. Self-employed people will pay both shares just to receive a pension of less than \$9,000 per year, in 1997 dollars.

What was most conspicuous about the government's announcement was what it did not contain. First, there was no acknowledgement of the mismanagement by both Liberal and Tory administrations which allowed the CPP to get into this situation in the first place. As has been pointed out, if the CPP had been a private plan and had been mismanaged in this way, its managers would now be making licence plates in some penitentiary.

Second, there is no honest assessment of the negative impacts of the 70 per cent hike in payroll taxes, in particular the negative impacts on jobs, even though the finance minister on previous occasions has acknowledged that payroll taxes are a cancer on jobs.

Third, there is no serious assessment of alternative approaches to securing retirement income for Canadians at a lower cost such as those proposed by the Reform Party of Canada. What the government has neglected to do, my colleagues and I now propose to do in this debate, starting with an assessment of the negative job impact of a 70 per cent increase in CPP premiums. We want the finance minister to frankly admit, first of all, that the 70 per cent hike in CPP premiums is a payroll tax hike and to table in the House his department's assessment of how many jobs this payroll tax hike will kill so that we can propose counter measures.

• (1545)

In his presentation to the finance committee on October 17, 1994, the finance minister clearly referred to CPP and QPP contributions as payroll taxes and acknowledged their negative impact on jobs. But now that he has had to increase them, the finance minister is living in denial and says exactly the opposite. He now says that CPP premiums are not a payroll tax.

The finance minister refuses to acknowledge, for example, the position of the Minister of Industry, who ought to know about such things, and who said in the House as far back as 1991: "When you look at the burden of payroll taxes on small firms you have to include, of course, the Canada pension plan employer contributions. The combination of all these payroll taxes imposes an onerous burden, especially on small and medium sized businesses".

Perhaps most importantly, the finance minister is flatly contradicting the published views of the forecasting division of his department. I refer to a paper by Mr. Joe Italiano of that division published on April 25, 1995, entitled "Growth in CPP and QPP

contributions: Implications for employment and participation". In that paper Mr. Italiano clearly defines compulsory CPP and QPP contributions as payroll taxes. He also studied the employment impact of the Tory increases in these payroll taxes from 1986 to 1993 and showed how they had killed 26,000 jobs.

We therefore call on the finance minister to frankly and honestly admit that the 70 per cent hike in CPP premiums is a payroll tax hike of unprecedented proportions and to table in the House his department's assessments, and we know that they run these assessments, of how many jobs this payroll tax hike will kill so that we can propose counter measures.

In criticizing the government's ill-conceived approach to rescuing CPP, Reformers are not saying that nothing should be done, far from it. But what we propose in our fresh start platform is a more comprehensive reform than what the government proposes.

Our fresh start proposals to secure retirement income for Canadians are a combination of Canada pension plan reform, of expanding the RRSP system and of providing tax relief for lower and middle income seniors. Our proposals—we will argue this during the election campaign—deliver more retirement income per dollar invested than anything that the government has proposed to date.

I hope that MPs will ask me about this superior alternative in our question and answer time because it is worth the House considering.

Finally, I want to conclude with some observations on the government's moral authority to lead pension reform. To gain the trust of Canadian seniors, Canadian youth and the aging baby boomers, the government must be seen to be acting fairly and ethically on the issue of pension reform.

The Liberal government abandoned its responsibility to act fairly and ethically on this issue when it adopted, as its first pension reform priority, not the improvement of CPP, not the improvement of pensions for the Canadian people, but when it adopted as its first and highest pension priority the provision of the gold plated pensions for its own MPs and other MPs willing to receive them.

What does the average Canadian worker get at age 65 after contributing to CPP at 9.9 per cent of earnings? A lousy \$9,000 a year. But what do Liberal, Tory, NDP and Bloc MPs get who accepted the gold plated MP pension plan at age 55? If they live to age 75, pension benefits amounting to: for the Conservative member for Sherbrooke, \$4.3 million; for the Liberal member for Cape Breton—East Richmond, \$3.9 million; and the NDP member for Winnipeg Transcona, \$2.7 million. And the list goes on and on.

• (1550)

When it comes to issues of integrity, a moral authority to lead, we have observed that the government has a blind spot and perhaps a fatal blind spot.

Supply

On February 5 I asked both the Prime Minister in the House and later in the day his ethics counsellor in committee whether they did not see an ethical dimension, an integrity dimension, issues of right and wrong with respect to the political interference with the Somalia inquiry, the stonewalling of the Krever inquiry, the use of the justice department to go on a political witch hunt and the Prime Minister's broken GST promise.

The Prime Minister professed not to understand what I was talking about but the answer of his ethics counsellor was more revealing. I was asking about ethical matters, matters of public trust and integrity and right and wrong. On February 5, 1997 at the Special Joint Committee on A Code of Conduct he said: "I think you are speaking about policy questions, questions in which there is a difference between opposition parties and that of the government. It is the essence of our democratic system. I do not believe I can go and take your question"—questions about the ethics of those situations—"any further than that".

In other words, political interference and cover-up in the investigation of a murder, stonewalling an inquiry into tainted blood from which Canadians died, misuse of the powers of the justice department, breaking a key campaign promise and denying you broke it—I would add to that list giving yourself a gold plated pension while giving Canadians tin plated pensions—by the ethics of the Prime Minister and his ethics counsellor are simply differences of opinion on policy matters, not matters of trust or integrity or right and wrong.

If these are the ethical standards of the government, I believe it will never be trusted by Canadians to bring fairness and integrity to the pension issue. By its own actions and blindness it has forfeited that right to others.

To conclude, I am reminded of a study on integrity and 19th century British politics by the historian D.C. Somervell. He focused his study on two British statesmen, William Gladstone, the moralist who if he did not see right and wrong in an issue was uninterested in it, and Benjamin Disraeli, the pragmatist at the other end of the scale who never saw right or wrong in any issue, only differences of opinion.

What was Somervell's conclusion? He concluded that while it is an error to discover moral issues where none are in fact at stake, it is a greater error to be blind to them when moral issues really arise.

When the government put the old age security of MPs ahead of the old age security of Canadians, it committed that greater error, which is why I urge hon. members to support the motion before the House.

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, it is worthwhile noting that while given 20 minutes to speak on this subject matter, the member for Calgary Southwest devoted barely half of his speech to the subject matter on the Order Paper which reads in part: "This House condemn the government for requiring

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Canadians to pay over 70 per cent more in CPP premiums—,” and so on.

It is a fully misleading statement. The fact that the hon. member would devote half of his time speaking about tainted blood, misuse of justice, integrity of government, ethical standards rather than addressing the subject matter of the Canada pension plan demonstrates how thin and how poorly researched his subject and his speech are by the people who prepared it for him.

• (1555)

Obviously the member from Calgary does not know his subject and the people who prepared his speech for him today ran out of steam in dealing with it, so much so that he had to fill up the time available to him with other subjects which are not contemplated in the motion.

The member from Calgary is trying to mislead Canadians by convincing them that there is a 70 per cent hike in the Canada pension plan contributions. I would like to ask the member for Calgary Southwest whether he would use his ability to go through the proposal that has been approved by the 10 provinces and the Government of Canada and verify for himself that the 70 per cent figure is totally wrong. The reality is that the increase for the employee goes from 2.9 per cent of pensionable earnings in this year to 3.5 per cent in 1999 and gradually to 4.9 per cent by the year 2003.

Mr. Manning: Mr. Speaker, I will answer the hon. member's points by making three of my own. First, in not using all the time allocated to me, I am of the belief that if you want to practice economy in government it starts with economy of speech.

Second, I found the member's comments interesting because they illustrate the last point I was trying to make. The member obviously sees no connection between getting the moral authority from people to reform pensions and the fact that the government lost that moral authority when it gave its party the MP pension. The very fact that the member sees no connection between that issue and the MP pension precisely illustrates the blind spot of the government.

With respect to his substantive point, Reform has gone through the proposals that the minister and the provinces agreed to with respect to the reform of CPP. It is our conviction that the CPP cannot be fixed simply by working on it. We have to look more broadly at all the contributing factors to retirement income. That is why our proposal includes the following elements which I will take just a couple of minutes to explain.

First, a guarantee that existing seniors, every Canadian aged 60 and above, will receive all the benefits promised to them by CPP.

Second, a proposal to shift younger Canadians on to an expanded RRSP system, mandatory, tax sheltered retirement savings ac-

counts like RRSPs and these deliver, of course, greater pension benefits per dollar invested than anything that has ever been proposed for CPP.

Third, for older workers not young enough to accumulate an adequate retirement income by expanded RRSPs alone, we propose a transition combination of CPP and expanded RRSPs to ensure pension benefits at least on a par with CPP if not better.

Finally, through our fresh start tax relief proposals, we propose to lift 1.2 million Canadians, including 300,000 seniors, off the federal income tax rolls altogether, thus improving their retirement income.

If one takes the collection of those things, the modified CPP, the expanded RRSPs and the tax relief afforded to seniors, our argument is that the package delivers greater retirement income per dollar than anything we have seen from the finance minister or from the government.

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, hopefully I will be brief and the leader of the Reform Party will be brief in his answer.

I listened very carefully to the presentation this afternoon. My understanding is, along with some other things, he wants to expand the RRSP system.

• (1600)

I would like to pose a question to the leader of the Reform Party stemming from his presentation this afternoon. Does he realize and is he considering in his Reform program, the fresh start program, that the CPP which came into being in 1966 actually has several aspects? It includes not only the retirement benefit plan but a disability option, a death benefit, and a benefit for spouses and children in the unfortunate or untimely death of the contributor. Are these not important aspects to the Reform Party?

I note with regard to his comments that in comparison the members' pension program was changed a year and a half ago. There are three important aspects of that program. The minimum retirement age was reduced to age 55 or increased to age 55. There had never been an age limit before. The reduction in benefits of over 20 per cent saved over \$3 million in one year alone. It also eliminated double dipping which is something the Reform Party could check its members on.

Mr. Manning: Mr. Speaker, I am delighted to hear these members defend the MP pension plan. I invite the hon. member to join me in any place in the country. We will round up 1,000 people. The hon. member can defend the MP pension plan and I will argue against it. At the end of the day I do not think there will be much question about where the Canadian public stands.

With respect to the member's substantive question at the beginning, when I say we propose to guarantee the CPP benefits to the existing generation of seniors and make provisions for others, we

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intend to guarantee the entire range of benefits. We are not just speaking about retirement income.

With respect to survivor benefits, under this expanded RRSP program we propose a substantial improvement over CPP. We propose to improve the retirement incomes of surviving spouses, particularly elderly widows, by proposing that 100 per cent of the funds of a deceased individual's RRSP would be transferable to a surviving spouse tax free. Nobody would have to go hat in hand. That is a far superior survivor benefit to that offered by CPP.

Mr. Julian Reed (Halton—Peel, Lib.): Mr. Speaker, first, I point out to my hon. friend across the way in terms of members' pensions that 400 of the 600 living ex-members of the House get no pension whatsoever.

Second, I have a young constituent who was permanently disabled at the age of about 31. If it was not for the CPP disability clause he would have nothing. He has no family. He has no other means of support.

Mr. Manning: Mr. Speaker, I repeat. We made clear that we are continuing to support the benefits of the CPP program to the existing generation of seniors. Therefore the member is going down the wrong path by implying that we will cut that.

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, I rise on a point of order. In his intervention the member for Davenport on two or three occasions used the word mislead with reference to the Reform Party and to the Leader of the Reform Party.

At citation 49 of Beauchesne's that is considered unparliamentary language. I wonder why, Mr. Speaker, you allowed him to use that phrase not once but repeatedly.

The Deputy Speaker: The point was not raised at the time. There did not appear to be an uproar in the House. As I am sure hon. members realize, unless there is an uproar in the House almost immediately no word as such becomes unparliamentary, except the one word we all know.

If the hon. member wishes, I will look at the blues and come back if necessary. The normal test is that people get very excited when such a word is used. I hate to tell the member that is the case.

• (1605)

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I welcome the opportunity to reply to and passionately oppose the Reform motion before the House.

The motion clearly stakes out the opposition position that it interprets the changes to the Canada pension plan as business

bashing and fiscal foolishness. That position is based on partisan politics, not fact or logic.

Let me be blunt. We had to make some tough decisions about the CPP. The changes are not painless or pleasant, but that happens when we try to fix something that should have been reformed years ago, in fact decades ago. These changes are not based on decisions made in isolation and imposed without consultation.

One of the many realities ignored by the opposition motion is that these are reforms agreed upon by the federal government and eight provinces representing the significant majority of Canadians. These are reforms based on a year long process of public consultation and intense discussion and negotiation between the two levels of government. Most of all, these are changes to the CPP with an overriding and concrete goal: to preserve and secure one of the key pillars of our national pension system.

