



House of Commons Debates

VOLUME 133

NUMBER 186

1st SESSION

35th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Monday, April 24, 1995

Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Monday, April 24, 1995

The House met at 11 a.m.

Prayers

[English]

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Kilger): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill S-7, an act to accelerate the use of alternative fuels for motor vehicles.

PRIVATE MEMBERS' BUSINESS

[English]

FINANCIAL ADMINISTRATION ACT

The House resumed from March 28 consideration of the motion that Bill C-263, an act to amend the Financial Administration Act and other acts in consequence thereof (exempted crown corporations) be read the second time and referred to a committee.

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I think you would find unanimous consent for the following motion:

That notwithstanding any order of this House, any recorded division to be taken on Bill C-263 later this day be deferred until Tuesday, April 25 at 5.30 p.m.

The Acting Speaker (Mr. Kilger): The House has heard the terms of the motion. Is there unanimous consent?

Some hon. members: Agreed.

(Motion agreed to.)

The Acting Speaker (Mr. Kilger): When Bill C-263 was last before the House the hon. member for St. Boniface had approximately five minutes remaining in debate.

Mr. Ronald J. Duhamel (Parliamentary Secretary to President of the Treasury Board, Lib.): Mr. Speaker, it is my pleasure to continue my address on the bill presented by the hon. member for Okanagan—Similkameen—Merritt. As previously

stated, I believe that the objectives of the bill are well intended. My colleagues and I are in favour of ensuring adequate accountability for all crown corporations. However, the proposed bill has a number of shortcomings which I will continue to review today.

The last time I spoke on the bill I examined some of the reasons for exemptions. Exemptions reflect some of the very special sensitivities in the relationship between the government and these particular corporations. Each has been created by a special act which carefully outlines a very specific mandate. For some the act sets out requirements for the administration of resources. This becomes of particular importance in ensuring the accountability among these crown corporations which provide, for example, grants. A case in point is the Canada Council.

[Translation]

It is of paramount importance that the Canada Council be permitted to freely select recipients of grants and that this be the public's perception. I am of the opinion that the artistic value of a work is not a political issue and that it is inappropriate for the government to set conditions in this area.

[English]

Similarly, I believe strongly in protecting the mandated freedom of the CBC in areas of programming and journalistic independence. This freedom led to the provision that the CBC also be exempted from part X in 1984.

I recognize that the hon. member deliberately left out the CBC in order to remove, as much as possible, contentious issues. My concern is that the reasons for granting exemption from part X for other corporations, such as the Canadian Wheat Board, present issues which may be viewed as equally contentious, especially by Canadians or groups of Canadians these corporations serve.

[Translation]

Should we not first hold comprehensive consultations with the affected parties to examine these issues in depth?

[English]

It appears to me the bill fails to recognize as much as it should that the unique mandates of the affected corporations require more serious consideration in developing an appropriate accountability framework.

Private Members' Business

Clearly there are reasons for some of these corporations to be agents rather than non-agents of the crown. There are also reasons why their employees are not public servants. Bill C-263, in my opinion, does not deal with the importance of these reasons sufficiently clearly.

Experience over the last 10 years has shown that generally there may be merit in bringing other corporations under a modified form of accountability framework similar to the regime now in place for the CBC. Bill C-263 does not provide for these modifications which I believe are necessary.

I am confident that additional efforts will be made by this government to balance improvements in accountability for exempt crown corporations with the desirable degree of independence. In fact, the bill assists us in doing this.

Owing to the reservations and inconsistencies in the approach reflected in Bill C-263—and I do not say that unkindly because I recognize that the hon. member did not have all of the resources available to him—I must declare that I cannot recommend support for this bill as presented in the House. However, I wish to state that, notwithstanding my opposition to the bill, the government is committed to sound financial management for all of its crown corporations. Improvements can always be sought and we will make them.

(1110)

We recognize that the situation for the exempt crown corporations named in the hon. member's bill is unique and that the bill fails to adequately deal with that fact. This does not mean that we are blindly opposed to a re-examination of how to best ensure appropriate accountability.

The President of the Treasury Board will therefore communicate with his colleagues responsible for these corporations asking them to review once more the opportunities to improve the accountability system now in place for each of them. This examination process would be done on a case by case basis respecting the special needs of each corporation's mandate. It would include examining the need for changes to legislation paralleling the model for CBC if appropriate.

There are several ways to deal with this. I am confident that in partnership with the directors and managers of crown corporations, the government will continue to demonstrate a strong commitment to managing the corporations effectively and efficiently with due regard for all of the best and most sound principles of accountability to the taxpayer.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, Bill C-263 ensures that the federal government is accountable to the Canadian taxpayer. I feel strongly that members from all sides of the House should rally in support of

Bill C-263 so that we can honestly say that we have tried to respond to the wishes of the people who sent us here.

As members know, in the 1993 fiscal year crown corporations incurred losses totalling some \$57 million. Their net borrowing from the Government of Canada amounted to \$14.2 billion. Crown corporations received \$4.6 billion from government through budgetary appropriations.

Our task in this Chamber is to ensure that every government department and agency be accountable for every tax dollar spent. I dare say that everyone in the House wants to be able to say to the people at home that we are responsible to the people who ultimately pay the bills: the Canadian taxpayer.

The auditor general has a key role to play in this regard. In many cases, which I will refer to in a moment, the auditor general has not only made available the exact facts and figures concerning the activities and performance of the federal government but the auditor general has been able to improve such activities and performance levels by dissecting and evaluating agencies and departments.

No shame is involved in the work performed by the auditor general. The auditor's detection of poor performance and recommendations is seen by Canadians as routine and to be expected. Canadian firms large and small perform audits on their activities and performance. Often audits show they are on the right track with objectives and sometimes they must swallow tough medicine to cure ailments detected in their business by such audits.

This is a fact of life and it should apply to government as well. Canadians expect their government to follow the good business practices followed in the private sector.

No one can deny the performance of auditors general in recent history. In fact progress has been made. The auditor general has the power to follow up on his recommendations. The result has been that in many cases Canadians are realizing better value for their tax dollars because of the efforts of the auditor general.

With reforms instituted in 1984, most crown corporations have operated within the accountability framework established under part X of the Financial Administration Act. Part X of the act requires each crown corporation to submit an annual report. The annual report, in addition to its financial statement and the auditor's report also presents information on how well the objectives of the corporation were reached during the reporting period. Second, crown corporations are expected to submit a corporate plan and third, budget summaries for tabling in Parliament. These are good measures. In my view these requirements are basic and simple. They are not unreasonable and yet we have a system in government in which crown corporations are not required to do these basics.

Private Members' Business

(1115)

Canadians expect their tax dollars to be spent within this framework of accountability. When Canadians hear of money being spent by the federal government without the above criteria being met they become quite naturally suspicious.

There are good reasons for Canadians to feel this way. The Financial Administration Act could easily be made applicable to crown corporations listed in Bill C-263. There are 49 crown corporations. Bill C-263 deals with five which are exempted from the Financial Administration Act: the Canada Council, the Canadian Film Development Board, Telefilm Canada, the Canadian Wheat Board, the International Development Research Centre and the National Arts Centre.

Bill C-263 would move these crown corporations under the supervision of the auditor general. This is an absolute necessity considering the amount of dollars consumed by these five agencies.

The CBC is not included in Bill C-263. The reason for this is that Canadian Broadcasting Corporation provisions for the Financial Administration Act were incorporated into the Broadcasting Act in 1991. In short, the CBC is already subject to the accountability requirements of Bill C-263 and the Financial Administration Act.

This latter point is important for members of the House to note. The CBC is the recipient of about 70 per cent of all government funding provided to crown corporations that are exempt. This means Bill C-263 is finishing a job already accomplished by Parliament. Since 1991 the CBC has adjusted to the accountability requirements of part X of the Financial Administration Act.

Hon. members may agree with my observation that the CBC, more than any other exempt crown corporation in Bill C-263, was most insistent about the idea of critical importance of an arm's length relationship to the government. The CBC has not had the difficulties it anticipated in adapting to these accountability requirements. The CBC has been operating within this framework for the last four years without too much difficulty.

I remind colleagues that the auditor general already performs financial audits on the five corporations in Bill C-263. However, these audits do not permit the auditor general to comment on the appropriateness of the activities of the five, nor is the auditor able to comment on the extent to which each fulfils its mandate.

As it stands now these are not value for money audits. This must be a necessity for these five corporations. Value for money audits are done every five years. They are different from annual audits in that they comment on corporate management, goals and objectives.

It is fair to say the boards of the exempt corporations should welcome the value for money audits in much the same way private sector enterprises welcome their annual audits in which their forecasting and business plans come under the scrutiny of their shareholders and an auditor.

It is not unthinkable that the board members would look on the audits as helpful to their own work as well as a positive accountability measure, something that has been missing in many of these crown corporations within the framework of government operations.

It has been 10 years since this accountability framework for crown corporations was established. Exempt corporations have now had a decade to review and analyse effects of the Financial Administration Act on the independence of non-exempt crown corporations. By now it is highly likely the crown corporations exempted from the act would conclude that the Financial Administration Act poses no real threat to them. The CBC is an illustration of this. Provisions of the Financial Administration Act were incorporated into the amended Broadcasting Act in 1991.

(1120)

It is reasonable to require the five crown corporations to prepare a business plan so that annual reports can allow the Canadian people, the taxpayers, the funders of these programs, to monitor and gauge the performance of these five.

There have been some cases in which crown corporations' annual reports differ from the business plan objectives, even though there are no provisions for exempted crown corporations to invite the auditor general to conduct special examinations. The audit is released only to the board of directors, not to Parliament. It must be released to Parliament. It must come under the scrutiny of all members of Parliament so we can ensure taxpayers' money is being accounted for.

Providing the corporations with the option of inviting the auditor general to do an audit is not good enough. If the auditor general's office were involved in the corporation on a regular basis, business plan objectives would not deviate from objectives stated in the annual report.

We all agree that in times of restraint such as we have now those who spend taxpayers' dollars must be more aware than ever that they are answerable as to how the dollars are spent. Part X of the Financial Administration Act has been so effective for other crown corporations, it seems reasonable, logical and simply common sense to bring the five crown corporations outlined in Bill C-263 into line as well. I urge all members of the House to support Bill C-263.

Ms. Jean Augustine (Parliamentary Secretary to Prime Minister, Lib.): Mr. Speaker, I am pleased to join the debate today on Bill C-263, an act to amend the Financial Adminis-

Private Members' Business

tration Act, sponsored by the hon. member for Okanagan—Similkameen—Merritt.

I as well endorse the objectives of the bill to increase the accountability of exempt crown corporations to the taxpayers of Canada. At the same time I have reservations that this proposal is the best approach to the question.

Let me deal with the proposal to make the officers and employees of the Canada Council, the National Arts Centre and the International Development Research Council part of the public service of Canada.

On February 27, 1995 the Minister of Finance introduced a historic budget to the House. Part of the announcement was the need to reduce the size of the public service by some 45,000 positions over the course of the next three years. That is a major undertaking which will require a great deal of effort to manage with both wisdom and compassion.