The third party can play games with phoney mathematics and hidden agendas, but the federal and provincial governments had to address a real problem and find a workable solution. That is what we have done, to the benefit of Canadians today and for generations to come.

Let me remind the House that the Canada pension plan affects all working Canadians and their families. It is the compulsory earnings based plan that forms one pillar of Canada's public pension system. The proposed changes are a strong and balanced package of reforms that will ensure the Canada pension plan is there for Canadians today and in the future. There for Canadians means not just for workers when they retire but equally to help Canadian workers and their families should they become disabled or die.

This is something the third party ignores in its public proposals. The fact is that about 30 per cent of CPP benefits go to disabled persons and for survivors' benefits, but for the Reform Party these Canadians do not seem to exist.

[*Translation*]

That is why I find the assumptions underlying today's motion by the Reform Party so disgraceful. These assumptions shamelessly dismiss contributions paid by workers and their employers as little more than common payroll taxes. They completely ignore the real issue, which is that CPP contributions guarantee every Canadian worker a pension. In this sense, CPP contributions constitute an investment, ensuring workers a secure retirement and adequate benefits both for disabled workers and families of deceased contributors.

CPP contributions will not swell the government's coffers and the government cannot use this money for its expenditures. On the contrary, contributions go into a separate fund used to pay pension, disability and survivor benefits. Under the proposed amendments to the Canada Pension Plan, money collected in future will be invested so as to obtain a greater return for contributors. Not only

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will Canadians get back all the money they contributed but, in addition, they will see increases in their pensions and other benefits.

• (1610)

These are not just empty words. Allow me to remind the House that the tax system treats CPP contributions as pension benefits. In the calculation of income tax payable, contributions qualify as tax credits for workers and tax deductions for employers.

Unlike the situation that arises when taxes are increased, increases in CPP contributions result in decreased tax revenue and a tangible drop in government revenue.

[*English*]

Today's motion prefers to ignore these facts. It is the type of self-serving argument and attitude that prefers to drive wedges between Canadians, between generations, between regions, rather than build for a fair and shared future. It is a motion that suggests we are imposing harsh hikes in CPP contributions and that ignores the much heavier increases that would otherwise have had to take place. It does so because it is a motion that ignores the very real problems we have had to address with the CPP.

The plan's chief actuary reported that the plan was simply not financially sustainable under the current contribution schedule. This is why firm, forward looking action had to be taken. The only fair way to deal with the problems facing the CPP is to increase contributions now so that Canadians can begin to pay enough to cover the costs of their own pensions plus a fair and uniform portion of the unfunded liability that has built up over the past 30 years.

There is no mystery about the problem. Basically the costs of CPP benefits have grown faster than originally expected when the plan was first instituted in 1966 and will escalate dramatically when the baby boom generation reaches age 65 around 2011.

I remind the House that under the existing legislation, as a matter of statute, contribution rates were already scheduled to rise to more than 10.1 per cent in 2016. In other words they were to virtually double. Even then the chief actuary of the plan has shown that without changes the CPP fund would still run out of money in less than 20 years. Without additional changes, contribution rates would have to increase from that 10.1 per cent to over 14 per cent of pensionable earnings to cover escalating costs.

It is essential to recognize that by acting now to fix the CPP we are limiting contribution rates to a maximum of 9.9 per cent. Then they can be frozen and remain steady thereafter while providing the same benefits.

[*Translation*]

The increase in CPP contribution rates that we announced is not the first in a series of increases. I repeat, the contribution rate of 9.9 per cent to be borne equally by workers and employers is a maximum that should never be exceeded. The rates will not increase again. This increase is lower than the 10.1 per cent already projected under the existing legislation, and is well below the 14.2 per cent that would have been required if we had not acted now.

It is true that the contribution rate in 2003 will be about 40 per cent higher than the rate foreseen under the existing legislation, but, at the same time, thanks to the amendments we are proposing, the contribution rate in 2030 will be much lower than projected. It will in fact be approximately 30 per cent.

• (1615)

This means that future generations, our children and grandchildren, will not be weighed down by an incredible financial burden. It also means that people in their middle years whose contributions had been less than the amount required to pay future benefits will now pay contributions that are more equitable in that respect. Younger Canadian workers and young people entering the labour force will pay contributions that are not as high as previously planned. Also in the interests of fairness.

What about present CPP beneficiaries? Why are these people not affected? There is no doubt that many are drawing pensions that are far more generous than they would be on the basis of the contributions they paid. That is true, but it is not their fault. If anyone is to blame, it is the plan itself which was not adjusted in the past as it should have been, because previous governments did not have the political will to make these decisions.

That is why our proposal is accompanied by measures to make the Canada pension plan more accountable and provides for more frequent review. Furthermore, any new initiatives under the plan must have full financing before they can go ahead. However, it would not be fair to make our seniors, who made their retirement plans on the basis of the existing plan, pay their costs retroactively. We signed a contract with our seniors and for the sake of fairness, we must honour that contract.

As you can see, the proposed changes to the Canada pension plan are not an affront to business or the taxpayer. They do not involve an additional tax or some new trick in our tax system. In fact, these are prudent and basic measures that are entirely in line with our record for sound management of public moneys and reflect our commitment to be fair in every respect.

If we had failed to make the difficult decisions that were necessary, younger generations would have had to pay twice as much as they will now, without receiving a penny more in benefits. This would have been neither fair nor affordable, and indeed it

would have been excessively costly. To put such a burden on future contributors would, in all probability, have led to the collapse of the plan. We could not afford to let this happen.

[*English*]

Acting now will ensure the Canada pension plan is on a secure and stable financial footing for the foreseeable future. As I said before, the CPP changes were not decided in isolation. They reflect a truly national consensus based on public consultations and a decision making process that involved the provinces as full partners.

Believe me, no government at any level likes to ask its people to pay more for the same services. But it is a price many Canadians have told governments they are willing to pay in order to preserve the plan they believe in and want to be able to depend on. They told us so during the public consultations which were held in every province and territory last spring as part of the federal-provincial review of the plan. Canadians clearly said that they valued the CPP. They told us they wanted it fixed, not scrapped.

During the review, we and the provinces examined a number of options and heard opinions from both ends of the spectrum. We considered many alternatives, but narrowed our choices to those which would ensure that no one's benefits were jeopardized; not those of today's beneficiaries, nor those of future generations. We listened when Canadians everywhere said the Canada pension plan is important to them. They want it preserved, and preserved in a way that does not pass on an unfair burden to younger generations. It is worth remembering that the debate currently taking place is not about choosing to increase contribution rates. It is about choosing to preserve the Canada pension plan.

• (1620)

Canadians asked their governments to make the CPP sustainable by strengthening its financing, improving the funds' investment practices and reducing costs. The changes proposed do exactly that.

Before concluding, let me briefly talk of another element of today's motion, an example of the political game playing that demonstrates the desperation of the third party. Reform members have attempted to create a link between the proposed Canada pension plan changes and the current pension arrangements for MPs. This is not just a comparison of apples and oranges. It is more in the realm of sour grapes.

I need not remind you, Mr. Speaker, that many Canadians belong to a pension plan, not only members of Parliament. For any pension plan member, pension income represents deferred compensation and thus an earned benefit. We must also remember that the terms of the MP's plan were designed to take into account an MP's unpredictable career pattern—as I think most Reform members will see within the next few months—lack of job security and the fact that many members take a substantial salary cut in undertaking

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parliamentary service. The MP's pension plan, like other employer sponsored pension plans, provides a pension arrangement for a targeted plan member population and therefore is adapted to their needs.

For the record, MP's pension contributions are higher than the norm for employer sponsored pension plans and are significantly higher than the contributions required under the Canada pension plan. I should also note that under the MP's plan members of the House of Commons contribute 9 per cent of all salaries. By comparison, in 1997, employee contributions under the CPP will be equal to 3 per cent of pensionable earnings. This rate is projected to increase to 4.45 per cent over the next six years.

I would also like to remind the House that in July 1995 and in the context of a freeze on parliamentary salaries, the government amended the Members of Parliament Retiring Allowances Act. Under the new arrangements age 55 has become the minimum pensionable age. As well, benefits for MPs in respect of service on or after July 13, 1995 have been reduced by 20 per cent. Also, the practice of double dipping has been curtailed within the federal public sector, which is the only sector over which the federal government has jurisdiction.

These changes went beyond the government's red book commitment to reform MP's pensions and have significantly reduced the related costs to taxpayers. In fact, savings over the past year have been in excess of \$3 million. Also, as with any pension plan, the MP's plan is regularly examined with a view to balancing the needs of retiring MPs and the related costs.

The real issue, of course, is not a comparison between the CPP and the MP's plan. This is just electoral grandstanding. What today's motion tries to dismiss and discredit is the very real and historic reforms that the provincial and federal governments are bringing to the national workers' pension plan, reforms that will affect many millions of Canadians today and in years to come. By our work, these Canadians can plan for their retirement in greater security without having to wonder if the CPP will be there for them. It will because we have acted. This is the type of action that sustains our great country and that Canadians expect and demand of a government committed to their future.

• (1625)

I am proud of what we have done and confident that the vast majority of Canadians see it as the major achievement it is, one firmly and fully committed to their best interests.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, with great respect, as far as the comments of the President of the Treasury Board regarding the MP pension plan and its equity vis-à-vis other Canadians' pension plans are concerned, Canadians know full well that members of Parliament through their pension

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plan got the gold mine and Canadians got the shaft. Of that there is no doubt. People know it and they know it for what it is.

In his comments the President of the Treasury Board pointed out that the provinces went along with the changes to the Canada pension plan. They went along with it obviously because they have been partners in this rip-off of Canadians for 30 years.

What the President of the Treasury Board did not say was that one of the features of this renewed Canada pension plan at 9.9 per cent of earnings is that the provinces will have the privilege of rolling over their debt for another 20 years. Therefore, this plan is not going to start getting better right away. They are going to postpone making it healthy or healthier for another 20 years.

My question relates to the equity of the CPP. The President of the Treasury Board indicated during his comments that Canadians need to be fair in sharing the future. It is incumbent on the President of the Treasury Board, in representing the Liberal Party of Canada, which has been in power for at least 20 of the 30 odd years that this plan has been in force, to account for the mismanagement of the plan that got us into this mess in the first place.

Actuaries and demographers did not just wake up overnight. The plan was flawed right from the beginning, but the Liberals did not have the strength to keep their hands off the honey pot. What politician does? The changes to this plan have not made it safe from the honey pot.

Based on the average industrial wage of \$36,000, if a young Canadian were to place 3 per cent of earnings over the lifespan of their work into an investment vehicle that has a return of a typical average over the last 40 years, would that Canadian have more money from a 3 per cent investment than they would for their almost 10 per cent investment in the Canada pension plan?

Mr. Massé: Mr. Speaker, I would first like to underline that the important and real question being discussed is the reforms that have been made to the Canada pension plan. I understand that the third party, knowing that it has no real arguments about the reforms made and that it should instead congratulate us, has come to the conclusion that it should try some other subject in order to try and get some interest generated.

It is clear now that after days and days of the third party trying to find fault with the reforms to the CPP, public opinion is saying that the reforms are necessary. They are saying that the reforms introduced by the government are excellent and taken in co-operation and partnership with eight of the provinces and a large majority of the Canadian population. They fit the bill, remove the imperfections and now ensure that all Canadians will have access to a proper pension plan that is now properly funded. That is what is important.

However, we also have to take into consideration that some of the colleagues of the hon. gentleman have proposed other plans for MPs. One of these is to double the salaries of MPs. What is the best route to follow?

• (1630)

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I am glad I am in the House today. This gentleman keeps referring to salary and I was speaking about compensation when we were debated the bill in the first place.

I think a member of Parliament deserves proper compensation, but it should be above board where it is visible, taxable and clear. When I threw a number out as to what an MP should receive it included taking care of all travel expenses.

An hon. member: No.

Mr. Silye: Yes, it did. Go back and look at the speech.

It included a suggestion that MPs look after their own pensions, which is no better than the private sector. Five per cent of that money should go into a pension if they choose to and five per cent matched by the government. It should be no better than the private sector. That is the pension portion of my compensation package for MPs. The Liberals can twist and bend all they want. If it is a choice it would be an investment.

The finance minister and this minister argue that the CPP increase to 10 per cent is an investment. If it is compulsory by the government it is a tax. If the rate is set by the government it is a tax. In opposition they called it a payroll tax. Now they are calling it an investment.

The government is very hypocritical. I question its logic on raising the CPP. There are concerns with the CPP. People are worried that money will not be there for them, but the logic is that the fund is \$39 billion now. The deficit annually is about \$1 billion and could go to \$2 billion in any given year so the premium has to be raised.

Why did they overreact? Why did they not just raise the premium to 7 per cent? At the same time, because payroll taxes cost jobs, why did they not lower the unemployment insurance premium from the high lofty numbers? That fund has a fat \$5 billion sitting in it which is soon to grow to \$10 billion. They should lower the unemployment insurance premium, raise this other one if it is in jeopardy and keep the same two-year fund that is required instead of increasing it to five.

They have overreacted. They have increased the taxes too much. It is too great a burden on the economy to increase the taxes by that much. By not reducing the unemployment fund which they are

using to lower the deficit they will actually kill jobs. Their strategy of creating jobs is sadly lacking.

[*Translation*]

Mr. Massé: Mr. Speaker, I have great respect for my hon. colleague, who has just mentioned certain facts that unfortunately do not correspond to reality. I would like to remind him what he said in April 1995 during the debate on Bill C-85. He said:

[*English*]

We should get fair compensation, fair remuneration. It is at the senior executive level. Pay us \$150,000 a year and we will look after our own pensions.

Not all Reform MPs opted out of their pensions, notwithstanding what they said. We have excluded double dipping. I must say a number of Reform MPs from Kootenay West, Nanaimo—Cowichan, Saanich—Gulf Islands and Lethbridge—

Mr. Culbert: Are they double dippers?

Mr. Massé: They are collecting pensions while collecting their salaries as MPs.

Mr. Culbert: Never.

Mr. Massé: I am shocked. I cannot believe that people who are arguing against double dipping which we have removed from the act are still unfortunately continuing these practices.

I understand why the Reform Party opts out of MPs pensions. It is because they have no chance of ever collecting.

The Deputy Speaker: When there are members from another party wishing to question a member the Speaker normally goes to the other side.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, I would like to bring the President of the Treasury Board back to the fiduciary responsibility of the government to handle citizen's money in the best possible manner. I draw his attention the Quebec pension plan, the disability payments and the way in which the Quebec pension plan has been administered vis-à-vis the Canada pension plan.

Would the minister advise the House and Canadians generally why under the Quebec pension plan for disability take-up between 1986 and 1994 there was a 2 per cent increase while at the same time in the Canada pension plan there was a 92 per cent increase?

• (1635)

Would the minister also tell the House why in 1976 when there were 55,000 people involved in the Canada pension plan 1,219 people came off disability, but in 1995 with 300,000 people on disability only 2,000 people came off disability? Is this the minister's indication of sound management?

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Mr. Massé: Mr. Speaker, unfortunately a practice the third party uses is to try to confuse people with figures and with questions unrelated to the main subject.

What is really important is that we have made a reform that Canadians want. We have made it with the support of eight provinces representing the vast majority of Canadians. We have made it after public consultations that permitted all Canadians to express their points of view. We have finally reformed the Canada pension plan. We have made sure that young people like those who are in the gallery will be able to collect these pensions when the time comes.

That is what good government is about.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, before discussing the pertinence of the Reform Party motion, it might be worthwhile to point out that the Canada Pension Plan does not apply in Quebec, which has a parallel plan, the Régime des rentes du Québec. It compares very favourably with the Canada Pension Plan. Moreover, the current recommendations by the federal government take into account the way the Quebec plan has been administered, and the way it ought to be administered in future.

The Reform Party motion makes what seems to be a rather demagogic association between the Canada Pension Plan and the MP pension plan. If we must debate the matter of the MPs' pensions, fine, but these are two very different matters. What needs to be done in connection with the Canada Pension Plan is to assess whether the recommendations made by the government that are to be implemented are indeed necessary, pertinent and essential.

This pension plan has not been modified for some years, and today it differs greatly from what it was like initially. For one thing, the modifications to the plan must reflect our changing demographics.

Care must also be taken to ensure equity in the way the pension fund operates. At the moment, the plan covers the entire baby boom generation, those between 35 and 50 years old, like myself, and if nothing is done to change the plan, they will benefit from a far better plan than the one they have contributed to. Corrections are necessary. The people who are between 35 and 50 and who will be retiring in 10, 15 or 20 years will have to have contributed enough and we have to ensure, through increased contributions, that this is indeed the case.

On the other hand, an aspect of the government's position should perhaps be corrected and it will be perhaps at the stage bills are considered. We could have contemplated a significant reduction in unemployment insurance premiums and permitted a quicker short term increase in Canada pension plan contributions. As the result, today's young people would not have to bear the burden of the need to refloat the plan for so long.

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Any reduction in unemployment insurance premiums would allow for an equivalent increase in Canada pension plan contributions. This approach would not create a negative impact on the total payroll or on payroll taxes, which can, as we know, have an effect on jobs. This morning, I read that a study by the Department of Finance estimates the cost at 26,000 jobs. There is a whole question of balance and common sense involved here. Demagoguery must be avoided.

Such a pension plan must provide for intergenerational continuity, that is, over time, as people contribute, each generation must pay its fair share to avoid having the younger generation paying excessively for the older one.

• (1640)

As you know, it is now much harder than in the past to join the labour force, to find a steady and well paid job. A number of considerations must be taken into account and, in my opinion, one way to make the system more equitable and to ensure that every age group contributes its fair share would have been to make up, in part or in whole, for the increase in CPP contributions by significantly reducing UI premiums.

We must also determine whether the rate of return of this fund, the Canada Pension Plan, is adequate. The government's proposal seems to be a step in the right direction, because it is patterned on the model developed in Quebec, where the fund is invested in options involving various degrees of risk, making for an diversified portfolio and an attractive rate of return.

By contrast, the Canada Pension Plan has been used to provide financial assistance to the provinces, which may be a good thing, but the plan's rate of return is totally unsatisfactory and partly explains why we currently have an inadequate reserve and why contributions must now be increased.

With a better rate of return, like that of the Régie des rentes du Québec, the increase in contributions might have been lower, although the demographics would still have had to be taken into account. So, one cannot say that, from that perspective, the government did something that was inadequate or inappropriate.

The Régie des rentes du Québec is an example which shows that, when Quebecers have control over their money, their investments and the management of their finances, they can do as well, if not better, than anyone else in Canada, North America or the world.

Quebec's expertise is such that several of the amendments being proposed by the federal government are already implemented in the Quebec plan, or are the result of suggestions made during the consultations with Quebec regarding its Régime des rentes.

It must be remembered that, in the 1960s, the Government of Quebec, which was then headed by Jean Lesage, had a certain

expertise in economics. Experts like Jacques Parizeau and Bernard Landry were there at the time to advise the government. All these people helped develop a system whereby Quebec was able to accumulate a fairly large amount of money and, more importantly, a system Quebecers can now be proud of, in spite of a few minor flaws. With this system, a number of Quebecers start receiving a pension at a time when they are not yet eligible for an old age pension, so that Quebecers in general, at the exception of women at home unfortunately, receive directly a decent pension.

Quebec does have a reason to be proud. This is one system that can be held up as a model, and it is not the only one. The Caisse de dépôt et de placement, which manages these pension funds, and the Fonds de solidarité des travailleurs are other examples of various economic initiatives taken by Quebec that enable us to manage our money in a reasonable fashion.

These remarks are an indication that, were the Reform motion votable, the Bloc Québécois would be voting against it. It says in part "that this House condemn the government for requiring Canadians to pay over 70 percent more in CPP premiums". Let us look at the reasons for this increase. Can we afford to ignore the problem and not to bail out this program, if this means the program will run out of money 10, 15 or 20 years from now?

• (1645)

I think this would be one way to go for Canadians affected by the plan because, as I mentioned at the start of my speech, Quebec is not covered by the CPP. It has its own plan, the Quebec pension plan. I think that, if the amount in the CPP dropped and was not replenished, Canadians would think that their government had acted irresponsibly and for this reason the measures tabled must be considered.

When people say it increases the impact on payroll taxes, and I mentioned this earlier, yes, it is true that it will have an effect. Care must be taken to ensure that this effect is minimal. My proposal to decrease UI premiums by a corresponding amount is perhaps something that could be considered and included as an amendment to the initial government proposal, so that the negative effects of the plan on employment could be kept to a minimum.

Comparing it to the MPs' pension plan begins to sound more like grandstanding, in my view. There is not necessarily any connection between the two. I think the CPP has to be looked at separately and care taken to ensure that it is an effective plan. In this regard, there are a number of points to consider.

Let us look, for example, at the proposed measures. They say that none of those now in receipt of survivors' and disability benefits or both, nor those aged 65 and older as of December 31, 1997 will be affected by the proposed changes. This is to protect the elderly. Is it being done with an eye to the upcoming federal election? The government may have had this in mind, but at least it

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ensures some security for seniors and does not change the plan to which they contributed. I think this is acceptable.

In addition, they say that all CPP benefits will continue to be fully indexed to inflation. This is good news, because the federal government is following in the steps of the Quebec pension plan. The same is true for age of retirement. Whether it is the usual age, earlier or later, things will remain unchanged. Here again, they have followed the lead of the Quebec pension plan.

There is another similarity with Quebec. The fund now consists of two years of benefits owing. They want to increase this to a reserve of five years. That seems reasonable to us. Contribution or premium levels will also rise over the next six years, to 9.9 per cent in 2003, after which they will remain stable. This insures the viability of the plan. Certainly, it is never a big thrill to have to pay into a plan, but when people see the advantages it can have for them in future, in Quebec at any rate, this is something on which there is going to be a consensus, I believe, and something which people are quite prepared to live with.

There is, however, one aspect that is bad news and ought to be looked at by the government. It ought to try to find a new approach to this aspect, which is the new way of calculating to be applied to the combined pensions of people receiving both disability and survivor's benefits, or retirement and survivor's benefits. This is very bad news indeed, and I invite the government to examine it closely. This situation here is more or less the same as with the American pensions at the moment.

I will give you the example of a lady who receives a survivor's benefit because her husband is deceased. She becomes disabled, and is eligible for disability benefits. Under the present plan, this lady receives two full benefits, which is understandable, since a person who is experiencing such difficult circumstances does not deserve to have them made more difficult economically. Yet the new rules will place a ceiling on the amount this person can receive. That could mean receiving benefits of \$800 a month, instead of \$1,200.

I think this is a point on which we ought to do battle, in order to ensure that such an unfair situation is not created by the bill. It is unfair to penalize people who are victims of such misfortune in this way. If a person has lost his or her spouse, and then becomes disabled as well, I believe that he or she is entitled to a minimum of financial security, and cutting that person's income is not the way to go, in our view.

We are also told that eligibility for disability benefits will require greater participation in the work force. The person will need to have contributed for four of the six years preceding application for benefits.

• (1650)

In Quebec the plan is a little more generous: its requirements are for two of the last three years or five of the last ten. I think we will have to wait and see what the witnesses who appear before the finance committee will have to say about the consequences of this measure. It would seem to eliminate a number of contributors who will get nothing in return for what they paid. We must look into this.

For instance, someone who paid contributions for three years of the last six before his application for benefits is not eligible, which means he paid contributions but is not eligible for the plan's benefits. I think that is intolerable, and the same applies to the employment insurance reform the Liberals introduced.

This reform means that people who regularly pay their employment insurance premiums, especially those entering the labour market who have worked less than 910 hours, these people, after paying 600, 700 or 800 hours worth of employment insurance premiums will not be eligible for employment insurance.

This is intolerable, and I think that as far as the Canada pension plan is concerned, the government would do well to avoid making the same mistake.

A good thing about the Canada pension plan is the fact that Canadians will receive an annual statement of their Canada pension account. I think this is a way to make people responsible. They can see how much money they put in, they can plan for their retirement and ask how much they will get in benefits, how many years they still have to contribute and what impact this will have on their budget. I think this kind of specific information will be very useful to the various users of the plan.

It seems there will also be a federal-provincial review every three years instead of every five. This is a good thing. In fact, the Quebec government agrees. It means we will be able to keep a close watch on how the plan evolves and make adjustments as problems arise.

What we learn from the history of these funds—the Quebec pension plan and the Canada pension plan—over the past 20 years, is that from year to year, from one government to the next, there has been a tendency to postpone any decision making. Today, we are forced to accept a major increase in premiums. If there had been the same obligation in the past to review the plan every three years, we might have had a chance to make adjustments more regularly and it might not have been necessary to make such drastic changes. I think it would be useful to be able to operate this way.

The Reform Party's motion may have its merits as an attention getter, but it should be examined in greater detail. This is not about minor details. We are talking about some very important issues, about a pension plan that has existed for many years and will have a future for many more decades, about important decisions, and to

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associate this directly with the way members of Parliament are treated smacks of grandstanding, in my opinion.

We need to turn a critical eye on the Canada pension plan. Among other things, we must ensure that performance is improved and that, if performance is improved and if the funds created perform well, the plan contributors benefit.