These three corporations have approximately 850 employees combined; roughly 230 in the Canada Council and 280 in the National Arts Centre and 340 in IDRC.

Adding 850 positions to the size of the public service at this time is swimming against the current. For this reason, if for no other, I cannot support the bill as presented to the House.

I share the point of view expressed early in the debate by the hon. member for La Prairie that broad brush legislation of the sort reflected in Bill C-263 is not the only approach that can be taken to this issue. There are other approaches that can and have been taken recently to strengthen the accountability of our crown corporations.

One such approach is improving the quality of corporate governance. I am referring to the role of the board of directors whose responsibility it is, to put it simply, to manage the managers. In this respect I invite the attention of the House to the final report of the Minister responsible for Public Service Renewal and agency review released on February 16, 1995, the same day as the budget.

(1125)

The purpose of the review announced in the February 1994 budget was to review the continuing usefulness and the currency of the mandate of the federal government, several hundred agencies, boards and commissions.

Among the measures adopted by the government in the final report to streamline the appointment process were decisions to reduce the size of the governing bodies of a number of agencies including crown corporations.

Accountability for taxpayers' dollars is a key consideration for these exempt corporations. In this regard it is worth noting the review concluded reductions in governor in council appoint-

ments will take place in three exempt corporations, two of which are identified in this bill.

The board of governors of the CBC will be reduced from 15 to 12 members. The board of trustees of the National Arts Centre would be downsized to eight members from the current eleven. The governor in council position of secretary will be eliminated in Telefilm Canada. The agency review taken as a whole will result in the elimination of some 589 governor in council appointments.

As well, the final report and agency review revamped the tenure provisions of the appointment process which would make it easier for the government to remove under performing individuals holding full time appointments, including officers of crown corporations appointed by the governor in council. Incumbents of these positions will now serve at pleasure. The government is committed to improving the appointment process, including appointments to the board of directors of crown corporations.

That is a commitment of the red book. Those were the recommendations in the report commissioned by the Prime Minister and submitted by Mr. Gérard Veilleux. "Unfinished Business, a Report on the Appointment Process to Boards of Directors of Crown Corporations", was released by the Minister responsible for Public Service Renewal last July. That was the focus of a conference held in October by the President of the Treasury Board for the chairpersons and chief executive officers of crown corporations.

The subject matter of that conference will perhaps reinforce the message to the sponsor of this bill that there are other avenues to improving the accountability regime for all crowns, including the exempts beyond the legislative approach.

The October conference, "Corporate Governance: Improving the Effectiveness of Crown Corporation Board of Directors", sponsored four workshops for participants. The first of these was on the development and approval of strategy.

This group explored the importance of the development and approval of specific strategies, the challenge of linking the development of strategy to the corporation's mandate, the relationship of the board to management and the factors which contribute to a board's success.

The second workshop was on the subject of board composition and evaluation. Discussion in these groups centred on the roles of the chairperson and the CEO, the selection and evaluation of board members, the functioning of the appointment process, board self-evaluation, the orientation and education of directors and all related communications issues.

The third workshop dealt with balancing the corporate agenda and the public good. Groups discussed the trade-offs between meeting the commercial financial objectives and achieving the

mandated public policy objectives, all within the constraints imposed by the accountabilities of a public enterprise.

The final workshop addressed meeting the information needs of the board. Participants examined the information needs of the board from a variety of perspectives, including the often unique perspectives of the exempt crown corporations referred to in Bill C-263.

Work is continuing in these areas. Options for an education program for newly appointed directors of crown corporations are under review, which will strike the balance needed between the fiduciary responsibility of directors and the public policy role of the crown corporation.

The auditor general maintains an ongoing brief in this area as well. All of these measures are designed to increase the accountability of crown corporations, including the exempt crowns.

I invite the attention of members to the program review decisions announced in the February budget.

(1130)

The budget states that the government will undertake a fundamental review of its support and mandates of the CBC, NFB and Telefilm Canada. Strategies and mandates that were developed under radically different circumstances must be re-examined in light of today's technological possibilities and the evolution of both the audio-visual industry and the domestic market.

That and similar opportunities may be the more appropriate avenues for the hon. member to pursue his very worthwhile interest in improving the accountability of the exempt crown corporation. Such an approach will preserve the flexibility and the accountability regime for those crown corporations which require a degree of independence from the direct ability of the government of the day to intervene in their policy and administrative decisions.

Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.): Mr. Speaker, Bill C-263 has as its goal the bringing of five crown corporations under the accountability provisions of the Financial Administration Act which now applies to all other crown corporations. The corporations this act seeks to include are the Canada Council, the National Arts Centre Corporation, the Canadian Wheat Board, Telefilm Canada and the International Development Research Centre.

Hon. members have listened to earlier discussions on the merits of having all crown corporations operating under a sound system of control and accountability. I can only add my support to those expressions of interest that crown corporations should be appropriately managed, but I cannot support Bill C-263.

Private Members' Business

The objective of good government management of crown investments is neither a mountain of bureaucratic rules and regulations nor a flawed system that fails to provide the adequate tools to evaluate corporate performance. Appropriate accountability must balance control against an adequate degree of empowerment for corporate managers to do their jobs effectively and efficiently. After all, crown corporations have a real and valuable public policy purpose.

I am sure all hon. members would wish to ensure that important publicly owned institutions such as the Canada Council, the Canadian Film Development Corporation and others are held accountable for the results they achieve and the money they spend. I am equally certain hon. members would not wish to see the mandates of these corporations compromised, mandates that Parliament carefully protected in corporate enabling legislation. Or is that the case with this particular bill?

Perhaps the real agenda here is to remove from these particular crown corporations their arm's length quality, their ability to act at arm's length from the government. Perhaps the real agenda is to stifle the creativity which is part of the Canada Council, part of Telefilm Canada and part of the National Arts Centre. Perhaps the real agenda is to suppress the work of the International Development Research Centre or to prevent the wheat board from performing its mandate which has been so valuable particularly to the western provinces.

What is appropriate accountability for these corporations? That is the real question. Clearly, the present system of laws, regulations and government policies affecting crown corporations has evolved considerably. It can provide both Parliament and the government with much useful information and the assurance that crown corporations are being well managed.

The Auditor General reports to this House on a regular basis on crown corporation matters. Indeed, the Auditor General is the auditor or the joint auditor for 35 out of 48 of these corporations, including four that are part of this bill: the National Arts Centre, the Canada Council, the International Development Research Centre and Telefilm Canada.

Moreover, Treasury Board reviews the operations of crown corporations. It deals with resourcing issues for those corporations that are exempt from part X of the Financial Administration Act but nevertheless require government appropriation.

Of prime importance also is the fact that each crown corporation by law has an appropriate minister. The corporations are accountable through their ministers to Parliament. These ministers must table a number of important accountability documents relating to their crown corporation, such as annual reports, summaries of corporate plans, operating and capital budgets.

Private Members' Business

(1135)

Stepping back for a moment and looking at appropriate accountability in a broader context, I believe the fiscal challenges which the government is currently facing necessarily will affect the way it manages crown corporations. There will be an even greater need to find ways of delivering public policy in an efficient businesslike manner than there is at present.

Reducing or at least more carefully controlling the size of the public service would appear to be part of the solution toward meeting this need. Interestingly, I note that Bill C-263 would actually add to the size of the public service by adding those employees of the Canada Council, the International Development Research Centre and the National Arts Centre to the public service of Canada. This appears to be going in the opposite direction from that which the proponents of smaller government usually follow.

I might add that it also runs counter to the general philosophy of empowering crown corporations to be separate employers and to take direct responsibility for their personnel matters. This responsibility must be carried out fairly and efficiently in the best interests of the corporation.

It is one important example of how the use of crown corporations with their corporate structure based on the private sector model can remove layers of red tape in decision making. Less red tape in personnel administration and human resource management is one advantage of the crown corporation forum which may prove to be an increasingly attractive way of improving the efficiency with which certain government programs could be delivered. The focus will increasingly be on the expertise brought to bear on those directly responsible for the day to day running of those corporations, the expertise of the board of directors.

The public has demanded transparency and accountability from all government institutions. Foremost, the public expects integrity from those officers charged with the responsibility of running these institutions. In the early months of this government the Prime Minister made this value central to both the letter and the spirit of our actions. The quest must be for financial responsibility and common sense in the way all government institutions are run and held accountable.

We have seen a number of studies in the area of corporate governance in the past few years, including work done by Peter Dey for the Toronto Stock Exchange. What we know is that the public has effectively been expressing its frustration at being left out or ignored in both the process and structures of corporate governance in the private sector. Boards of directors and corporate managers are experiencing an upsurge in public sentiment for democratization that has affected many other aspects of the

daily lives of Canadians everywhere: our families, our communities, our courts and our schools, in addition to private corporations.

The modern business corporation is now seen by many as both an economic institution and a social institution. This is closer to how our crown corporations have always been viewed in their quest to balance efficient and businesslike operations with the public policy agenda.

The growing public expectation creates pressure for more formal rules and regulations, values and ethics for both the process and the people who influence corporate decision making. The government is acutely aware of the changing scene in corporate governance. It has undertaken a number of important initiatives in this area as they relate to crown corporations, including those named in Bill C-263.

The Treasury Board Secretariat jointly with the Conference Board of Canada and the Canadian Centre for Management Development developed and published an introductory document on the roles and responsibilities of directors of crown corporations to provide important guidance on appropriate accountability for directors. It has been well received since its publication in July 1993.

In an effort to focus more attention on the goal of improving sensitivities in the area of corporate governance, a training conference was held this past fall for CEOs and chairs of crown corporations to improve the performance of crown corporate boards. One of the four major themes discussed was the challenge of balancing the corporate agenda and the public good.

These initiatives demonstrate that careful attention is being paid to the evolution of accountability issues surrounding crown corporations using an open process of consultation. Developing a new statutory accountability framework for the five crown corporations named in Bill C-263 should follow the same sort of consultative process. It should not be insensitive to the particular needs of those crown corporations affected or their many significant stakeholders among the Canadian population.

I can only suggest that the bill presented by the hon. member for Okanagan—Similkameen—Merritt while demonstrating concern for the interests of Canadian taxpayers does not equally meet the test of public consultation to which this government is much committed. I urge hon. members to vote against it.

(1140)

Mr. Brent St. Denis (Algoma, Lib.): Mr. Speaker, I am pleased to follow the member for Windsor—St. Clair. She has already indicated to the House that we on this side applaud the intent of Bill C-263 but continue to regard the proposal from the member for Okanagan—Similkameen—Merritt as fatally flawed.

The bill's central proposal, and I am sure we have all reviewed this carefully, is to remove the exemption for five crown

corporations from part X of the Financial Administration Act which sets out a generic accountability regime for crown corporations. These five agencies are the Canada Council, the National Arts Centre Corporation, the International Development Research Centre, Telefilm Canada, and the Canadian Wheat Board.