In this regard, even though the minister assured us earlier that this plan accrued separately, we cannot have a surplus of billions and billions of dollars accumulating as in the unemployment insurance fund. We will end up with \$12 billion, \$18 billion or \$20 billion in an insurance plan where people contribute and employers and employees have no control over the surplus. What happens to the surplus? Will premiums be reduced?

The same thing must not happen in this plan, if its economic situation is improved.

In conclusion, the Canadian retirement income system has three pillars: the Canada pension plan, the old age security and the guaranteed income supplement. We have no strong reason for opposing the proposed reform, on the contrary, except for the points I mentioned earlier, including the benefits for persons on disability and survivors. It must complement the other pillars, like the guaranteed income supplement and the tax incentives for retirement savings.

• (1655)

A person earning \$100,000 and paying into an RRSP will save \$313 in federal tax, whereas a person earning \$30,000 will receive \$175, which we do not consider much of an incentive. We proposed a standard tax credit of \$268.

In conclusion, the motion is not votable, but we do not think it is acceptable as it stands. If there had been a vote, the Bloc would have voted against the motion, because it lacks the sense of responsibility needed in the development of a plan like the Canada pension plan.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I would like the opinion of the member. He twigged something for me when he made a statement about ensuring that various groups do their fair share in contributing to a plan.

I read one statistic in the *Financial Post* which indicated that today's pensioners are receiving \$8 benefit for every \$1 they put into the plan. Clearly this raises questions about what is fair and for whom. I will leave that very simple question and ask the member if he could put it in the context of his speech.

[Translation]

Mr. Crête: Mr. Speaker, with a pension plan such as the one before us, in order to see if it is fair we must consider two main criteria, one of which is fairness, based on the type of people who benefit from that plan, because all kinds of situations must be anticipated. Some people will receive their pension benefit simply because they have reached pensionable age, while others will receive benefits because they are in a particular situation, including people with disabilities and surviving spouses.

For example, when one member of a couple dies and the surviving member keeps the house, the costs involved are the same as before, even though there is only one occupant. So, there is an issue of fairness that must be taken into account, based on the social values of a country such as Canada, in Quebec or any other province.

The other criterion regarding the fairness in the rate of return is whether or not the plan grew adequately. If people contributed to the plan, but the government did not manage to get optimum benefits from such contributions, it will not be in a position to pay an adequate amount. This is why sending statements to each contributor to the plan, so they know what is going on, and receiving progress reports on efficiency and profitability are part of the assessment process of the rate of return. The \$1 to \$8 ratio does not automatically mean the gain is satisfactory.

It may be that better management of the plan would have resulted in \$10 being paid to the member, instead of \$8. Or was \$8 the maximum achievable? We must look at these factors.

Fairness and efficiency are definitely the two criteria that must be taken into account when determining whether the plan is satisfactory.

A major consideration for 1997, and for future years, is the issue of intergenerational fairness, of fairness of treatment between young people and older people. This issue involves many aspects. I discussed it with the hon. member for Témiscamingue, who is lucky enough to be part of the first group, the young people. He told me that, as things stand, a 25 year-old person will have to contribute during all his productive years at a rather high rate. That person will always pay a rather significant amount. However, if the government had reduced UI premium rates, while rapidly increasing contributions to the Canada pension plan, people who currently contribute to the plan, but who are 40, 45, 50 or 55 years old, would have shouldered a greater burden, because they would have contributed more than young people.

So, these considerations must be looked into. We must not forget that those who already receive benefits under the plan will not be adversely affected. They are entitled to the plan, and this is fine. However, we could do more for young people.

• (1700)

[*English*]

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, I am always touched by the irony when members of the Bloc stand up in the House of Commons and defend the right to take a pension from Canada, “but by the way we want to take the province of Quebec out of Canada”. It may escape members of the Bloc but I assure you, Mr. Speaker, it does not escape the people where I come from.

The point I want to make to my colleague from the Bloc is that in order to have the moral authority to ask other Canadians to tighten their belts, we as Members of Parliament must first tighten ours. We are asking Canadians to pay twice as much for less. Yet we think it is quite all right for us to go along merrily as we have in the past.

My question relates to the different vision that we have of Canada. This does not make one right or another one wrong. It is just different; the collective nature of Quebec and the fact that Canada pension plan premium increases have not struck a resonant chord in Quebec. I would ask my colleague to think about the 45 per cent of Canadian businesses, as reported by the Canadian Federation of Independent Businesses, that say payroll taxes are a major disincentive to hiring. Unemployment, particularly among young people, in Quebec is a disaster. What affect will this payroll tax increase have on employment in Quebec?

[*Translation*]

Mr. Crête: Mr. Speaker, I must say I have no problem with members of the Bloc Québécois receiving a pension from Canada, because I was elected by the people, by 54 per cent of the voters in my riding. They voted for me thinking that sending me here was the best way to have a voice in the Parliament of Canada.

As far as I know, Quebec is a part of Canada and I have an employer in Canada. The plan does allow members who wish to do so to opt out of the plan. This is an optional plan. Therefore, I do not think this should be challenged.

My first allegiance is to those who elected me, who chose to be represented by a member of the Bloc Québécois. The fact that 53 or 54 of us were elected to this place seems to indicate that things are not all going well in Canada. I think that it will be up to the people to tell us, in the next election, whether they are still happy with the job we are doing here. Everything is out in the open, and they will decide accordingly.

To answer the second part of the question, about unemployment, I would like to point out to the hon. member that, in my remarks, I suggested that UI premiums could be reduced very quickly and this reduction compensated in whole or in part by an increase in CPP

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premiums. In Quebec, choices will have to be made in that regard and there is a need to be able to assess the actual impact of such a measure, whether it will be 1 per cent, 2 per cent or 3 per cent.

In both Quebec and Canada, one thing is sure: when people grow older, they want to know that they will have a decent pension and so will the younger generations. Younger people too want to be able to count on getting a pension. A balance will be struck through appropriate consultation. More work remains to be done, and I do not think it would be appropriate, at this time, to condemn the proposed changes. Close scrutiny is required to ensure the plan is the best it can be, so that 15 or 20 years down the road, we can look back and say that the governments acted responsibly on this issue.

The Deputy Chairman: Before turning the floor over to the member for Edmonton Southwest, it is my duty pursuant to Standing Order 38 to inform the House that the questions to be raised tonight at the time of adjournment are: the hon. member for South Shore, the economy of Atlantic Canada; the hon. member for St-Boniface, the CBC; the hon. member for Lambton—Middlesex, the Pest Management Regulatory Agency.

[*English*]

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, this is a particularly important debate for all Canadians, particularly younger Canadians. During the course of the debate, I hope I will be able to make five points. The first point would be that the Canada pension plan, even as it has been restructured, which admittedly is better than it was, is a poor investment for all contributors but it is particularly poor for younger Canadians.

• (1705)

I would also like to make the point that payroll taxes are, in the words of the current Minister of Finance, a cancer on job creation. They are a cancer on job creation to the most vulnerable people in our society, the last hired and the first fired. It is a cumulative effect of payroll taxes. I do not care what name we use to disguise it, if it is a contribution or a mandatory payroll deduction it is a tax and it is a cancer on job creation. It is something that we, as members of Parliament in this legislature and all legislatures across the country, have to mitigate. It is our responsibility.

I would also like to make the point that the plan continues to be irresponsible. It continues to be a pay as you go plan. It is a defined benefit plan that defines the benefit that contributors will receive but the benefit does not have a direct relationship to the amount that is paid into it.

I would also like to make the point that unless the contributions to the Canada pension plan receive a substantially higher return, and in view of the changes to pension planning for all seniors brought about by the change to the seniors benefit, the change to OAS and GIS, old age security and the guaranteed annual income

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supplement, which will now be the seniors benefit, virtually everyone will see half of their Canada pension plan taxed back.

In the year 2001 when the seniors benefit takes effect all single seniors in our country turning age 65 will receive \$11,420 per year tax free. However, any additional income, including pension income and the Canada pension plan, will be taxed back at 50 per cent. That means that unless pension income over the working life of the taxpayer generates a much better return on investment, it is going to be virtually totally taxed back anyway.

The last point I want to make is there is a direct relationship between the pension plan for members of Parliament and the Canada pension plan and the increases to the Canada pension plan.

I thought long and hard before I opted out of the MP pension plan. It is a very lucrative pension plan. My being here is going to cost me and my family down the road. However, I thought we as members of Parliament were in a particularly difficult time. We all knew it and everybody in the country knew it. It was only way that we could have the moral authority to say to Canadians that it is necessary for all of us, every single Canadian, young and old, to make a sacrifice because we must leave our country in better shape for our grandchildren than we found it.

The only way that we could have the moral authority to do that would be to be the first people to take a hit. We had to demonstrate that we were not going to ask people to do as we say. We were going to demonstrate that we would ask people to do what we have done and to show leadership. That is what this is all about. It is not a question of being holier than thou and wearing a hair shirt. It is a question of having the moral authority to ask Canadians to tighten their belts because we have a responsibility in our generation to leave our country in better shape for our grandchildren than we found it.

When our children and grandchildren have the opportunity to pay a Canada pension plan tax of 10 per cent of their income, they will at the same time, as we all know, also have the opportunity to pay taxes to support a \$600 billion national debt.

• (1710)

This is the legacy that we leave our children and our grandchildren. We leave an unfunded tax liability on the Canada pension plan of \$600 billion, and the very generations of Canadians that put that responsibility on the shoulders of their children and grandchildren are also leaving future generations of Canadians with a \$600 billion debt.

Unemployment in our country is at historic high levels. We have had the highest sustained levels of unemployment since the depression. At the same time we are greatly increasing payroll taxes. Payroll taxes, by every objective standard and by every commentator, are acknowledged to be killers of jobs and employment.

If we were to collapse the Canada pension plan today, current and future taxpayers would still have to pay approximately \$600 billion in accrued pension benefits which we are liable for that have not yet been paid. That unfunded liability is equivalent to our \$600 billion national debt. It is something that parliamentarians for the past 30 years have been very uncomfortable in addressing. Instead, we have increased the contribution rate to build up a fund over five years instead of two, while maintaining a pay as you go dimension to the plan. Pay as you go means that each succeeding generation will pay the benefits of the generation which preceded it.

Somewhere down the line, at some time, someone is going to have to make good on these pension promises.

We overlook the fact that in Canada, if the pension plan were to collapse tomorrow, annual premiums would still be required to pay for the \$600 billion of accrued benefits. When we view a proposed 6 per cent premium in 1997, 6.4 per cent in 1998, 7 per cent in 1999 and 9.9 per cent in 2003, we should be aware that the promise that premiums will be frozen at 9.9 per cent must be considered suspect. After all, if full funding of the benefits of a completely collapsed plan would cost 8 per cent or 7 per cent annually, how can 9.9 per cent be viewed as stable when the unfunded liabilities will continue to increase?

During question period over the last couple of weeks I have put that question directly to cabinet ministers. Of course the question has not been answered. I have asked cabinet ministers when the CPP premiums hit 9.9 per cent, will the government guarantee that there will be no further increases in pension plan premiums or decreases in benefits. The reason that question was not answered is they cannot answer it. They have no idea. I suspect, however, that we will see that happen.

When the plan started in the mid-sixties the contribution rate was 3.5 per cent. Then it went to 5.65 per cent and it will go to 9.9 per cent. Therefore it is reasonable to assume that rates will continue to increase.

Also at issue is the timing of the increase. Is our economy sufficiently healthy that employers will be able to pay the increased premium of \$1,300 and continue to increase employment? At the same time, the employment insurance fund has a great surplus. This is the link between the payroll taxes of employment insurance and the Canada pension plan premiums that kept Ontario out of the mix for so long.

Supply

• (1715)

I know the government says Ontario came on board because it managed to wrestle from the government a 10 cent decrease in unemployment insurance premiums for a corresponding \$4 increase in Canada pension plan premiums. I doubt very much whether that is a victory people will hear the Ontario government crowing about very long.

I point out once again that this is being done at a time when one in 10 Canadians are unemployed, when many are under employed and 17 per cent of young Canadians are unemployed. They are the people who will be hurt most.

Whether people call the increase in the Canada pension plan premiums a tax or a pension contribution, it is still a compulsory cost to the employer which raises the cost of creating a job.

The government insists that the 9.9 per cent tax is not a tax but an investment. Therefore, the government believes it is not reasonable to speak of the disastrous effects the Canada pension plan rate increase will have on employment. I submit that it is a false argument.

Unless we, as members of Parliament from all sides, are able to look at the problems that face the country honestly, unless we are able to deal with things as they are and not as we would wish them to be, how can we ever make them right? How can we possibly fool ourselves into thinking that a mandatory deduction that must be taken and paid by every working Canadian is not a tax?