There are a number of problems with this bill. In attempting to convert the employees of the three exempt crown corporations to public servants, there is the possibility that these employees would come under the workforce adjustment policy. When we consider the overall efforts of this government to downsize, this seems to be an unnecessary complication. It would add approximately 800 more civil servants if this bill were to pass.

I will pick specifically the International Development Research Centre. At the time Bill C-24 was proposed back in March 1984 this matter was raised as a question in the House by the then member for Capilano. A response was given by the then Prime Minister, the Right Hon. Pierre Elliott Trudeau.

The enabling legislation passed in the early 1960s allows up to 21 governors of the IDRC, which include the chairman and the vice-president, to be non-Canadian citizens and nationals of other countries. The purpose was to promote a research centre on north-south issues by way of example which would follow Canada's lead in the area of international development.

At the time Bill C-24 was before the House it was intended that the IDRC remain independent of the policy direction of the Government of Canada. For this reason it was named in clause 85(1) of the bill as an exempt crown corporation.

This effort by the hon. member from the Reform Party would attempt to turn the clock back. While we can applaud some of the positive features of the member's proposed bill, the overall effect would be negative.

There are other elements of Bill C-263 which trouble me. These are the consequential amendments to other legislation in the bill to make the officers and employees of the Canada Council, the Canadian Film Development Corporation, or Telefilm Canada as it has come to be known, and the National Arts Centre Corporation to be part of the Public Service of Canada. Frankly, recent experience suggests that this is taking measures in the wrong direction.

I am reminded of the trials and tribulations of the Government of New Zealand in the early 1980s with its massive debt and deficit situation. Drastic measures were proposed in a number of areas to deal with that awesome challenge.

One initiative was a complete restructuring of the New Zealand public service from the way deputy ministers are

Private Members' Business

appointed and held accountable to the decentralization of departments. Sufficient time has now elapsed from the initial turnaround efforts to allow a dispassionate assessment of the measures put in place. There is a wide consensus now in New Zealand and among knowledgeable observers of public administration in many western countries respecting one very beneficial element of that initiative by the New Zealand government.

I refer to the introduction of legislation to make each department of government a separate employer under the collective bargaining regime established for the public service. This single measure is given credit for a major element of the success of the reform package. It has allowed individual managers to tailor the workforce to the specific mandate of each revamped agency and significantly reduced the inertia and rigidity in the service. If anything we ought perhaps to be exploring the merits of establishing more separate employers, not fewer.

While New Zealand no doubt had very difficult choices to deal with, I think most members would agree that Canada as well has significant debt and deficit challenges on its agenda. The effort by New Zealand to deal with the matter is a clear demonstration that the government's intention to achieve more flexibility in the management of its affairs is the way to go. Attempting to bring these agencies and their workers within the general purview of the government flies in the face of our attempts to downsize, to improve efficiencies and to do a better job with the resources Canadians give us through taxes on their hard won labours. It requires that we be responsible with those resources.

(1145)

Introducing greater rigidity into the system as the bill is proposing would seem to be the wrong policy instrument for our present ills. No doubt the intention of the hon. member for Okanagan—Similkameen—Merritt is to enhance the efficiency of these crown corporations. In this respect I suspect the opposite effect will be achieved.

The hon. member's proposals to integrate the employees of these agencies into the monolithic structure of the federal public service would unravel a very delicate compromise achieved between the government and the cultural communities over 10 years ago with the passage of Bill C-24.

These organizations have developed their strengths by cultivating their distinct corporate cultures over the last few decades. The erosion of those identities by declaring the officers and employees part of the public service would at best be unfortunate. I suggest it would be a backward step.

It risks undermining the longstanding confidence they enjoy from their partners and clients in such practices as peer eva-

Government Orders

luations and the reputations individuals have achieved resulting from their mobility within cultural industries.

For these reasons I respectfully recommend to all members that Bill C-263 be defeated.

The Acting Speaker (Mr. Kilger): Resuming debate. Seeing no member rise, the mover of the motion, the hon. member for Okanagan—Similkameen—Merritt, has given notice to the Chair seeking the floor under right of reply.

Again I must advise the House that if the member for Okanagan—Similkameen—Merritt speaks it will close debate. In fact no one else will be able to speak afterward and I will put the question immediately following his last intervention, which will be no longer than two minutes.

Mr. Hart: Mr. Speaker, Christopher Columbus was a man of vision. He did not accept the status quo. Many times people told Christopher Columbus that he was wrong in what he was doing, that he should not even attempt to look beyond or explore past the horizon, and that if he dared to do so he would surely fall off a flat earth.

Mr. Mitchell: Do you mean there were Reformers back then too?

Mr. Hart: The naysayers with whom Christopher Columbus dealt obviously were Liberals. Christopher Columbus was probably the first Reformer.

Bill C-263 challenges the status quo as did Christopher Columbus. However, unlike Christopher Columbus the ideas in Bill C-263 are not as radical. They are not a form of radical change but rather are a form of necessary change to Parliament and to the operations of government and of all crown corporations.

The accountability framework we are asking the five exempted crown corporations to be moved into is the framework all other crown corporations come under. There is no reason why they should be exempted.

It is a real shame hon. members of the House did not bother reading the reports of the auditor general from 1989 to 1991 wherein he expressed concern about the subject. I refer to section 4.100 of the 1991 auditor general's report which states:

The Office strongly supported the strengthened legislative framework for Crown corporations, and has continually urged that those Crown corporations that were exempted from Part X of the FAA be brought into line with its accountability provisions. It is important that Parliament have assurance that appropriate accountability provisions apply to all parent Crown corporations. When exemptions are granted, means should be found to ensure adequate control and accountability.

I urge all members to support Bill C-263.

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

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

The Acting Speaker (Mr. Kilger): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Kilger): Pursuant to an order made earlier this day the recorded division stands deferred until Tuesday, April 25, 1995, at 5.30 p.m.

I seek the guidance of the House. Originally the debate was to end at approximately this time followed by a 15-minute bell for the vote. By virtue of the arrangement made earlier for the vote to be deferred, I could either suspend to the call of the Chair or commence another item of business.

Mr. Boudria: Mr. Speaker, I suggest we suspend for 10 minutes and resume with Government Orders at twelve o'clock.

SUSPENSION OF SITTING

The Acting Speaker (Mr. Kilger): Is it the wish of the House to suspend the sitting to the call of the Chair?

Some hon. members: Agreed.

(The sitting of the House was suspended at 11.52 a.m.)

SITTING RESUMED

The House resumed at 12 o'clock.

GOVERNMENT ORDERS

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT ACT, 1995

The House resumed from April 6 consideration of the motion that Bill C-69, an act to provide for the establishment of electoral boundaries commissions and the readjustment of electoral boundaries, be read the third time and passed.

The Acting Speaker (Mr. Kilger): When the House adjourned, the hon. member for Mercier had fifteen minutes left.

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, as the debate drew to a close a few weeks ago, I made certain references in connection with this extremely important question put before the House by the Bloc Québécois: that Quebec should have at least 25 per cent of the members in this House.

Government Orders

I felt obliged to remind the House that this minimum fell far short of the kind of recognition the people of Quebec could expect. I recalled that, in 1965, the man who became Premier of Quebec in 1966 published his book *Égalité ou Indépendance*. This was Daniel Johnson, father of the Leader of the Official Opposition in Quebec, whose own father was an Irish immigrant and did not speak French. Daniel Johnson, born of an Irish father and an Irish mother who settled in Quebec, became the Premier of Quebec, and it was this man who, after having been a member and a minister, gave his party a fresh start when he said: "The French Canadian nation must have equality within Canada, otherwise, it will be perfectly legitimate to look for ways to make Quebec a full-fledged State".

After pointing out that the French Canadian nation was open to all and that, when people came from another country, they could choose to become part of it as they could choose to be English Canadians, he concluded: "I will explain why and how French Canadians are trying to identify with the State of Quebec, the only one where they can claim to be masters of their own destiny and can use to achieve the full potential of their community, while the English Canadian nation tends to make Ottawa the centre of its community life".

This text was a milestone in our history, in the history of Quebec and Canada. Since that time, Quebecers no longer refer to themselves as French Canadians—people do in the rest of Canada and, as you know, we are very proud of what has been achieved by French Canadians outside Quebec who are coping under extremely difficult situations. But in Quebec, we now call ourselves Quebecois and the vast majority of the population identifies itself as such.

Electoral boundaries readjustment is an opportunity to consider that the Quebec people have a right to minimum recognition, whatever their choice will be, and based on the historical importance of Quebec, Canada should support this principle.

If the rest of Canada had only given some indication that it was prepared to recognize the Quebec people, our recent history would have been quite different. If we go back to the minimum demands made by Premier Bourassa during the talks on Meech Lake and if we go back to the rejection of the Charlottetown accord, we find the same desire for minimum recognition, and the position that the Quebec people are entitled to certain guarantees.

(1205)

However, in recent history—let us say, until the 1960s—it was equality that the people of Quebec sought. There were others, besides Daniel Johnson. There was also, it will be remembered, André Laurendeau, who was appointed by the Prime Minister of the time, Lester B. Pearson, to head the Royal Commission on Bilingualism and Biculturalism. André Laurendeau also desperately sought equality from coast to coast, with

the focus on Quebec naturally, for the French Canadian nation, for the Quebecers of his time, as other French Canadians regularly did in this period of history.

André Laurendeau tried to convince Canadians. He succeeded in convincing many of the commissioners working with him. Unfortunately, he failed to convince Prime Minister Trudeau, who could have implemented the recommendations of the report, which, like many others, ended up on the shelf.

This episode, like a lot of others, reminds us that, for Quebecers, who have the possibility of a different future, the choice offered by Canada has always been: "Be a province like the rest or else".

The reality of history is that, once again, it was not the French Canadians nor the Quebecers who did not want to build a Canada which included not only an adequate but an appropriate place for Quebec. Why? Some accuse us of focussing on the past; the truth is the opposite. Why do they not level the same accusation at those who refused to accord Quebec a real place? Why did they refuse to do so? Perhaps they refused because the French colonists were from France, and France had been conquered and had decided to give up in the war in the colony. Are they not the ones who continue to treat the descendants of the French colonists not as French stock but as a conquered people? Otherwise, they would recognize what the world recognizes: that all the characteristics of a nation and of a people may be found here, in this land.

Any dictionary definition of the words people and nation fits those living in the territory of Quebec like a glove. We are a people; we are a nation. If the rest of Canada had not been focussed on the past and had really wanted to build a new country, it would have acknowledged this, because what counts for Quebecers and Canadians is building a future.

(1210)

We must give ourselves the means to ensure the survival of our people and their cultural, social and economic development in the future. It is essential that Quebec develop its people, its culture and its economy according to its own dynamics and identity.

That is why the majority of Quebecers will opt for sovereignty. It must be noted that, for many of them, it will not be the first choice because Quebecers, who used to be called Canadiens or "Canayens", feel at home throughout the land but had to confine themselves to Quebec, where they could develop, as Daniel Johnson, Sr. used to say. In fact, it is important to realize the extent to which the first French Canadians were scattered throughout the territory, and the evidence is still there.