Only two people in the whole country believe it is not a tax. Unfortunately, those two people are the Prime Minister and the Minister of Finance. Perhaps the Parliamentary Secretary to the Minister of Finance who has worked so hard at putting the changes to this Canada pension plan together, does not believe it is a tax either. I hope history will judge him fairly and with considerable compassion.

Mr. Benoit: He will need the compassion.

Mr. McClelland: He will need it. Much of the political and social disagreement concerning the Canada pension plan could be addressed through creating options. This is the area where the Liberal government has let us down. The government has the responsibility of leadership, not just patching over the cracks.

If it took over 30 years to get where we are on this road with the Canada pension plan, with the \$600 billion deficiency, why in the name of heaven would we spend another day going down that road? Why would we want to patch over a plan that was flawed right from the beginning? People knew it was flawed. Why would we not use our best efforts to make this plan work much better for succeeding generations? That has to be the elemental question. Why put a

band-aid on it? Why not do what needs to be done to fix it properly?

I mentioned earlier in questions and comments to other speakers that the Canada pension plan became a honey pot of money and entitlement that politicians found irresistible, rather like flies to honey.

The disability take up on the Canada pension plan has been surprisingly high over recent years. That is not terribly surprising because the take up rate on Canada pension plan disability has a direct correlation to the job market. When jobs are scarce people do what they have to do to survive.

• (1720)

One of the things that people have done, and that is why the take up rate on the disability side of the Canada pension plan is so high, has been to use it to provide an alternate source of income. Once this availability was established, government cannot turn on a dime and tell people it is sorry but the plan is no longer available.

Since the auditor general's report identified this as a particularly difficult problem for the Canada pension plan, the policing of the disability entitlement has been much more severe. As I mentioned earlier, over a 10-year period the Canada pension plan had a 92 per cent increase compared with the Quebec pension plan which had only a 2 per cent increase.

The disability community, persons who have long term, systemic disability, did not want the Canada pension plan disability tampered with because, quite rightly, it said that it has problems enough protecting itself from the ravages of the cuts to the Canada health and social transfer. To the credit of the government, the report on persons with disabilities by the member from Fredericton addresses some of the concerns very well.

There is a very real difference between Canadians who are in systemic, long term disability into which they are born or have suffered a tragic accident and people who take up disability because it is part of the pension plan privileges. We have combined the two. In hearings with persons with disabilities they would prefer not to be combined but they do not want to rock the boat now.

In my view, it is our responsibility to protect persons with disabilities. That is part of our common wealth. That is part of our responsibility one to another. That is how through our own independence our interdependence is strengthened. However, the two should not be confused. Insurance is insurance. The Canada pension plan is a pension plan. By allowing the Canada pension plan to become something that it was never designed to be puts increasing stress on its ability to fund what it was supposed to do in the first place, which is to be a pension plan.

Supply

If, as a society, we need to look at funding persons with disabilities, then let us also deal with that honestly. Let us put it on the table and see how it can best be done economically and ensure that people who must take up the provisions of disability insurance get into and out of the program.

That has been duplicated already because every province has a workers' compensation board. The provincial and federal governments need to work together to ensure that every single citizen gets the best return on the common investment. However, they should not trickle down responsibilities from one order of government to another. Citizens should not have to shop to see where they can get support. They should not have to make a disability premium payment to an insurance company only to find that the insurance company will not pay until after they have been able to collect from the federal program.

I anticipate some well thought and well founded questions from members opposite. I hope that when they ask the questions they will keep in mind that this is a particularly poor return on investment for young Canadians who must bear the burden of the debt that they will inherit also.

I would ask members opposite to get their calculators out and tell Canadians what return would come on a 40-year investment of \$1,000 per year at an average rate of return of the equity markets in Canada and tell me that is not better than the CPP deal.

• (1725)

Mr. David Walker (Winnipeg North Centre, Lib.): Madam Speaker, it gives me great pleasure to join this debate. I have never seen an opposition party so willing to open up its weakest flank by declaring a day to debate an idea that does not actually exist. That is one of the great travesties in this debate.

This is a very serious debate. Members are very concerned about it. One of the core issues facing our society is that of economic insecurity. The eight provincial governments and the federal government have finally answered the question of economic security in the Canada pension plan. It is a great achievement. Only three political leaders in the country would not join in: the premier of Saskatchewan, the premier of British Columbia and the leader of the third party. What a group of scoundrels. None of them are willing to live up to his responsibilities. What do they have in common? Their unwillingness to deal with the arithmetic reality that is involved in the reform of the Canada pension plan.

People have begged us from the outset to please do something about this plan.

Mr. Epp: Starting in 1966 they did.

Mr. Walker: Yes. Guess who was the proudest defender of the plan? Guess who wrote to the famous John Kroeker, who the member brought up in the House of Commons yesterday, to say this is the best thing for Canadians? Ernest Manning wrote a private letter to him which said that this plan should be defended by Canadians, that this is the best way to protect workers in a modern society. It was the father of the member's leader. He should go back to his papers to find out where he was in 1965-66. The member should do his research and he will understand how this plan works. He should start telling Canadians that at 7 per cent, what will happen to that \$600 billion if we do not have a Canada pension plan. What will they do, raise income tax? Will they put their hands over their eyes? What will happen to that?

Canadians will have money for their Canada pension plan by keeping their contributions down to 9.9 per cent, by sharing the cost between the employers and the employees. Do Reformers mention employer contributions in their superfund? Of course they do not. The great travesty in this whole thing is that the workers pay the 10 per cent plus they pay 7 per cent for the outstanding obligation. For 17 per cent, what do they get? A high risk mutual fund run by the Reform Party. Is the member crazy? Is he nuts? I would like to hear a response.

Mr. McClelland: Madam Speaker, allowances must be made for the hon. member opposite because he has had this file for the past year and surely must be weary of it. You can tell because of the cobbled together package he has brought to Canadians.

The member opposite makes great political capital of the fact that the provincial premiers have joined them. Jesse James and his gang have come together to rob taxpayers by foisting this despicable, expensive program on the younger generation of Canadians. It is a darn good thing the Liberals foisted off the gun control first because there is no defence against the Liberals when they come charging up and start putting their hands in your pockets, you know they will go deep and it will hurt.

The government has known for 30 years that the Canada pension plan would not work. Circumstances finally forced it to cobble together the unholy alliance with the provincial governments to continue the funding for another 20 years of moneys at the long bond rate, which is what it came to us with. The government members should be hanging their heads in well deserved shame.

The Acting Speaker (Mrs. Ringuette-Maltais): It being 5.30 p.m., it is my duty to inform the House that proceedings on the motion have expired. The House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

*Private Members' Business***PRIVATE MEMBERS' BUSINESS***[English]***UNDERGROUNDECONOMY**

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.)
moved:

That, in the opinion of this House, the government should continue and enhance its efforts to address the underground economy, which costs Canadians anywhere from \$23 billion to \$156 billion in lost revenue and wages, by working with other levels of government, industry and unions in developing a plan of action, which includes a national education campaign and increased enforcement.

She said: Madam Speaker, Reformers came to this place stating that they would do things differently, but as we see you have to keep order and I thank you for it. When we do go to the trouble of making speeches and working hard it is nice to be able to make them and for our constituents to hear.

I am pleased to speak to my Motion No. 243 calling on the government to enhance its efforts to combat the underground economy. My motion asks that the government consider a plan of action which includes a national education campaign and increased enforcement.

As part of my work as chair of the national Liberal caucus committee on economic development I recently chaired a subcommittee which studied the issue. I was pleased to have the opportunity to work with the hon. member for Brampton, the hon. member for Vaudreuil, the hon. member for St. Catharines and the hon. member for Lambton—Middlesex who is here and will speak later to the motion.

We made a number of recommendations to the Minister of Finance prior to the 1997 federal budget and we entitled our report "Our Future at Risk". The effects of the underground economy truly place our future at risk. What is perceived by some as an anti-GST activity is in fact costing every Canadian in lost revenues for social programs, deficit reduction and worker benefits.

What is attractive to some because of what they perceive as an unfair tax system is unfair to the honest tax paying Canadian. The underground economy places our social services, our deficit reduction efforts and our very future at risk. It is easy therefore to complain about taxes and to try to avoid them. Certainly our taxes are high. However it is important to remember that taxes support health care, education, social services and public pensions.

When we participate in the underground economy we are not taking money away from government. We are taking services away from the sick. We are taking education away from our children. We are taking pensions away from our elderly. Revenue Canada believes that the causes of the underground economy includes high

taxation, the perception that government does not spend its money and efficiently, the GST, and the perception of unfairness in the taxation system.

No one really knows how much the underground economy actually costs Canadians, although it is estimated somewhere between 2.9 per cent and 3.5 per cent of GDP to anywhere around 10 per cent to 20 per cent of GDP. Whether we accept the low end or the high end, government must take a more active role in combating the underground economy.

One of the most important efforts that can be accomplished immediately is education. Canadians are unaware of the actual costs of the underground economy. Many do not appreciate that it places our future at risk. Certainly no one enjoys paying taxes.

However government must work to ensure all the money owed to it is collected. We could only imagine the benefit that would be accomplished if suddenly the money lost in the underground economy were used to pay down the deficit, used to fund hospitals, used to support post-secondary education, used for our police and used to support our infrastructure. That money rather than the irresponsible promise of tax cuts could do what we need to do much faster.

● (1735)

Combating the underground economy will ensure tax fairness. By offering support to the honest taxpayer it will ensure the preservation of our social programs. It will speed the deficit and debt reduction demanded by Canadians in Guelph—Wellington and in every other part of this great land.

A number of federal government departments are actively working on the problem. I commend the work currently being accomplished by the Department of National Revenue under the leadership of the current minister and the former minister, the hon. member for Victoria. Eight hundred additional auditors were announced in the 1996 federal budget. The work of the department has yielded more than \$1.7 billion in additional revenue for the government since November 1993, revenue that would have been lost without these efforts.

Human Resources Development Canada has undertaken a study and the Department of Finance continues to look for ways to protect the integrity of the tax system.

One of the most important ways we can combat the underground economy is through partnerships. I am fortunate to have in Guelph—Wellington a number of concerned individuals and groups, especially the building trades that are ready and able to work with government and others to help reduce the effects of the underground economy.

Private Members' Business

The federal government must work with all levels of government, industry, labour and others to find new and innovative solutions. There are, for example, a number of key associations that are directly affected, including the Canadian Jewellery Association, the Canadian Dealers Association, the trade unions, chambers of commerce, the Canadian Automobile Dealers Association, local construction associations and tourist associations.

To anyone who says that the underground economy does not affect individuals, let them speak to people like Joe Maloney and Phil Benson of the building and trades department. They know that some of their members are unemployed as a direct result of underground economic activity. In these cases the underground economy hurts us two ways. It takes away legitimate government taxes and contributions for the Canada pension plan, workers' compensation, income taxes and employment insurance. It also places the worker, someone willing and able to work, on employment insurance, adding burden to the EI system.

There is also the toll that a monetary value can never replace. It takes away the dignity of work that the individual feels when he or she is contributing to supporting themselves or their families.

Every time someone paves a driveway, installs new windows, repairs the car or gets their hair cut through the underground economy they may very well be taking a job away from a friend, a family member or a neighbour, and a job necessary to provide support for a family.

There is a human face to the underground economy and there are no simple solutions to ending the underground economy. No one has the answer that would solve this problem. Any effort requires teamwork. That is why I am suggesting a Team Canada approach to solving the problem.

Like my community of Guelph—Wellington we have to work together in order to seek solutions and, most important, to find answers. In Guelph—Wellington our problems are solved through co-operation. Recently, for example, we needed a CT scanner for the General Hospital. It was purchased because hundreds of Guelph—Wellington residents, supported by the generosity of our corporate community, worked together to raise the necessary funds for equipment that will save lives.

In Guelph—Wellington solutions are found when labour, industry, politicians and citizens work together to find them. There is no doubt that the underground economy is fuelled by a lack of trust for the way that governments spend money. Certainly there was some justification in the lack of confidence in the way taxpayers' dollars were managed.

In the nine years prior to the election of the Liberal government Canadians watched Conservative finance ministers make 33 pro-

jections of deficits. We also watched them be wrong 33 out of 33 times. Canadians watched the debt nearly triple in those nine years. All of that has changed. Confidence has returned. There is still much work to do but sanity has returned to the management of the federal government treasury. Canadians can be confident that their money is being spent on their priorities and that we are no longer sacrificing our future by overspending.

• (1740)

The present finance minister has listened and we are now spending within our means. A balanced budget is in sight and the debate will soon change from how much is the annual deficit to where do we apply the surplus.

I ask those who participate in the underground economy because of mismanagement to reconsider. We have turned our finances around. We have listened. Their money is being spent building the greatest country on earth.