It is also important to realize that French Canadian women, who had the highest birth rate in North America between 1870 and 1960, saw, with breaking hearts, their children and young families leave for the United States. This is not very well known, but, for over 100 years, 10,000 French Canadians left every year

Government Orders

because they could not ensure their own development in the Province of Quebec and because Canada, Western Canada was closed to them.

And while French Canadians were leaving for the United States at the rate of 10,000 per year, there was a “Canadian”—as my former professor Michel Brunet used to say, using the English spelling of the word—immigration policy allowing immigrants from the British Isles and Europe to settle in Western Canada for a nominal sum. According to figures that appeared in *Le Devoir* in 1928, the cost of moving to western Canada was \$968 for a French Canadian family with ten children but only \$48 for a British immigrant.

If one wants to prepare for the future, one must look at the past. For Quebec, the past involved a search in difficult conditions by French Canadians either in the other provinces or in Quebec. There was an almost desperate search for our legitimate place as French Canadians and later, in the 1960s, as Quebecers, because we clearly developed an identity as Quebecers.

(1215)

We have maintained that this quest, which for some is still ongoing, could be realized in a small way through the amendment put forward by my colleague. Again, whatever happened in the past, we must live side by side. If it is still possible to convince my colleagues and the Canadian people that there is a Quebec people who want an equal partnership, there must be signs not only from this side but also from the other side.

Mr. Eugène Bellemare (Carleton—Gloucester, Lib.): Mr. Speaker, I would like to comment on what the member for Mercier said, a member whom I regard as a separatist while she claims to be a sovereigntist. This separatist member of Parliament spoke of the people of Quebec with great pride, and I appreciate her pride in Quebecers, because I too am proud of them.

I must say right away that I am myself a fourth generation Franco-Ontarian. To the separatist member who just spoke, I say, Madam, that that did not prevent me from—

The Acting Speaker (Mr. Kilger): I must remind the House that all remarks must be put through the Chair and not directly to another member.

Mr. Bellemare: Thank you for calling me to order on this very important matter. Mr. Speaker, the hon. member for Mercier is very proud to show her allegiance, her patriotism. But I think that her patriotism is slightly out of place. She seems to forget that she belongs to the larger Canadian nation, that it is because of Canadian unity that the provinces and territories were able to develop and the two official languages of Canada were able to develop, not because there were people muttering in one region or another of the country, only looking inwards and only concentrating on petty local concerns.

Francophones outside Quebec have done well and been successful. I think I am a case in point. I did well financially, at school, in the elections, in politics. Never, ever, have Canadians outside Quebec, or inside Quebec for that matter, hindered my success. In fact, it is this national attitude that made me to want to succeed, to want to remain a part of this country.

The member for Mercier kept referring to Canadians who left the country and settled in the U.S. I must point out to her that most of those who did that were from Quebec. It is interesting to note that the member for Mercier uses the term Canadians when talking about negative things and Quebecers for positive ones; only Quebecers can do good.

I must say right away that everyone in Canada does good. If we are to become even stronger as a nation in the future, become a wealthier nation and achieve a level of education envied the world over, it will be through Canadian unity, not through this desire to separate and this constant infighting.

Mrs. Lalonde: Mr. Speaker, I want to tell the hon. member that our future would be much brighter and our prosperity much more certain if the rest of Canada stopped refusing to recognize what Quebec demanded as a people, because these repeated refusals have led to crises which are an expression of the will of that people and nation.

(1220)

You cannot silence a whole nation. The issue will always resurface because the right of nations is a fundamental one. Democracy is based on that right. Canada's prosperity would indeed be much greater. It could have been much greater if Quebecers had been recognized as a people and a nation, instead of denying that reality. This is true today and it will still be true tomorrow, for the only uncertainty which exists is linked to the possibility that you may reject our decision as a people. This is the only uncertainty; there are no other ones.

Sure, we can talk about prosperity and about the future, but do recognize that we are a people and a nation, and that the decision will be ours. In any case, you cannot overlook that basic reality.

[English]

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I do not know whether it is simply Monday morning or whether it is my tolerance and my patience wearing thin as day after day in the House we listen to this little band of separatists as they stand in the House to talk about destroying the country.

There is nothing more divisive or nothing more destructive to the country today than to listen to this group stand every day to say that it wants to be a separate nation within Canada. The strength of the country is in the participation of all provinces and all peoples, not the separation this band talks about.

Government Orders

They do not have the support of the majority of the people of Quebec. Only when they soften their separatist stand and talk about some sort of mushy sovereigntist association can they even get anywhere close to a 50 per cent vote in the polls.

This band of separatists should be ashamed as they stand in the House. They collect their paycheques every month from the Government of Canada, from taxpayers in western Canada, as they stand here to talk about destroying the country. They should be ashamed of themselves. Perhaps they should consider going back to their ridings and staying there until they develop a different attitude, a Canadian attitude, before they show their faces in the House of Commons. The Parliament of Canada represents all people of Canada.

[*Translation*]

Mrs. Lalonde: Mr. Speaker, we were elected by our fellow citizens to discuss an extremely important issue to them, namely their recognition as a people and a nation. In fact, this issue is so important that, over the last 30 years, it has been very time-consuming and has kept us from dealing with other major concerns.

You cannot overlook that reality. You can claim that we are a small minority, but the fact is that we are not. We represent a people and a nation similar to many others in the world, which seek, peacefully, to be recognized and which have sought that recognition since the very beginning. This is what we are telling you, and we are also telling you that you will keep hearing about it. So, you better watch, listen and understand that this people and this nation have a right to exist.

Mr. Harris: Go home.

Mrs. Francine Lalonde (Mercier, BQ): No, I will not go home. Mr. Speaker, that should be translated. I find it despicable to be told to go home while, as the representative for my constituents, I reflect on our history, pointing out that we want prosperity but that prosperity will only be possible if we are treated as equals.

(1225)

This is a despicable and unacceptable insult. If you think that this is how you will make your country prosper, you are grossly mistaken.

Mr. Réginald Bélair (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, to begin with, I find myself wondering whether the real issue being debated is Quebec's borders or the electoral boundaries to be set by the new commissions.

Firstly, much has been said in this House and in the Committee on Procedure and House Affairs on the subject of the new electoral boundaries, especially for northern Ontario and more specifically for my riding, Cochrane—Superior. The fate of my riding, and of northern Ontario in general, depends on the recommendations the commission will make.

First off, it must be said in this House that all Canadians, wherever they live in Canada, have the right to fair and equitable representation. Obviously, these two words are charged with meaning. In particular the word "equitable" is defined in Larousse to mean "in accordance with justice". Fair representation is the most important point which must guide us in this debate, and this means that rural regions in Canada should always have direct access to their members of Parliament. It is not enough for members of Parliament and their constituents to communicate with each other by telephone or fax, because this will ultimately depersonalize all that Canada represents.

[*English*]

The House affairs committee was somewhat conciliatory when it permitted the new commissions to be set up to accept an amendment wherein the same commission may depart from its application to the rules when considering the economies, the traditional and natural boundaries and rural characteristics of a territory, and the access to means of communication and transportation.

The commission may in its wisdom go beyond the 25 per cent quota when we talk about the population. This means that a riding may have less than the 25 per cent permissible quota in relation to the quotas of a specific province. This is the case for my riding of Cochrane—Superior and the riding of Timiskaming—French River.

In future it will be almost impossible to reach the quota of 97,000 people in a riding in northern Ontario and for that matter in most ridings in northern Canada. Suffice it to say that once the commissions and the hearings are set up, my colleagues from northern Ontario and I will fight to the end along with many concerned citizens and organizations to save the riding of Cochrane—Superior. This is not only for the sake of saving a riding but also saving a voice of rural Canada in Parliament.

In general across Canada there are 13 ridings with 100,000 square kilometres and more. Cochrane—Superior has 351,000 square kilometres with 41 organized main communities. It stretches from the border of Quebec to the east and goes west to the riding of Thunder Bay—Nipigon, which is some 425 miles.

(1230)

In 1994 I logged 23,000 kilometres in order to try to serve my constituents as best I could. It would take 18 hours non-stop to go around the riding of Cochrane—Superior. To divide it into

Government Orders

four as was recommended, annexing the four parcels to existing ridings, would simply mean that in most cases those ridings would double in size and 16,000 people would be added per riding.

In other ridings, namely the urban ridings, a member of Parliament can attend a function at either end of the riding in the same day, in many cases within the hour and in some cases within minutes. That is not to say that urban members of Parliament have it easy. We in northern Ontario recognize those ridings have a much larger population and those members therefore spend more time with constituents. A member of Parliament should be accessible to his or her constituents no matter what.

In large rural ridings many people feel isolated and that is why there is a need for the member of Parliament to meet with his or her constituents. Those people also have to be heard and counted, and they need to feel they are a part of this country, that not everything is being decided by the urban ridings. Handicapped people and the elderly, given the long distances which they have to travel in rural ridings, practically have no chance of meeting their member of Parliament unless he or she visits them. To further increase in size rural ridings would mean disaster for many Canadians living in those ridings, especially in isolated areas.

[*Translation*]

Mr. Speaker, I would like to read to you a summary of an extremely interesting conversation I had with a public servant: "An electoral district is much more than a geographic division for electoral purposes. An electoral district represents an economic, social and cultural group of several thousand people. An electoral district is as much a tool for grouping common interests as it is a means of expressing the identity, lifestyle and shared values of its inhabitants. From this perspective, the electoral district should be given the same status as a town, a province or a country. Any substantial change in the boundaries of the electoral district could cause major economic and social changes in that area. The boundaries of existing electoral districts must be revised equitably and changes must not upset their economic and social equilibrium".

I have two concrete examples to illustrate my point. Let us consider first of all the selection of candidates. If my riding were split in four and annexed to the four neighbouring ridings, without fail, the chances of the party nominating a person from a rural region as a candidate would be about nil, if he or she were competing against a potential candidate from an urban region or larger town with many supporters and able to sell membership cards, etc. People from rural regions, in the true sense of the word, would have very little hope of ever being elected to the House of Commons.

(1235)

The second example I want to mention concerns rural regions and their economic relationship with Canada. We are rich in natural resources. The viability and vitality of our economy depends on those natural resources, and the rest of Canada should appreciate our contribution.

I could also draw a comparison with New Brunswick and Prince Edward Island. Obviously, we cannot rewrite the Constitution Act, 1867 and the agreements concluded at the time, under which New Brunswick was guaranteed ten ridings and Prince Edward Island four ridings. However, together these two provinces have more or less the same area and population as northern Ontario.

At the present time we have eleven electoral districts, while New Brunswick and Prince Edward Island have fourteen. This is an example of inequity. As I said before, it would be very difficult to change this without amending the Constitution Act, 1982. My point is that we should at least recognize the fact that, compared with other regions in this country, northern Ontario is under-represented and cannot not afford to lose another seat in Parliament.