Combating the underground economy will require building on partnerships. Once Canadians realize it is in our best interest—and I mean each and every Canadian—to ensure tax fairness we can begin to eliminate the problem. Partnerships must include all levels of government, industry, labour, community associations and individual citizens.

The industries most affected such as the building trades are the first to want to volunteer for any effort that will be successful in reducing not only the underground economy but also unemployment and underemployment among their members.

Ultimately the underground economy has a human face. It causes hardship among hard working, able workers whose jobs are taken away because some Canadians choose to avoid paying taxes. All honest taxpayers must participate in any effort to end the underground economy.

As our colleague from Hillsborough, Prince Edward Island, said to me in a letter as we were preparing the report of the subcommittee on this issue, "we should not just increase enforcement but we should address the underlying causes of the underground economic activity".

The underground economy is caused by attitude as much as anything else. We all remember when drunk driving was either accepted or we chose to close our eyes to the problem. It was a slow process to change attitudes. Groups like Mothers Against Drunk Driving that has a chapter in Wellington county helped to raise awareness to the level where drunk driving is no longer acceptable. None of this happened overnight. These efforts took time but we are now living in a society where driving drunk is not tolerated.

So it is with the underground economy. Ending the problem will not be done overnight. Vigilance must prevail. A long term strategy is required. Patience is necessary.

One of the more successful tools we have to reach out and inform is education. Some people may offer simple solutions. Certainly any promise of across the board tax cuts may be attractive in the short term but tremendously unrealistic in the long run.

I have urged both the Prime Minister and the Minister of Finance in their roles as leaders to speak on the issue. Many Canadians are simply unaware of the size of the problem. Some believe their participation in the underground economy does not really make a difference because they are only one person. They fail to understand that when their participation is joined with that of others the problem becomes compounded. Others see the whole issue as too complex and too overwhelming to comprehend.

Recently the government of the province of Quebec undertook a major education campaign. The campaign focused on the fact that participation in the underground economy took away from our children's future. In one of the television ads we see a number of people hunched under a table making financial transactions. At the end of this long table we see a child sitting alone. The message is simple. The child receives none of the benefits of underground economic activity. Simply put, it is another message that our future is at risk.

As I said earlier, we need a Team Canada approach to the problem. Nothing could be more positive than a poster at a building supply depot from the Canadian Construction Association. A message sponsored by a local chamber of commerce or a reminder at a company bulletin board would have a positive effect.

• (1745)

Again, I ask that we remember the example I gave about drunk driving. It took persistence on behalf of a few to change the minds of many.

I want to touch briefly on the issue of the cashless society. There is no doubt that our system of paying for goods and services is changing.

Shop at most stores in my community and someone can probably pay by cash, credit card, cheque or perhaps Interac. Guelph is also home to Mondex, a fascinating cashless experiment. Certainly this will have an impact on the underground economy. Debit cards like Interac are traceable like a cheque. Transactions can be followed.

There is no doubt that the cashless society, whether it be a Mondex system or something even more fascinating will in the next few years change the way we purchase goods and services. I urge the federal government to monitor this situation closely.

Private Members' Business

The cashless society should benefit any effort to reduce the underground economy. I hope we work with those implementing this future technology for efforts that will discourage underground economic activities.

This issue is complex. We argue over the size of the underground economy and we can debate over which sectors are most affected. We can search for solutions. However, one thing is clear. As long as Canadians participate in the underground economy, they place our future at risk. It is easy to believe that we are avoiding the GST or simply not giving the government more money to mismanage.

However, participation in the underground economy does not hurt the government. It has a negative impact on government services and it increases the deficit and the debt. Participation in the underground economy takes beds out of hospitals, teachers out of schools and puts veterans' benefits in jeopardy.

It further burdens our children whose share of the debt increases each time someone avoids paying taxes. It prevents governments at all levels from offering all the services to taxpayers that they can and it puts honest, hardworking men and women on the unemployment line or makes them turn to social assistance in order to feed themselves and their families.

We must all work together to end this problem. A lack of confidence in government and its ability to spend money wisely and efficiently was perhaps a reason. We have turned the corner.

Participation in the underground economy only makes the situation worse. It hurts every single Canadian, particularly those most vulnerable.

Governments must reach out further to find partners, work on solutions and end this problem which clearly places our future at risk.

[*Translation*]

Mr. Richard Bélisle (La Prairie, BQ): Madam Speaker, the member for Guelph—Wellington has tabled Motion M-243, which reads as follows, and I quote:

That, in the opinion of this House, the government should continue and enhance its efforts to address the underground economy, which costs Canadians anywhere from \$23 billion to \$156 billion dollars in lost revenue and wages, by working with other levels of government, industry, and unions in developing a plan of action, which includes a national education campaign and increased enforcement.

I would like to begin by congratulating the hon. member on her initiative in calling on the federal government to step up its fight against the underground economy, even if it must be pointed out that this initiative has come on the heels of numerous requests by the Bloc Québécois and of action undertaken by the Government of Quebec in this connection.

Private Members' Business

Quebec has once again been a step ahead of the federal government. An education campaign is already under way in Quebec. Viewers will recall the television ad showing a young child sitting on a table while adults exchange money underneath it.

The Bloc Québécois has often asked the federal government to step up its fight against the underground economy, in its analysis of the auditor general's reports for instance, and again quite recently in the paper setting out our expectations with respect to the finance minister's last budget.

• (1750)

In this paper, we estimated that, for the federal government alone, the underground economy represents annual tax losses as high as \$6 billion; this figure comes from a Statistics Canada estimate, and we argued that the government could easily recover at least \$500 million by hiring more inspectors.

The auditor general has already pointed out that his inspectors cost an average of \$35,000 each in salary, and that each one brings in on average almost half a million dollars in additional tax revenue annually.

Economists would advise the government that it should hire these workers as long as their training and salary costs are offset by what they bring in in additional tax revenue.

Right now, they are bringing in ten times more than they cost, which suggests that the revenue minister would do well to hire more of them.

It goes without saying that concerted action by the provinces, industry and unions has a better chance of succeeding than unilateral action by the federal government. We think that Quebec will very likely co-operate with the federal government in this endeavour, because this is a phenomenon that has a negative impact on the tax revenue of all levels of government, while there is only one level of taxpayer. If the federal government indeed acts along with the others involved, instead of harshly imposing its views and interests in this area, we consider this plan to be extremely viable and highly desirable.

The underground economy has two components: there are activities which are fundamentally legal but not reported for taxation, like moonlighting, and then there are illegal and criminal activities, like drug dealing and fencing stolen cars.

We believe that an education campaign ought to focus particularly on people liable to get involved in the first category of activities, and that increased enforcement—stricter legislation and inspection, for instance—need to be looked at for both categories, with

particular attention given to controlling and eliminating the second category of activity.

We fully subscribe to the notion that, in a country where the community decides to provide public services, crooks and deadbeats who deliberately avoid paying taxes, who will do anything to avoid paying their fare share of tax, are guilty of antisocial behaviour. That is why we must first of all make people aware of the social significance of underground activities, while at the same time setting up active control measures in areas where such activities are more frequent.

We must, however, avoid going too far and considering everyone a potential crook and deadbeat. We live in a system where people are presumed innocent until proven otherwise, and this must continue. Ways must be found, however, to get at those who are knowingly behaving as bad citizens.

The public must be educated and informed about what their taxes are used for, so that they do not get the impression that they are paying them for no purpose. This implies that the government must first and foremost set an example, and prove that this is true. The public needs to be convinced that the rich, and the big corporations, are paying their fair share of taxes.

Our young people do not need the auditor general telling them that stock mismanagement costs them \$1.25 billion, that the federal government spent \$30,000 to move a ship in order to save \$71 on a repair bill, that the RCMP ordered 4,000 too many hats.

The federal government still has a lot to do in this connection. There are two types of approaches to eradicating moonlighting and tax evasion: deterrents and incentives. The main deterrents are to increase controls and monitoring and to increase fines and penalties. We believe that the federal government should stress incentive measures including lower taxes, deregulation, simplifying the task of taxpayers and government officials faced with the complexities of the tax system, continued improvements in public administration and finally, tax amnesties, which, however, remain an exceptional measure.

In concluding, I believe that education is also helpful, as is the degree of visibility of consumer taxes and increased employment, which might reduce the pressure on taxpayers.

• (1755)

All these measures should be part of a comprehensive plan to fight the underground economy. Unfortunately, from what we have seen in recent months, including latest budget brought down by the Minister of Finance, there can be no doubt at all that the Liberal government is not really interested in fighting the underground economy, in spite of the efforts of the hon. member for Guelph—Wellington.

Private Members' Business

[English]

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Madam Speaker, I would like to congratulate the member for Guelph—Wellington and her colleagues for engaging in a serious effort to understand the nature and the size of the underground economy and come up with some suggestions on how we could reduce the size of this unfortunate development in our economy.

As an academic economist I have a long tradition of studying this subject. I have attended a number of international conferences. I was first attracted to it when I met a professor from the University of Wisconsin, Ed Feige, telling of his experience when he stayed with a relative who came home one evening with a brown paper bag. He asked him naively what was in the bag. He opened it up and inside was cash. That person had a small retail store and he had taken a lot of his profits that day home in cash. They did not go through the banks.

It also brought back my own memory from childhood in Germany where my father had a grocery store. In the evenings he would draw all the shades and make sure that nobody could see in when he punched on the cash register a new tape reflecting a much lower cash receipt of the day that went into the official books. I know, and everybody seems to know, that these kinds of practices are very widespread. However, I found out at these conferences there is a very wide range. There was a very wide range of estimates of the size of the underground economy. It all depended on the methodology that was used by the people who studied it. On the one hand there was Ed Feige who said we have so much more cash floating around in the economy than we did before for a given national income that it must be used for the financing of the underground economy. He was driven by this example of his relative bringing in a brown paper bag full of cash. He estimates that it may be as high 15 per cent of national income, if not higher.

However, to me the most impressive and persuasive argument was made by people from Statistics Canada and other national data keeping organizations. Let me have a quick taxonomy. There is the underground economy that exists of barter where a dentist in a small town might accept a supply of chicken for 10 weeks, one a week, in payment for dental services. That kind of a barter undoubtedly takes place. Every once in a while I run into people who say "you are so naive that you did not know we were doing this". But the estimate of the importance of this kind of activity, given the size of the economy, is trivially small.

The second source of underground economy activity arises in the context of smuggling. Here the most outstanding example relates to goldsmith jewellery which is burdened not only with GST and PST but also a very unfair 10 per cent luxury surtax which is totally inappropriate for this age. It has created a huge underground economy. In the finance committee we heard regularly pleas from

the industry for the government to abandon this absurd tax. I hope the government, as soon as it has breathing room, will follow this advice. It might produce more revenue than is being lost because the return to smuggling is destroyed.

• (1800)

The persuasive argument as to size came to me from national income accountants who said they knew from episodal evidence that the biggest cheating takes place in the construction industry, car repair, tailoring, barbers and a few other such industries.

We have statistics on the size of those industries. They may be important to individuals but given the size of the economy, a refinery or an automobile manufacturing plant those industries are very small. They make up no more than 2 per cent of national income.

A large proportion of those activities is undertaken by a large firm and a large firm that engages in car repair cannot cheat. Furthermore, let us look at home repairs where they might give a deal if they do not have to pay GST on building an addition to a house. Let us remember the person has to buy windows, doors and all materials that go into it. The addition may cost \$10,000 but the value added by the person who does the work is probably about \$1,500 or \$2,000. GST is paid on all the inputs because the person cannot claim back a rebate on the input.

I am persuaded that it is a relatively minor problem. I believe the hon. member for Guelph—Wellington was overstating the case when she said that Canada's future was in danger because we had an underground economy. That is a vast exaggeration of the problem.

In the moments remaining to me I will talk about some possible solutions. The first solution would be more education. How can anyone be against education? How far can we go when the message being sent goes against individual self-interest? We know that in the end self-interest pays and dominates.

We should also remember especially in those cases that it is a victimless crime. The victimless crime morality is very hard to argue. The hon. member might say that other people will have to pay more taxes and services are down. That is remote. The amount of money being cheated is so small that the average person can rationalize very well the effect on society as a whole of minute actions. Nevertheless, let us have more education by all means but let us not spend too much money.

The next thing is to have more enforcement by the Department of National Revenue: more audits, more rat lines and all those kinds of things. Surely they will produce some benefit. Not only am I worried about the cost. I am also worried about the other side of the coin, that we are increasing the power of the state. We are letting human beings who are imperfect, who could fail and who

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could abuse power go out and chase down a few individuals. This involves a great deal of risk.

Let us build partnerships. It is like education but I doubt that it will go very far. The conclusion I reached having looked at the subject is that the only sure way to do it is to lower the returns from cheating. How do we do it? It is by lowering taxes. There is a risk of being caught and a risk of social disapproval. The higher the rate of return from engaging in illegitimate activities and carrying the risks, the more will be undertaken. The converse is the lower the rate of return, the less will take place.

• (1805)

That is just another argument in a long line of arguments in favour of lower taxes which can only be brought about by Canadians accepting somewhat smaller government and going back to self-reliance rather than on any occasion possible screaming "Ottawa help me". That is the way to deal with the problem the hon. member has addressed in her resolution.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, I begin by recognizing my hon. colleague from Guelph—Wellington for her work as chair of the subcommittee of the national Liberal caucus committee on economic development. In late December 1996 the subcommittee held hearings to examine the underground economy, taking the first of many important steps in the government's efforts to address the underground economy.

I welcome the opportunity the motion presents to review the government's continuing efforts to address the underground economy. The issue is fundamental to the integrity of the tax system. The government must ensure that taxes owed are taxes paid so that Canadians have faith in the fundamental fairness of our tax system.

The Canadian tax system is based on the principles of self-assessment and voluntary compliance. Most Canadians are honest and pay the taxes they owe. In fact about 95 per cent of tax revenues are collected without any direct enforcement action. There are areas of the economy where there is lower compliance and where the government has had to focus its efforts. The underground economy is one of those areas.

The underground economy we are talking about are those transactions, often cash transactions, on which income is not reported or is only partially reported for tax purposes.

There is nothing romantic or harmless about the underground economy. The simple fact is that all of us benefit from the economic and social programs funded by our governments. When some individuals do not pay their fair share of taxes to support those programs it is the rest of us who have to pay more.

[Translation]

The underground economy comprises business competing unfairly with honest firms, because they can offer consumers lower prices, as they pay no income tax and do not contribute to the Canada pension plan, the employment insurance plan or to workmen's compensation.

In this context, the honest firms paying their fair share of taxes may be forced to accept smaller revenues, indeed to lay off employees and even, in some cases, to close their doors.

Consumers themselves become part of the problem of the underground economy when they agree to pay cash in exchange for a better price, which enables the business or the tradesperson to hide the operation and avoid all taxes. This sort of behaviour hurts all consumers and all members of our society.

In fact, lost government revenues cannot be used for essential services benefitting all Canadians, such as health care, education and other social programs.

[English]

The problem of the underground economy is one we cannot and do not ignore. Let me expand on what our government and Revenue Canada have done and the progress we have made since 1993.

The action plan the government has developed and implemented puts heavy emphasis on voluntary compliance and the things that support it. It is a plan that balances partnership, education and service activities with enhanced enforcement. Let me emphasize that our strategy to deal with the underground economy is designed to promote the principle our tax system is based on, voluntary compliance.

From an economic point of view that is a smart strategy. It costs the government less to obtain taxes that are paid voluntarily than it does for Revenue Canada to go out looking for, auditing and investigating those who do not comply.

Given this context, education is a major tool in battling the underground economy. Through its education efforts Revenue Canada has raised public awareness of the consequences of the underground economy and tax evasion. Presentations have been made to local community and business organizations. Information sessions have been held at universities, colleges and high schools. Revenue Canada staff visits business people in communities across the country to inform them about their efforts to combat this problem and to encourage a level playing field for honest businesses.

During these visits they provide information on departmental services, answer questions and provide assistance to make it easier for businesses to comply with the various tax regimes. Overall I am glad to report that during the past two years Revenue Canada staff

has visited over 100 communities and met with more than 21,000 businesses.

• (1810)

Another important element of Revenue Canada's action plan is to inform individuals what happens if they have not reported all their income and they want to come clean.

[*Translation*]

Revenue Canada's voluntary disclosure policy enables all those who take part in the underground economy and those who have not complied with the law to correct any omissions in the income they declare to the department.

This policy is based on a simple principle: if a disclosure is made voluntarily, that is, before the department has begun an audit or taken other enforcement action, no penalty or sanction, such as prosecution for tax evasion, will be imposed. The individual will simply be required to pay the tax due plus interest.

[*English*]

It has sometimes been suggested that a temporary tax amnesty would be useful in addressing the underground economy. The state of New York experienced some success recently with just such a program.

Revenue Canada's voluntary disclosure policy is better than any temporary amnesty program because it is permanent. Individuals who are drawn into the underground economy do not have to stay in hiding for several years hoping and waiting for an opportunity to change their ways without fear of criminal prosecution for monetary penalties. Revenue Canada's voluntary disclosure policy is a responsible approach to collecting the taxes rightfully owing to the government and has proven to be successful in recent years, borne out by the fact that voluntary disclosures have tripled since 1993. People can make voluntary disclosures by contacting any Revenue Canada office.

There is no question that enforcement has to be a fundamental element of our fight against the underground economy. That is why Revenue Canada has currently dedicated over 1,200 auditors to strengthen its efforts to identify non-filers and GST non-registrants and to conduct audits of small businesses in sectors of high non-compliance. Special audit teams have been established to focus on the construction, home renovation, jewellery, auto sales and repairs, hospitality and other service sectors, areas that can lend themselves to underground tax evasion.

Revenue Canada makes extensive use of state of the art technology to cross match data from numerous sources including municipal and provincial databanks to identify non-filers and GST non-residents. Last year this helped identify over 500,000 non-filers and GST non-registrants.

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To enhance these activities the Minister of Finance announced in the 1996 budget that 800 more auditors would be devoted to Revenue Canada's audit program for unincorporated businesses and self-employed individuals. This will increase the audit coverage rate for these groups and bring it more in line with the continued growth in this sector.

[*Translation*]

I would add that this co-operative effort is not limited to audits for provinces that have concluded tax collection agreements. Quebec, for example, collects its own taxes, but we co-operate closely with officials in joint strategies and we co-ordinate our activities with their own business audit activities in the fight against the underground economy.

I would also point out that Quebec has invested significant resources in this problem and taken a very focused approach in the fight against tax evasion and the underground economy. These are positive measures that will add to our strategy in the fight against the underground economy.

[*English*]

What about the bottom line of our enforcement initiatives? I am glad to report that since 1993 our enforcement efforts have yielded more than \$1.7 billion of additional revenue for the government.

Another important facet of Revenue Canada's audit activities is the information it gets from other federal departments and from the provinces and territories. Statistics Canada, Transport Canada, Public Works and Government Services Canada provide important information that facilitates audit selection and enforcement. Human Resources Development Canada works closely with Revenue Canada to identify links between employment insurance fraud and tax evasion. Revenue Canada also has an extensive network of provincial co-operation agreements that provide for information exchanges, joint enforcement action, shared experience and compliance.

These co-operative agreements are not limited to the public sector. During the past few years Revenue Canada has consulted with over 400 national and local industry groups and professional associations. These consultations are extremely effective in providing a common understanding of issues and obtaining private sector co-operation. These groups and associations include Canadian Institute of Chartered Accountants, the Canadian Construction Association, the Canadian Home Builders Association, the Canadian Jewellers Association and others. Each industry has its own unique character and issues. For that reason Revenue Canada is not applying blanket solutions. Instead, the department is working with industries on an individual basis to develop workable solutions.

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• (1815)

One result of these partnerships was the announcement by the Minister of Finance in the 1996 budget of a new contract payment reporting system for the construction and home building industry.

Key industry groups and various trade unions are working in partnership with Revenue Canada to encourage these businesses to voluntarily report all payments made to contractors and to subcontractors.

For the small percentage of Canadians who feel they are above the law, Revenue Canada uses another effective tool, the widespread publication of successful prosecutions.

Bringing this information to the general public's attention has a major impact on the number of leads of potential tax fraud that the department has received. Since 1993, these have increased substantially to more than \$28,000 annually.

Revenue Canada is taking an analytical approach to identifying and addressing non-compliance issues to ensure enforcement resources are used efficiently and effectively. The department is using technology to analyse data and assess the risk of non-compliance in specific sectors. Audits are then directed to those areas.

[*Translation*]

We have come a long way, but we still have a long way to go. Revenue Canada has developed a long term strategy for the fight against the underground economy, which strikes a fair balance between measures promoting voluntary compliance and enforcement action.

Certain elements are essential to the success of this strategy. We must make the public aware. We must work with industry and other levels of government. We must take effective enforcement action.

[*English*]

We must ensure that every Canadian understands the underground economy threatens government services and programs. It imposes an unfair burden on honest taxpayers.

In conclusion, I commend the hon. member for Guelph—Wellington for bringing this matter once again to the floor of this House, supporting the government in its efforts to address the underground economy.

Mrs. Rose-Marie Ur (Lambton—Middlesex, Lib.): Madam Speaker, I am delighted to take part in today's debate on Motion No. 243, sponsored by my friend and hardworking colleague, the member for Guelph—Wellington, which calls on the government to develop a plan of action to counter the underground economy in Canada.

Participation in the underground economy and tax evasion represent significant loss of revenues to both federal and provincial governments. A precise estimate of the underground economy is not possible.

However, the most commonly accepted estimates of the size of the underground economy place it in a range of 10 per cent to 20 per cent of the GDP. That implies an economy of illegally hidden activities that is larger than the entire economy of Alberta and places the size of Canada's underground economy in a range of \$75 billion to more than \$150 billion.

Since taxes of all types represent nearly half of Canada's reported economy, this could represent a loss of anywhere from \$35 billion to \$75 billion every year. It also poses a serious threat to Canada's tax system which is based on self-assessment and voluntary compliance. This is not a victimless crime.

According to Revenue Canada, some of the causes of underground activity are recession, high tax levels, perception that government squanders tax dollars, perception of unfairness, high regulatory burdens, particularly for small business, perception that there is a low risk of being caught, perceived high cost of compliance and declining real incomes.

While too many Canadians will continue to view any of the above as legitimate reasons to continue operating in the underground economy, the fact remains we all need to be reminded of the implications of the underground economy to the country and to the Canadian way of life.

Huge revenue losses have many long reaching effects on the systems and programs that we take for granted. For example, essential programs and services are at risk. An unfair burden is placed on honest Canadians. Unfair competition occurs. Unfair access to tax credits and other social programs takes place and we are left with a legacy of higher deficit and a larger debt.

In November 1993 Revenue Canada concluded that the problem of the underground economy was so severe that its approach to solving the problem at hand must be different from the methods that have been historically employed.

• (1820)

In launching its underground economy initiative, the department chose to concentrate on the following three strategies: encouragement through education efforts of the underground economy to rejoin the legitimate economy, promoting voluntary compliance, and taking responsible enforcement action.

Under this strategy the department has been conducting a risk assessment to target its enforcement activities on identified areas of non-compliance and on files that are identified as high risk.

The department has also entered into co-operation agreements with all the provinces to exchange information, share audit strategies and co-ordinate audit and enforcement activities.

As part of its efforts to rehabilitate sectors that it has targeted as prone to non-compliance, Revenue Canada has consulted with more than 240 industry and professional groups to seek input from those concerned about underground economic activity.

While no single action is likely to markedly reduce the size of the underground economy in Canada, a series of actions to accompany Revenue Canada's initiative might prove to be more helpful.

For example, I believe we must attempt to link taxes more closely with the actual benefits enjoyed by taxpayers, who are more likely to comply when they can readily identify the direct benefit to them of the tax.

There is also much evidence that compliance, particularly for the small business sector, needs to be kept as simple as possible. This is a major issue for the GST and is related in part to a narrower base for the tax, a base which excludes some items and includes others.

This issue is even more important in provinces which have maintained a PST base that differs from that of the GST. The April 23, 1996 harmonization memorandum of understanding between the federal government and New Brunswick, Nova Scotia and Newfoundland suggests that we can make real progress in this area, but there still is work ahead before we can ever claim to have a truly harmonized tax system in Canada from coast to coast.

There is fairly good evidence that the underground economy in Canada has grown considerably in absolute size and relative to total economic activity. With this in mind, there is also a very good argument to devote more resources to the task of obtaining a better understanding of the underground economy's role in this country and the factors contributing to its growth.

I believe it is crucial that we not expend all our energies in merely attacking the symptoms of this very serious problem. To ensure success we must use creativity in addressing its underlying causes.

The Acting Speaker (Mrs. Ringuette-Maltais): There being no further members rising for debate and the motion not being designated a votable item, the time provided for the consideration of Private Members' Business has now expired and the order is dropped from the Order Paper.

Does the House give its unanimous consent to call it 6.30 p.m.?

Some hon. members: Agreed.

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ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

ATLANTIC ECONOMY

Mr. Derek Wells (South Shore, Lib.): Madam Speaker, I am pleased to have the opportunity to rise again in the House to speak about cost recovery as it affects the fishing, fish processing and aquaculture industries of Nova Scotia.

On every possible occasion I have drawn attention to the vital role of the fishery in the region's economy and especially in my riding of South Shore. In Shelburne County, for example, the fishery directly or indirectly employs 80 per cent of the workforce.