[*English*]

Canada is a huge geographic misunderstanding. This misunderstanding will not be resolved for many years to come. The fact that rural Canadians represent a minimal part of the population of Canada is not a good enough reason them not to be justly and adequately represented in the House of Commons.

Mr. Stephen Harper (Calgary West, Ref.): Mr. Speaker, I thank the previous speaker from Cochrane—Superior for his remarks, not because I necessarily agree with them all but because they were on the topic of the bill which has been sadly lacking in this debate.

This is a debate about Bill C-69, an act to provide for the establishment of electoral boundaries commissions and the readjustment of electoral boundaries, specifically to scrap the process under way last year to redraw our boundaries based on the 1991 census and establish a whole new process.

We are now winding up a parliamentary debate on this that started over a year ago which in our view has yielded only minimal improvements to the electoral boundaries process.

The motion that had initiated this bill had asked the procedure and House affairs committee to examine methods of capping and reducing the size of the House of Commons, to improve the process by which boundaries commissioners are selected, to consider how the boundaries commissions conduct their work and to consider the involvement of the public. In three of these areas there were some minor improvements. However, the bill fails to address the already excessive and growing numbers of

Government Orders

members in the House of Commons. That failure in particular prevents our party from endorsing the bill.

The changes made to the boundaries process while useful for future census in our view do not justify scrapping the commission or rejecting the reports of the existing boundaries commissions.

While we are opposing this bill members of the Bloc Québécois have been opposing this bill for an entirely different reason, one to which I will address my remarks.

The Bloc position on this entire process for bills C-18 and C-69 has been very inconsistent. It supported going through this process and then opposed it again.

Initially the concern was about boundaries. Now the concern is about Quebec's not having a guaranteed 25 per cent of the seats. Under the formula coming forward I will point out what we are actually talking about in terms of substance. We are talking about the demand from the Bloc Québécois that Quebec be guaranteed 25 per cent of the 301 seats we will have out of this redistribution; in other words 75.25 seats. Quebec will get under the formula 75 seats. This is probably the most verbiage we have expended in the House over one-quarter of a seat.

(1240)

I am not entirely sure this position is not changing again. Over the Easter break we learned from the leader of the Bloc Québécois that apparently Quebec now wants 50 per cent of the seats. The position keeps shifting.

I want to address it seriously because there has been much misinformation and many misstatements made about this. I will outline the facts. The Bloc has made at least four assertions which need to be challenged, assertions of fact, assertions directly related to the bill and to the issue of 25 per cent of the seats.

The first and most obvious Bloc assertion is that this kind of guarantee could be achieved without a constitutional amendment. We know that is not the case. This was a provision of the Charlottetown constitutional accord opposed by the Bloc Québécois which I will talk about later. It was in that accord precisely because it required a constitutional amendment.

The Constitution Act of 1867 lays out the formula for the redistribution of seats in the House of Commons every 10 years. That formula is contained primarily in section 51. Section 52 makes it clear that while the number of seats in the House can be changed, the House is not free to amend its formula in a way that would depart from the proportion of population among the provinces. Section 52 makes clear that principle is protected.

Furthermore, under the Constitution Act of 1982 under section 42(1)(a) the amending formula is explicit that changing the proportion of seats in the House can only be done with a constitutional amendment approved by Parliament and by two-thirds of the provinces representing at least 50 per cent of the population.

The second incorrect Bloc assertion is that under existing constitutional formula only New Brunswick and Prince Edward Island are guaranteed certain representation in the House of Commons. This is also not true. Section 51(a) of the Constitution Act of 1867 makes it clear all provinces are guaranteed in the House of Commons at least the number of seats they have in the Senate. That was a provision added in 1915.

Obviously under that provision it has an immediate effect on the representation of New Brunswick and Prince Edward Island, whose seats would fall below 10 and 4 respectively if that were not there. It also applies to all provinces. Quebec is in effect guaranteed 24 seats by that provision, many more than New Brunswick or Prince Edward Island, although Quebec has many more seats.

As well, the Constitution Act of 1982, section 41(b), the amending formula, makes it clear this particular provision as it relates to any of the provinces can only be changed with unanimous consent. We are all aware of the difficulties in getting unanimous consent. I will talk later about some of the things we would like to see. Clearly that is not in the cards today if for no other reason than all governments in the country realize they could never get the support of the Government of Quebec for any step, for any constitutional change, for anything positive or negative.

Another point where the Bloc is not correct in claiming that only New Brunswick and Prince Edward Island are protected is there is an additional grandfather clause in section 51 of the Constitution Act of 1867. It is not an especially protected section but it guarantees to all provinces the representation they had in the House of Commons in the mid-seventies, a provision my party does not support and a provision that can be changed through an act of Parliament but which this bill does not change. Under that provision Quebec is guaranteed the 75 seats it has today. Were it not for that provision Quebec's share would probably fall by one or two seats.

The third Bloc assertion in this debate that has not been correct is that the demand Quebec be guaranteed 25 per cent of the seats in the House of Commons is one of the historic demands of the province of Quebec. I found this particularly interesting. I worked for the no side in the constitutional referendum. An argument frequently made both inside and outside Quebec was that this provision of the Charlottetown accord guaranteeing Quebec 25 per cent of the seats had in fact not been a historic demand of the province of Quebec and had

Government Orders

really just come out of the hurried negotiations in the summer of 1992. I decided to do a little bit of research and confirmed that was the case.

(1245)

Perhaps we have overlooked something, but I cannot find any record of a major Quebec actor demanding a guarantee of 25 per cent of the seats in the House of Commons prior to the Charlottetown accord.

I would say that there are some origins, which may be in the Victoria conference proposal. In 1971 the Victoria constitutional agreement proposed that every province that at the time had at least 25 per cent of the population be guaranteed a constitutional veto indefinitely. This would have given Ontario and Quebec a veto over any changes to the Constitution. Of course it was ironic that that accord also failed, partly because of the attacks by the Parti Québécois and the separatists in Quebec at the time. But ultimately, the accord was rejected by Quebec federalists as well.

Once again, the fact of the matter, as far as we can tell, is that this is not a historic demand, although like so many things in this country it has become a demand from the very separatist element that rejected it in the first place, much in the way certain versions of the Confederation agreement are now endorsed by the separatists who rejected that agreement at the time.

I want to get to the fourth Bloc contention, that somehow the failure to give Quebec a guaranteed representation in the House of Commons represents a violation of the agreement of Confederation. It is particularly interesting how it can represent a violation of an agreement that never existed. There never was any such provision in the Constitution of 1867.

In making this argument the Bloc Québécois has pointed out the fact that in the old Canada, the union of the two founding provinces we hear so much about, the union of 1841 to 1867, Quebec had 50 per cent of the seats and there was a dual premiership, as members will recall.

Confederation came about because that arrangement broke down. It was completely unworkable to have the principal House where the guaranteed number of seats is invariant to population and where there will be some kind of equal marriage. It did not work. It brought about Confederation. And if Confederation were ever to fail for Quebec, as the separatists suggest it will, then of course the rest of Canada would never enter into an agreement that would recreate a union that already fell apart in the 1800s.

It is important to remember what the agreement of 1867 did. It did not guarantee Quebec a percentage of seats in the lower House, as we had had prior to 1867. It had three separate elements that dealt much more creatively with the concerns of

Quebec and with the other regions and the new partners of Confederation.

First, it created the House of Commons, where representation would be on the basis of population, a principle understood in every democratic country in the world.

Second, it created a federal system. This is something we should not forget. Colleagues in the Bloc always say that Quebec's power at Confederation fell from 50 per cent to 35 per cent. In fact it did not. Its share of the seats at this level of government fell from 50 per cent to 35 per cent, but the most important feature of Confederation was the creation of a federal system and the creation of the province of Quebec as a separate legal entity. The Confederation agreement gave Quebecers local autonomy through their provincial legislature over a number of exclusive provincial jurisdictions.

I should add that my party is opposed to the historic attempts of the federal Liberals to undermine those exclusive provincial jurisdictions. Those jurisdictions should be respected, and in our view the federal spending power should not be used in a way that intrudes upon those exclusive competencies.

Third, the agreement of 1867 created the Senate. It created a separate chamber, one of the purposes of which was to provide guaranteed representation for various regions of the country. I have spoken on this many times, as members will know. That is in fact the chamber where regional representation for Quebec and for other provinces was to be guaranteed.

(1250)

That part of the accord has not worked out the way the regions of this country would like it to work out. One of the things that constantly mystifies us as western Canadians is the demand of Quebec separatists to abolish the upper chamber, rather than make it the very basis of regional representation that we in the regions of the country want against the enormous population weight of Ontario. That is rejected time and time again, although it is a feature of virtually every democratic federation in the world.

The history of that, I should point out, is quite interesting. Quebec was originally guaranteed 33, a third of the seats in the upper House. Later, as this country grew, as western Canada entered, that guarantee fell to 25 per cent, since we recognized four regions. Today, of course, we have seats for Newfoundland and the territories, which are outside of the original regional agreement.

There has been a guarantee in this Parliament for Quebec to have a certain representation. That representation is guaranteed in the Senate. Our provinces in the west would like to see that chamber become more effective. We would like to see ourselves guaranteed effective representation as well. That is the way to address this issue.

Government Orders

Members will recall that the Charlottetown accord was rejected through most of the country. The Bloc Québécois, which suddenly finds it is fond of the 25 per cent guarantee in the Charlottetown accord, forgets that that guarantee was part of a package—not just the whole accord, but specifically part of a package of reforms to both the Senate and Commons.

These reforms were rejected for a number of reasons, not simply because of the issue of departure from representation by population but also because of the expansion of the size of the House of Commons, an expansion that would have gone dramatically to 337 members overnight and would have moved even more quickly into the future. That was one reason for rejection, something we are now replicating with this act, although not as badly.

Of course it was also rejected because of the obviously inadequate provisions as they related to the Senate, the failure to guarantee election to the upper House, the failure as well to guarantee effective powers for that body to protect the various regional interests that chamber is supposed to secure.

I do not want to go on too long because I have talked at length over the past year about this bill. We remain opposed to the provisions of this legislation, to the idea that we should scrap the existing boundary commissions and start from scratch. The few worthwhile improvements here can certainly be deferred to the 1996 census. We would save the taxpayers \$5 million.

I do want to emphasize that in opposing this bill we in no way endorse the obstructionist tactics of the Bloc Québécois, who are opposing this bill for entirely different reasons related to the separation of Quebec. The 25 per cent guarantee they have demanded for Quebec and the rationale they have used to back that demand simply do not stand up to factual scrutiny.

I should add in closing that it is increasingly clear that the reason the members of the Bloc Québécois are so interested in guaranteeing a certain number of seats for Quebec in the House of Commons is that I think they are coming to realize that Quebec will be here in the House of Commons by the time the next election comes around and will be here for many more elections after that. We look forward to that.

[Translation]

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, I listened in particular to the last part of the MP's speech. He knows his Canadian history. He knows the recent history of Quebec since Charlottetown and Meech. English Canada has said no to Quebec several times.