I meet regularly with the fishing industry leaders and their organizations. Cost recovery has been a recurring topic for nearly two years. We have worked hard to document the impact of new and increased fees charged by government departments and agencies for different industry services. We have identified 14 categories of fees which directly affect the bottom line of fishing enterprises.

I have been asking for a cumulative impact study to analyse the combined and overall effects of these fees.

• (1825)

We have a fairly comprehensive picture of the impact of cost recovery at enterprise levels but we lack information about the combined or cumulative impact of fees at community or regional levels.

Last month the Standing Committee on Fisheries and Oceans heard testimony about cost recovery from fish harvesters and fish processors. Representatives from Treasury Board attended these sessions and we understood they took a very strong message back to the minister that cost recovery, if allowed to proceed unchecked and without a cap or ceiling, will have significant impacts on business competitiveness and the entire economy of Atlantic Canada.

I am confident the fisheries committee will be recommending, as I have, that a detailed study of the cumulative impact of cost recovery on the fishing industry be carried out and that no new fees or any increases to existing fees be imposed.

I also hope that serious consideration be given to scaling back fees in circumstances where it can be demonstrated that they represent an excessive burden on either the fishing enterprise or the community.

I commend the paper tabled in this House on February 20, 1997 called "Getting Government Right: Governing for Canadians".

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This document states unequivocally that those who pay for services must have an effective voice in service design and delivery.

To date information sessions and consultations between fisheries and oceans and its principal clients have taken place, but opportunities to roll up the sleeves and work together to decide on essential services and program delivery have not materialized.

“Getting Government Right” also talks about a process which is available to mediate in situations where clients believe departments and agencies have not followed the mandate to work in co-operation with stakeholders. It has become increasingly clear that mediation between the fishing industry and the federal government is a real and very urgent requirement.

I hope and request that the new guidelines to be announced by the President of the Treasury Board will recognize the concerns that I have been expressing over the last number of months: requiring the department to hold meaningful consultations with industry; adopting the user pay, user say concept; providing a process which would allow industry to appeal the imposition of any new fees; requiring government departments to disclose their own costs to those who are being asked to contribute to those costs.

We need the commitment. We need the guidelines. We need the assurances that the guidelines will be followed and that what industry has endured over the last two years will not be repeated.

On behalf of my South Shore constituents and their counterparts from every other region of Nova Scotia and of Canada, I am today asking the President of the Treasury Board to say “yes, we recognize a problem with cost recovery and action must be taken to ensure the long term sustainability of Canada’s fishing industry”.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, Treasury Board is responsible for establishing the overall policy and for providing general guidance to departments in its implementation. This includes the need for them to be sensitive to the cumulative impact of fees on their clients.

We view the assessment of cumulative impacts as a very important issue with respect to the introduction or amendment of user charges. Officials of the Treasury Board secretariat assemble an advisory committee of businesses and consumer groups to help them draft a revised set of cost recovery policy guidelines. We see this policy development as a first and important step toward ensuring that all departments and agencies work toward the same goals when they introduce or amend fees.

Program review has changed the way government conducts business. Many activities are being totally re-engineered to ensure Canadians get the best value for money spent. Scarce tax dollars

cannot continue to be used to fund programs that provide specific benefits to clients which are over and above those provided to the general taxpayer.

In our efforts to improve the focus of government spending we are paying more attention to who receives benefits from government activities. Unfortunately shifting such costs to those who benefit will necessarily involve fee introductions or increases in those areas which seem large when viewed outside this context. We all know nobody objects to paying their fair share, but those impacted by these changes want and deserve a voice in what happens. Departments and agencies must give clients an opportunity to provide input as to how services for which they have to pay can be improved.

However, this is not a one way street. Departments and agencies must keep an eye on their overriding policy objectives as they work with suggestions for change. The Treasury Board will not impose a ceiling on charges. However, it wants to ensure that departments carefully assess how such fees affect clients before they are put in place. Ministers of line departments are responsible for implementing cost recovery for programs under their area of responsibility and for assessing the economic impacts of specific initiatives.

• (1830)

I cannot over-emphasize the role that clients will have to play in any such exercise. The specific impact of user charges will vary greatly across clients, depending on their particular circumstances. Therefore, open dialogue between clients and departments is crucial to understanding and resolving inequitable situations which may arise.

[Translation]

CANADIAN BROADCASTING CORPORATION

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Madam Speaker, again, the question I asked on February 11 was the following:

What will the Minister of Canadian Heritage do to counteract budget cuts such as those made at Radio-Canada and more specifically those affecting the news program *Ce soir*. Could she expand on that?

The minister’s response was, and I quote:

—Radio-Canada has decided to reconsider its decision to terminate programming of *Ce soir*. In fact, programming in Saskatchewan and Alberta would be maintained.

I hope that, after the government, or Radio-Canada in this case, has been persuaded to change its mind, the principle will have been established that, when a decision is made by an organization, this decision can always be overturned, reviewed, reconsidered if necessary.

This point of principle I just raised is an important point because the decision in question has widespread implications in terms of the services provided to francophone minorities outside Quebec and particularly in western Canada. In spite of the protection they

are afforded, these communities always have to fight for their basic rights, in this case, access to news in French. That is unfair.

I am very happy for francophone communities in western Canada that Radio-Canada decided not to terminate programming of *Ce Soir*. There is a need, however, for the government and Radio-Canada to understand their respective role, which is essential to Canadian unity. Radio-Canada is essential to the continued existence of the French language as a living language, spoken and written in western Canada and, to this end, it must do everything in its power to provide local programming and access to news programming to francophones across the country.

Does the federal government have a role to play in ensuring that Radio-Canada can go on producing quality programs in French? I think so. In fact, I am convinced that it does. I might add that, in my view, the government should provide the necessary financial support to its minorities, be it for television or radio programming, education, or whatever else is required to improve their well-being.

I do not want the government to save money at the expense of our French language institutions any more, those institutions that provide us with the infrastructure we need in order to be able to live and prosper in French. The government has a duty to make sure the necessary tools are in place so that our communities can not only live in French but also improve their quality of life. That is what I expect from the government this evening.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, as the Minister of Canadian Heritage mentioned, the CBC makes all the decisions concerning its programming and its daily operations. This includes the decisions concerning French language television programming.

That having been said, I am pleased to provide details to the hon. member regarding the measures announced by the CBC on January 30, regarding its French language radio and television. These initiatives will improve services provided by Radio-Canada to French speaking communities outside Quebec.

According to the CBC news release:

The half-hour French language news bulletin *Ce soir*, which is aired at dinner time, will be maintained in the four western provinces, and will have a new format as of this spring.

As for other programs from western stations, services will remain essentially the same and regional teams will continue to produce news stories and information programs that will be broadcasted by Radio-Canada and RDI.

The French language radio will provide \$500,000 in additional support to the stations most affected, namely Regina, Edmonton, Vancouver and Windsor, to focus on regional and local programming.

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Except in Vancouver, there will be at least 36 hours per week of French language radio programs. Regional programming on the national network will be maintained and, in some cases, increased.

In Acadia, special arrangements will allow the Moncton station to maintain infrastructures to preserve regional and network programming. These infrastructures will also be made available to independent producers.

• (1835)

Radio-Canada has been present for a long time in Canada's regions, and it is an integral part of the communities that it serves. These measures reflect the public broadcaster's determination to provide regional programming and, particularly, to meet the needs of minority French language communities outside Quebec.

On February 11, the Minister of Canadian Heritage announced that, as of April, annual additional funding of \$10 million would be provided to CBC's French and English language radio, as well as stable multiyear funding.

[English]

PEST MANAGEMENT REGULATORY AGENCY

Mrs. Rose-Marie Ur (Lambton—Middlesex, Lib.): Madam Speaker, in the January 11 edition of the *Canada Gazette*, Part I, the Pest Management Regulatory Agency, PMRA, of Health Canada published its proposals on cost recovery which are part of the current review of Canada's pesticide registration system.

Since that time, I have received at least 50 copies of responses to the PMRA proposals by individual farmers and agricultural organizations. Not one of these responses has been favourable.

On February 21 I asked the Parliamentary Secretary to the Minister of Health if the minister was prepared to revisit the many concerns voiced by Canada's farmers and farm organizations and make further changes to cost recovery and the PMRA proposals.

By and large, the main concern which has been conveyed to me is that the PMRA is not taking into consideration the cumulative effect its proposals will have on producers.

A constructive environment where there is a will to collaborate, revise and improve must prevail by all participants before any progress can be made on PMRA efficiencies. Regardless of the particular suggestions put forward, it must be understood that such advice is given by Canada's farm organizations in the spirit of making things better.

For years now, farm organizations have been telling the PMRA that it has overestimated the number of product registrations. This means that the overall budget is still too high. The PMRA's budget forecast for five years does not reflect the full potential for efficiency gains, including international harmonization and tech-

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nological innovation. In other words, the PMRA's proposed budget contradicts federal government policies such as program review to do more with less.

Because Canada is not normally the first market for pesticide products, the PMRA could have substantially reduced costs and speeded up approval times by better utilizing information gained through the approval process in other countries. Despite repeated urging from farm organizations across the country, the PMRA chose not to follow this route.

Despite Health Canada's 40 per cent reduction in the original fee structure, the current cost recovery target of \$12.3 million still puts the international competitiveness of Canada's pesticide producers and users, who are primarily Canada's farmers, at stake. This is because the proposed fees are still not substantial, given the high level of fees and the relatively small size of the Canadian market. Canada's farmers and farm organizations predict that these fees will lead to significant product withdrawals and will reduce the ability of Canada's farmers to compete internationally.

When PMRA's cost recovery target is compared with other Health Canada initiatives, it becomes readily apparent that this target is still too high. For example, the drugs directorate cost recovers is 28 per cent of its total budget and the medical devices program cost recovers only 14 per cent of its total budget. Yet the PMRA is asking industry to pay 45 per cent of its total budget. Obviously this places the international competitiveness of the Canadian farmer at risk.

According to the PMRA proposals industry will be charged \$2,690 a year to maintain each product registration on file. Even at this point in time it is still unclear what services industry is actually paying for here.

I have seen studies which show a high level of price sensitivity to maintenance levels, particularly for pesticides with low volume sales that cater to what is commonly referred to as the niche markets.

These studies suggest that the proposed maintenance fee would lead to a 71 per cent withdrawal rate of products with sales of less than \$5,000. That would be a terrible blow to the niche markets I was referring to.

It has also been brought to my attention that the PMRA has not set performance standards for other submissions such as new pesticide use or formulation changes. This is contrary to Treasury Board policy which stipulates that performance measures should be set and agreed to by stakeholders. This is in contrast to other international agencies committed to developing their performance times on an ongoing basis.

The PMRA must commit to developing and meeting performance standards that are competitive with the best in the world on an ongoing basis.

I conclude with one further observation. Unless there are changes to the PMRA's proposal the Canadian farming community will suffer enormous consequences in the global marketplace. It is time for the agency to move forward for the good of Canadian farmers and consumers.

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Madam Speaker, I am delighted to speak on this matter. I know the member will be delighted to hear me repeat some positions.

The member for Lambton—Middlesex has a concern regarding the PMRA. As I stated in my response to her on February 21, the Minister of Health has been reviewing the various proposals of groups interested in the matter.

The member will no doubt be happy to learn that on February 27, a mere six days after my response to her query, the Minister of Health wrote to the president of the Canadian Federation of Agriculture. In that letter he addressed a number of issues. I will be happy to table a copy of the letter for the member and for the House.

The member will see from the letter that the PMRA will be co-operating with the Canadian Federation of Agriculture on a post-implementation impact analysis. This would monitor prices and product withdrawals and assess the impact of the two factors on competitiveness.

The PMRA has actively participated in the pesticide program of the OECD which is working toward global harmonization of test protocols and data requirements leading to reduction in industry costs.

The minister also indicated in his letter that the PMRA has no intention of re-evaluating all the products every three to five years, nor of re-evaluating products that have acceptable data bases to support their safety and effectiveness. The purpose of re-evaluation is to bring older databases up to modern standards, identify and examine human safety and environmental concerns, and ensure continued efficacy. I am certain the member will and does support these goals.

It is also important to note that the PMRA has made significant improvements to the review process for new submissions. Based on these improvements the PMRA has projected a 40 per cent reduction in costs for reviewing new product submissions over the next six years and has already built this into its proposed fee schedule.

There are other issues addressed in the letter. The member for Lambton—Middlesex has been aggressive, insistent and persistent on the matter. Others who like her have an interest in the issue should review the correspondence. I think they will find it to their satisfaction.

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[*Translation*]

The Acting Speaker (Mrs. Ringuette-Maltais): The motion to adjourn the House is now deemed to have been adopted. Accord-

ingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.43.)

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Wednesday, March 5, 1997

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