(1255)

Does he not think that the people of Quebec, one of Canada's founding peoples, have a legitimate claim to this 25 per cent guarantee? I think that Quebec's request is quite modest. There is almost unanimous support for it, and I fail to understand why the hon. member from western Canada wants to completely ignore, under false pretexts, Quebec's legitimate request. I sincerely hope that he will explain the reason why.

Mr. Harper (Calgary West): Mr. Speaker, as I said in my speech, I support the principle of representation by population in the House of Commons. It is a democratic principle enshrined in the Constitution.

In fact, Quebec could end up with close to 25 per cent of the seats in the House after the proposed redistribution.

In addition, when the hon. member talks about post-Meech Quebec, one thing is clear to me, and that is that Quebecers want to keep their Québécois and Canadian identity and it is only within a federal state that both will be possible.

[English]

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, the debate concerns Bill C-69, which is comprehensive in its scope but nevertheless has a precisely defined mandate, and that is concerned with electoral boundary redistribution. It is not a place to re-examine or to start again debates that were conducted in other arenas in which I and other hon. members had the privilege of taking part. It is not a reprise of the Charlottetown accord debate or of other debates relating to what was called the statut constitutionnel particulier for the province of Quebec or any other special arrangements. There may be a case for these special arrangements, but it is not a matter germane to the discussion today.

What we are concerned with here is a change, a reform, if you wish, a modernization of the process of establishing electoral boundaries in Canada. It is correct to say that we are somewhat undeveloped in constitutional terms in our attitude toward the electoral processes and in the timid way in which we move up to the necessary and inevitable constitutionalizing of the electoral processes. In some other constitutional democracies, some more ancient than our own, others much more recent, the process is fully constitutionalized and there is a role for Parliament that in some senses we seem to be abdicating here. There is no particular problem in Parliament itself establishing electoral boundaries, provided it is governed by a code of constitutional principles, ideally in the constitution itself, and provided there is a full and effective power of judicial review. The progress toward full equality and participatory democracy in the United States has been achieved in just that way.

Government Orders

More recently, in the post-World War II German constitution, the constitutionalization of the electoral processes is achieved in the constitution, in electoral laws and in a substantial series of decisions by the courts.

I do believe that this will come to pass in Canada, that the courts will recognize that the electoral processes go to constituent power, which is a pre-constitutional power but it is the basis on which constitutional government operates: fair, open, and honest elections, open to public scrutiny in all aspects of the processes.

I think the best way is to draft it into the Constitution itself and certainly have an active, vigilant constitutional court that has the sophistication not to be afraid of electoral issues, as for many years our own courts were. They are not difficult to examine. The issue of basic fairness and the probity of the issues have been discussed and examined by supreme courts as diverse as those of Germany, the United States, Japan and India. The process works.

(1300)

What has been done is that a very strong committee of the House—I call it that in the language that the courts use but it is a strong committee—which happened to have excellent representation from the main opposition party, the second opposition party and government members, made a long examination of this issue and has brought forward a bill.

It does not touch the issue of whether one province should have 25 per cent representation in the House. It would not have been germane to its mandate. In any case, I would have thought that with the evolution of constitutional democracy in Canada such an issue now could only be decided by full participatory democracy with the assent of the Canadian people expressed in a popular referendum vote. The Charlottetown process at least established that principle and I think all parties wish to work with it.

I listened with great sympathy and admiration to the arguments advanced by members of the second opposition party. However, I feel this was not the arena in which to discuss limitations or increases to the size of the House other than those that followed logically and inevitably from the census figures, which is one of the vines that we have in terms of the electoral process as it now stands.

What has been done here is that an attempt has been made to open up the process of the establishment of electoral boundaries by looking to the issue of who makes the decisions. If it is constituent power it goes to the power of Parliament itself and it is probably a power more awesome than that of the judges. Yet to date, it has been exercised by commissioners who were appointed on the discretion of the government of the day and

answerable to nobody other than their own conscience in so far as the courts have not, as I have mentioned, exercised a review control in Canada.

What has been done in this bill is a compliment to the collegial atmosphere in the committee on this particular point. A system has been set up where while the executive retains the power of appointment—at least Parliament does—there is a process of public advertising and consultation. There is the obligation to consult with the leaders of all the parties. Does it go far enough? We shall see. However, it is certainly an advance on the present system.

I say that having served as an electoral commissioner myself. I was asked by the then Speaker of the House, Madam Sauvé, if I would serve as the electoral boundary commissioner because she wanted to get it out of politics. It is not a job that gets any particular awards but it is something to do in the spirit of public service. This is fine but it is still a system without controls. That is why the present proposals are an advance.

If we look again at the reports of recent boundaries commissions, the justifications are at best skeletal, a few lines. They do not really explain the why or how and on what basis and what criteria the decisions were arrived at.

In this particular bill which the committee has brought forward, the boundaries commissions are now required by law to provide three alternative maps for every constituency in which they report. They are required to provide a justification for their choice of opting for one rather than the other two.

Again I think it is a significant advance. It may be that one could have gone further, but in the nature of the committee as it was operating and the desire to build a consensus, the chairman of the committee felt this was the way to go. I think it is a good choice. Therefore, I am optimistic about the progress that will be made when this bill is adopted. We do need an open process. We also need as much public participation as possible and a high degree of scrutiny.

I think there is still a role for the courts. I would like to see this in the same way the justice ministry has financed litigation involving the Official Languages Act. Maybe test cases could be taken up when issues of electoral boundaries come up that raise constitutional principles: Is the principle of equality of representation adequately recognized in what the commissions have done? There are constitutional principles that can control this. Courts in Japan, India and other countries have little difficulty in applying them and the road would be open here.

(1305)

This bill is an example of a committee interpreting its mandate in a full respect for criteria of relevance. It has not tried to go beyond the mandate as defined. It recognizes that other

Government Orders

problems, cognate as they may be, are to be handled in other bills. Therefore, I think it is a significant advance.

It does not, I repeat, replay Charlottetown. The Charlottetown accord was quite decisively voted on by the people of Canada and is now in the dustbin of history. Parts of it were interesting and valid and may be worth bringing back but that is a matter for debate elsewhere and on another occasion, not here.

While I appreciate the eloquence of the hon. member for Mercier and the contributions he made to the debate, I do not think it really bears too much on the mandate of the committee.

I appreciated the remarks of the hon. member for Calgary West. On many of the matters he has raised a great deal of research has been done by him and by others. There are points that I might share with him but again, I do not feel that for this particular bill this is the occasion to get into these matters.

I take pride as a member of the committee concerned. It worked very well. It is an attempt to replace a system that was somewhat arbitrary in the sense that the commissioners were selected by a process in which there was no real review. They were not required to provide criteria for their decisions. In essence we had situations where decisions could be, as was said of Lord Eldon's chancellorship "an inequity as long as the chancellor's foot". That is not good constitutionalism.

This is a good step forward. It is on that basis I commend it to the House.

[*Translation*]

Mr. Paul Mercier (Blainville—Deux—Montagnes, BQ): Mr. Speaker, the hon. member opposite, in referring to the speech by the hon. member for Mercier, indicated his interest in what she said and, in turn, I may say I was very interested in the way the hon. member opposite used examples from other countries and went back in history to support his argument.

I would be interested to know whether he was aware that, at the beginning of the nineteenth century, the Hungarians within the Austro-Hungarian Empire were in a situation quite similar to that of present-day Quebecers in the Canadian federation. In other words, they were an unhappy minority. They rebelled and were defeated, but subsequently, the Austrians, who were the ruling majority in the Empire, decided to negotiate and in the process recognized the so-called double monarchy, a structure in which both peoples, the minority and the majority, enjoyed a certain level of equality to defend interests they might or might not have in common.

In the same century there was another situation very similar to ours, and I am referring to the Norwegians who were not happy about being part of the kingdom of Sweden. They were an unhappy minority. Like the Hungarians, they rebelled, and were defeated. Subsequently, the Swedes agreed to negotiate and recognized a status also referred to as a double monarchy, which

also included a parity structure that was different from Parliament but nevertheless a parity structure. I may recall that, in the twentieth century, both Hungary and Norway became independent. They were recognized as independent states.

I want to ask the hon. member opposite whether he feels—and he may not agree—that in this Parliament, representation should be based on population?

(1310)

Does he agree there are two founding peoples here and at what level would he see a parity structure that would recognize that fact, or does he deny there are two founding peoples in this country?

Mr. McWhinney: Mr. Speaker, I would like to thank the hon. member for his remarks. I am quite familiar with the history of the Austro-Hungarian empire and its particular constitutional theory. I make reference to it in a number of my books and am very often quoted by learned Quebecers in the debate on the development of the quiet revolution.

Nevertheless, all of the facts must be examined. The Austro-Hungarian empire was not a developed democracy as we know it today. We must also recognize that the dual monarchy was, in a way, intolerant of the rights of other minorities. The claims of the slavic minority were not recognized, which gives us cause to look at the failure of the Austro-Hungarian empire, in view of its defeat in the first World War.

Comparisons may be made between Canada and the Austro-Hungarian empire of the 19th century, and in particular the Ausgleich agreement, as it is known in German, of 1867. However, very very few of them may be made. As to whether the Canadian constitution can accommodate a situation similar to that of the Austro-Hungarian empire of the time, I would like to point out that the federal system is very flexible and capable of accommodating many different constitutional arrangements.

The prerequisite today, however, is that these claims be approved by popular vote. This is the fundamental reason for the failure of the Charlottetown accord. Under these circumstances, should the question arise in the future, yes, our federal system can accommodate any constitutional variation, provided it has been submitted to and approved by a popular vote.

[*English*]

Mr. Stephen Harper (Calgary West, Ref.): Mr. Speaker, in deference to the hon. member for Vancouver Quadra, I will not ask a question outside the scope of the bill, but rather one within its scope.

He made some comment about the constitutionalizing of these provisions. One thing that is being kept in the bill which is in the existing legislation is the variation of 25 per cent from the quotient for the size of populations of electoral districts. He will also know that in this bill not only do we keep that variation in normal circumstances, but we continue to leave open the pos-

Government Orders

sibility of extraordinary circumstances where those variations will get much larger.

The hon. member will know that in the United States the general direction I think it is fair to say has been partly imposed by the courts over time. In the House of Representatives ridings are created that are almost equal in population, of course with their peculiarities which we would not necessarily allow here.

On the question of variation, as an academic expert I would like him to inform the House why we have gone in the direction of allowing very large variations in Canada, whereas the United States with a country of similar size has been able to create constituencies that are virtually equal in size. Would he like to see our country consider moves in that direction in the future?

Mr. McWhinney: Mr. Speaker, I thank the member for Calgary West for the very thoughtful question. He will know that we discussed this matter in committee and on some of these points our views were closer than the report of the committee might indicate.

(1315)

The United States constitution, in its evolution, is assisted by the fact of equality of representation in the Senate, so that Americans do not have to justify to the extent other countries do disproportionately large electorates for some states and disproportionately small electorates for others.

The United States Supreme Court has said, at least Mr. Justice Douglas has said, that equal things are to be treated equally, according to the doctrine of equality before the law, but unequal things do not have to be treated with the same canon of legal equality. Putting it this way, I can see the case, as a city member, made for country constituencies, that a lesser number of voters should be tolerated. I can see the case for going to 15 per cent. I had some problems with the 25 but I recognize that in committee, a consensus emerges and one accepts it.

We are not yet in the same situation as Japan where the supreme court had to rule on a situation where the electoral districts in Tokyo had five times the number of electors as the districts in the neighbouring country regions. Obviously that is a disproportion that cannot be tolerated.

Where do we draw the line? The committee, with some accommodation from urban members like myself and the hon. member opposite, tried to recognize the special quality of life of country constituencies and that perhaps a lesser number of electors was required. The 25 per cent has to be seen in that light. However, it would be simpler if we had a Senate with equal representation or something of that sort. The reform of the Senate is a subject on which the hon. member and I have many views, but it is, again, not a matter for this discussion.

[*Translation*]

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, it is an honour for me to speak again at the third reading stage of this bill on behalf of the official opposition, the Bloc Québécois, the sovereignist party in Ottawa, on an issue as important as the act to provide for the establishment of electoral boundaries commissions and the readjustment of electoral boundaries.

I would like to explain in very simple terms to the people listening to us that this bill establishes regulations for future federal elections.

At first sight, this bill might seem of little interest to Bloc members. English Canada provinces could settle the matter among themselves since, when the next federal election is held, Quebec will probably be a sovereign country.

However, in October 1993, I was elected—I reiterate this fact because I know that my colleagues across the way like to hear it—first, to look after Quebecers' interests and, second, to promote sovereignty in Ottawa, as I often do.

However, in fulfilling the mandate of looking after Quebecers' interests, Bloc members must be vigilant. It is because of this vigilance that we are denouncing this bill, which goes against Quebecers' interests.

The process that led to the drafting of Bill C-69 went through Bill C-18, which was tabled in this House over a year ago. Bill C-18 suspended the electoral boundaries readjustment process then in progress for 24 months before a new debate on redistribution could start.

Unfortunately, the Reform Party objected to that bill and its proposed 24-month suspension. Nevertheless, the House, as we know, passed Bill C-18.

However, when the bill went to the other House, the hon. senators did the job that Reformers had initiated in this place. The other House included in Bill C-18 an amendment providing that a new bill must be tabled by June 1995 at the latest, or else the old legislation and the commissions suspended by Bill C-18 would be reinstated.

The bill before us has two objectives, the official objective and the unofficial one, which is just as important if not more so: to reduce as much as possible Quebec's political weight in this House.

(1320)

Of course the strategy has changed. Since Lord Durham tabled his report, English Canada, the federalists have taken a different approach. The approach may be a more subtle one, but the ultimate goal has remained unchanged: the assimilation of Quebecers.

How can this be achieved? By failing to recognize Quebec, the people of Quebec, as a founding nation, by not recognizing its distinctiveness, by quashing their every demand and legislating to reduce the political weight of Quebecers in Ottawa by increasing the number of members from outside Quebec, members who will vote against Quebec and put Quebec in its place at the first opportunity.

But history has taught us that one does not have to come from outside Quebec to vote with the English Canada majority and against Quebec in particular. We need not think back very far indeed to realize that. I can see it happen regularly since coming to this place. I saw it again with my own two eyes during the vote at report stage, when Liberal members from Quebec ignored Quebecers' wishes and defeated a motion presented by the Bloc Québécois to ensure that a minimum of 25 per cent of seats in the House of Commons go to Quebec.

Yet, this was a very simple motion and it read as follows: "Notwithstanding the foregoing, when by application of this subsection the number of members to be assigned to the Province of Quebec is less than 25 per cent of the total number of members in the House of Commons, the Chief Electoral Officer shall assign at least 25 per cent of the total number to the Province of Quebec".

Quebec's influence on decisions made in this House will not start to decline in 100 years, but immediately. In the next federal election, Quebec will no longer have the same decision-making influence, it will be smaller. The figures speak for themselves. Our numbers will be reduced, falling below the 25 per cent level of representation we have always had in this House. Never in the history of Quebec have members from Quebec opposed a motion to protect Quebec's legitimate rights, to protect its political weight within the Canadian federation.

What are we, members from Quebec, here for? What have we been elected to do? Every member from Quebec in this House, regardless of political affiliation—whether red, blue, yellow, whatever—was elected by Quebecers to look after Quebec's interests. This motion to ensure a 25 per cent minimum was designed to protect Quebec's interests and that is why we presented it.

We and all these other members have the duty to protect among other things Quebec's political and decision-making influence. The federal government ignored Quebec in this bill. The same way, Quebec will ignore Canada before long. When I see the government and the third party, the Reform Party, hand in hand, joining forces against Quebec, I know it is high time that we pack up and leave.

The Bloc motion would have guaranteed one quarter of the seats to one of the two founding nations of Canada, while also

Government Orders

complying with the traditional and legitimate requests of Quebecers to preserve minimum political leverage within the Canadian federation. The attitude of the Liberal members is hypocritical. Barely three years ago, these same Liberals defended Quebec's right to 25 per cent of the seats in the House of Commons. Back then, they formed the opposition. It is strange how time changes things sometimes.

Given that attitude, many of the positive aspects of this legislation are eliminated. Members worked hard to come up with a bill designed to improve the whole redistribution process. However, their efforts were vain, since the government ignored some very important recommendations.

Had some specific provisions been included in it, this legislation could have sent an ultimate message to Quebecers. Instead, the government preferred to team up with the Reform Party to once again put Quebec in a vulnerable position. Nevertheless, as I said earlier, there are some positive aspects to this legislation and I will list a few.

(1325)

For example, after a decennial census, the changes to the electoral map will be followed by a readjustment five years later, so as to avoid drastic changes in the electoral districts. This is a good change which fulfils a need.

The population of each electoral district will be allowed to vary by more or less 25 per cent from the electoral quota for the province. This is a minimum which, I think, had to be included in the bill.

Provincial commissions will have to hold public hearings before starting their work. Again, this is in response to a legitimate request made by constituents from every riding.

In determining electoral district boundaries, the provincial commissions will have to consider the community of interest, the size of each district, as well as foreseeable geographic changes. In a riding such as Berthier—Montcalm, which I have the honour to represent, the need for such criteria is obvious. Otherwise, we end up with ridings of 50, 52 or 60 municipalities. There has to be at least a certain sense of belonging and the bill ensures that this is the case.

Provincial commissions will have to submit three draft maps and hold new hearings if necessary. Again, this is very good.

As the hon. member for Kamouraska—Rivière-du-Loup mentioned, something had to be done. I am referring to the member's comments because he put the finger on an extremely important aspect of the issue. He said the following: "It seems to me that it is not simply a question of ensuring adequate mathematical representation but of ensuring adequate representation". These are two very different matters. Equity cannot be measured mathematically. If it could, we would fix the problem

Government Orders

on our calculators and save a lot of money. But when a riding is as small as six blocks of Toronto, Montreal or Vancouver versus 55 or 60 municipalities, like my riding, Berthier—Montcalm, should other criteria not be taken into consideration to ensure that the citizens of these ridings are as well represented in Parliament as those of urban downtown ridings in big cities?

The suggested changes addressed this issue, but, as I said earlier, the snub on Quebec that this bill contains is totally unacceptable. In fact, and I will close on this note, Bill C-69 gives no mandate in this area and it could easily have given one to some parliamentary committee. I think that it is not the means to resolve the problem of Quebec's dwindling representation in the House of Commons that is lacking.

Worse yet, Bill C-69 gives no guarantee that the continual reduction in the number of members in this House from Quebec will be halted. On the contrary, the bill maintains the formula set out in section 51 of the British North America Act, which results in a weakening of Quebec's influence within federal institutions.

You will understand that, as long as the people of Quebec have not made a decision on their future, which will certainly be in favour of sovereignty, it is very important that Quebec maintains adequate representation within federal institutions.

I disagree with some of the comments which the Reform member made and I think that, given that we are here to defend the interests of Quebec, we are here to play to win from within the system and we will do everything possible to guarantee Quebec minimum representation, and demanding 25 per cent is a way of guaranteeing Quebec a minimum impact on decisions made in this House.

We are not demanding this because they say we are going to lose the referendum, on the contrary, we are going to win it. However, I think that, at the very least, a member who represents the interests of Quebec had an obligation to present this motion, to guarantee Quebecers the 25 per cent we have always had since Confederation and which we will lose in the next election because of a Liberal government that failed to make any provisions for this in the bill.

All Quebecers, whether or not they agree on sovereignty, agree that Quebec should at least keep 25 per cent. And since everyone likes Quebecers or at least that is what they say, we should be able to get unanimous consent in this House.

I want to ask the Liberal members from Quebec and the government to rescind the previous vote so that we can have a bill that reflects the unanimous demands of Quebecers, including Quebec federalists with their stuffed beaver policy, as some radio commentators refer to Daniel Johnson's policy.

(1330)

Even Liberal members from Quebec—and I see some members across the way who were in the National Assembly before and are very much aware of Daniel Johnson's political allegiance—even Mr. Johnson said yes, Quebec should have at least 25 per cent. I think Quebecers are unanimous on this.

I am sure there is some formula we could use in this House to rescind the vote at the report stage and include the motion presented by the Bloc Québécois. I think that, all things considered, after everything we read in the papers and all the pressure on the Liberals across the way in connection with the Bloc's motion, which was entirely legitimate, I am sure there is some way to rescind this vote and guarantee 25 per cent of the seats for Quebecers.

Mr. Jean-Paul Marchand (Québec-Est, BQ): Mr. Speaker, I have a question for the hon. member.

How does he see the role of members from Quebec who support this bill? Does he think that members from Quebec who support this bill are defending Quebec's interests?

Mr. Bellehumeur: Mr. Speaker, I will try to answer this question without commenting—I think there is a rule about this—on how Liberal members from Quebec voted.

However, as I said in my speech, if a member from from Quebec who was elected by Quebecers is truly here to defend their interests, that member cannot do otherwise but vote in favour of this motion which would guarantee 25 per cent of the seats. We did not ask for the moon. We did not ask for exceptional powers. We wanted this bill to recognize the fact that Quebec was one of the two founding peoples. It was that simple. It was easy to do. They could have put it in the bill.

I think the Liberals from Quebec understand this. They could have put it in the bill if they had done some lobbying, something Liberals are very good at. The members from Quebec could have lobbied their own caucus and their own ministers to include in this bill a clause mandating a group of parliamentarians to find a way to let Quebec have 25 per cent of the seats as requested by us, the Bloc Québécois and by all Quebecers. But they did not. I think the answer to the question from the hon. member for Québec-Est is clear. I think the interests of Quebec demanded it and that they failed to act accordingly.

[English]

The Acting Speaker (Mr. Kilger): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mr. Kilger): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Government Orders

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

The Acting Speaker (Mr. Kilger): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 45, the division on the question now before the House stands deferred until tomorrow at 5.30 p.m., at which time the bells to call in the members will be sounded for not more than 15 minutes.

* * *

(1335)

FARM IMPROVEMENT AND MARKETING CO-OPERATIVES LOANS ACT

Hon. Fernand Robichaud (for the Minister of Agriculture and Agri-Food, Lib.) moved that Bill C-75, an act to amend the Farm Improvement and Marketing Co-operatives Loans Act, be read the second time and referred to a committee.

Mr. Lyle Vanclief (Parliamentary Secretary to Minister of Agriculture and Agri-food, Lib.): Mr. Speaker, it is a pleasure to open the debate at second reading on behalf of the Minister of Agriculture and Agri-Food and the government.

Bill C-75 is an act to amend the Farm Improvement and Marketing Co-operatives Loans Act. The acronym I will be referring to is FIMCLA. This amendment would only change one clause in the act. However, without the amendment we would have to suspend the program. Bill C-75 would increase the total amount of loans guaranteed under the act over a five-year period from \$1.5 billion to \$3 billion. Before I get into the question of why we want to make this change, I will tell the House a little about the FIMCLA program.

This program has been around for 50 years. It started with the Farm Improvement Loans Act passed in 1943 and came into effect in 1945. It was the first guaranteed loan program in Canada and was followed by student and small business loans. It is probably the most successful of all those programs.

At first the farm improvement loan program was intended to help tenant farmers get access to funding to improve their farms or farm living conditions. The guarantees were needed. They could not offer the land as security since they were tenants. Therefore they were unable to get bank loans. Over the years it

has been a very popular program especially in western Canada, becoming increasingly popular throughout the nation.

Now farmers use the program to get loans of up to a maximum \$250,000 for a wide range of farm improvement programs and projects such as acquisition of additional breeding stock, more land, improvements to buildings, fencing projects, irrigation, improved waste disposal facilities, et cetera. It could also be used and is being used to try alternative farming methods, whether organic farming or any other type of alternative method that farmers are now so aggressively pursuing in the diversification of their operations.

In addition, the program facilitates access to credit for farmer owned marketing co-operatives for activities that add value to the agricultural production. For example, a co-op could borrow up to \$3 million under FIMCLA to build a juice plant, or something with vegetables or any other type of co-operative dealing with further value adding and processing of agriculture products.

Loans to co-operatives must be approved by the Minister of Agriculture and Agri-Food. Under this program borrowers benefit from interest rate savings of about 0.5 per cent and a lower equity requirement usually around a minimum 20 per cent.

The program is very popular and is becoming even more popular every year. Five years ago the department began to encourage credit unions and caisse populaires to make the program available to their customers as well. This has added about 600 new designated lenders throughout the country.

In towns which may only have one bank or one credit union or no bank or no credit union, farmers often had to drive to another town to get financing. With this change they suddenly had a lot more lenders to work with. In addition, we have seen sustained lower interest rates, higher farm equipment sales and an improved farm debt situation in the last few years.

Not surprisingly, the number of loans registered under the program has more than tripled from about 4,800 in 1990-91 to nearly 18,500 in 1994-95. The value of those loans has climbed from just under \$82 million per year to \$515 million per year. This year we expect the loans to reach \$550 million, bringing a five-year aggregate to \$1.4 billion. We expect that to remain constant for the years ahead. At a level of a \$3 billion cap we will now be allowed to continue to offer the program. Most of the new growth has taken place in Quebec and Alberta.

(1340)

Not long ago there was only a single lender using the program in Quebec. Now the giant Caisse Populaire Desjardins movement has become a major participant and Quebec has the third highest number of loans of any province. Similarly in Alberta, which has the second highest number of loans, the Alberta treasury branches have become a significant lender under

Government Orders

FIMCLA. However, Saskatchewan is still the biggest user of the program.

This new growth has caused the government to propose this amendment to increase the cap. If we do not, as I said before, the program could reach its \$1.5 billion cap in June of this year and then we would have to suspend the program for about two years.

In preparation for this amendment we have consulted with the people who are most closely involved in the FIMCLA program, including major farm organizations like the Canadian Federation of Agriculture as well as commercial lenders.

I would also like to address the inevitable question of why we are increasing the cap on this program by \$1.5 billion at a time of government restraint. I want to make clear this amendment does not in any way represent \$1.5 billion in new spending. Over the last 30 years the program costs have averaged slightly over \$1 million a year. It is a loan guarantee, not a loan of the actual money.

The 25-year net loss rate under FIMCLA has been about 1 per cent. If we look at other government programs it shows the dedication to repaying loans and the low loss in those loans in the agricultural community over the years, a record it can be proud of. This loss was a bit higher in the 1980s for obvious reasons but we expect it now to stay at less than 1 per cent in the foreseeable future.

The government has made a commitment to provide farmers with the tools they need. FIMCLA is one such tool, an inexpensive tool that offers a considerable amount of assistance to the agri-food sector. It supports adaptation, diversification and encourages regional development and job creation.

The government has recently increased the cap on small business loans to a total of \$12 billion for the same reason. Here again we are asking for the assistance to increase the cap on the Farm Improvement and Marketing Co-operatives Loans Act.

At this time I urge all members in the House to support the amendment which will double the cap on loans under the Farm Improvement and Marketing Co-operatives Loans Act and enable this low cost support to farmers to continue. I look forward to the support of all members in the House.

[*Translation*]

Mr. Jean-Guy Chrétiën (Frontenac, BQ): Mr. Speaker, Bill C-75, which we are debating this afternoon, is neither very long nor complex. It may, in fact, be summarized in a single, very simple, clause, which provides that the maximum of guaranteed loans will increase from \$1.5 billion to \$3 billion.

As my colleague, the Parliamentary Secretary to the Minister of Agriculture and Agri-food, has just pointed out, this refers merely to loan guarantees. The government is not injecting an

additional \$3 billion or \$1.5 billion into the agricultural sector—far from it. Bill C-75 is therefore simply an amendment to the Farm Improvement and Marketing Cooperatives Loans Act.

(1345)

I must say that, when I read the title of this bill, I thought it was rather long. Like the Prime Minister, I counted the words. There are 16 words in the name of the act. There could, in my opinion, have been a lot fewer.

The amendment, therefore, is aimed at doubling the amount and the number of loans guaranteed under the terms of this act. The amendment simply increases the cap of guarantees for loans given by banking institutions in response to increased demand. The current cap is \$1.5 billion, and with the adoption of Bill C-75, the limit will increase to \$3 billion. For many farmers, this increase means greater access to financing.

Even though the bill concerns loan guarantees and not the investment of new money, an important question arises: Will taxpayers be bearing the costs of this increase directly? Although we are talking about loan guarantees, the risk of non payment remains, and, in the end, all taxpayers will have to foot the bill.

According to data from the Department of Agriculture and Agri-food, losses due to non payment or non reimbursement represent more or less one per cent of the total loan guarantees. Therefore, the cost of the program will be relatively low. Nevertheless, one per cent of \$3 billion could end up costing Canadian taxpayers \$30 million.

Therefore, for the good of the farmers, the Bloc Québécois will support the increase in the cap from \$1.5 billion to \$3 billion by supporting Bill C-75. In the present context, it is almost impossible for the provinces to gain a little more autonomy from the federal government. The only solution in the short term, and it is only for farmers, I repeat, is to allow the government to go ahead with Bill C-75.

However, I must point out that our support is based solely on a concern that farmers get the financing they need and are entitled to. Apart from this vital aspect, it is as clear as spring water that we cannot allow duplication to pass without comment. I wish to draw the attention of all my colleagues and especially you, Mr. Speaker, to the fact that Bill C-75 involves duplication from two levels of government, as I will explain to you.

The basic question we must ask ourselves is not only whether the limit provided for in the act to amend the Farm Improvement and Marketing Cooperatives Loans Act is high enough but whether the program as a whole is relevant. According to Agriculture Canada figures, the demand for loan guarantees is growing. It is this excessive demand that justifies the limit increase.

S. O. 31

Mr. Speaker, you know as well as I do that the cost of farms has risen, as has the cost of buildings, of extensions. The cost of farm machinery such as tractors and combine-harvesters has gone up and even doubled in the last 10 years. The cost of digging manure pits keeps going up. I think that increasing the limit was justified.

(1350)

I will not deny the importance for farmers of having access to financing in order to improve or expand their facilities. All the more reason to make their lives easier and allow them to meet their needs in a single place. More and more, Quebec favours the single window concept at all levels. In Quebec, there are now three organizations in place to help Quebec farmers who need financing.

Last weekend, I met with several farmers including my friend Bertrand Lacroix of Second Street in Disraeli, who explained to me how complex our situation is. On the one hand, you have Quebec's Société du financement agricole, which a few years ago was called the Office du crédit agricole and which comes under Quebec jurisdiction. On the other hand, you have the Farm Credit Corporation, which comes under federal jurisdiction. Thirdly, since there are 12 words in the bill before us this afternoon, an act to amend the Farm Improvement and Marketing Cooperatives Loans Act, from now on I will use the acronym AAFIMCLA. You can see how complex this is. We are really asking for it.

I am far from proud this afternoon of supporting this bill on behalf of the Bloc Québécois. Our accumulated deficit exceeds \$550 billion. While the deficit for this fiscal year will be close to \$40 billion, the government is increasing duplication and overlap. This is a good example of overlap within the same government. At the federal level, farmers can borrow either from the Farm Credit Corporation or under the Farm Improvement Loans Act. Why not consolidate all that? I am sure tens of millions of dollars would be saved each year this way. Not only would this government save tens of millions dollars each year, but it would be much more efficient. It is even worse for Quebec farmers, who have a third choice in the farm finance corporation.

Saturday afternoon, the farm producer I was visiting told me that he had had to shop around in order to finance his new facility. He applied for all three and came to the conclusion that the program that best suited his expansion needs—I am not saying that it would be the same for everyone, but for him—was the one offered by the Société de financement du Québec. Another time, the Farm Credit Corporation could prove to be a better choice. In this instance, he told me that he had weighed the three programs against one another and that the best deal was that of the Société de financement agricole, formerly known as Quebec Farm Credit Bureau.

The bottom line is that a great deal of money is totally wasted on programs administered by three separate agencies. In their next budget, the various provincial governments, particularly Quebec and Ontario, which are two large provinces, will probably have to follow our finance minister's lead and hit their taxpayers hard. They will have to account for moneys spent, in my view, wastefully on duplication. In Quebec, we know what duplication is. We have been aware of this for quite a while, and that is why we would rather have our own tool box, with all the tools required to develop fully, freely and completely.

(1355)

If the three programs I just mentioned are different, is it not because appropriate resources are scattered in three different places? What if the resources allocated to the other two agencies were made available to the Société du financement agricole? I would bet that it could provide new programs. It would be what we call a single window.

The province may have set criteria and standards of its own, which are not in line with what the federal government had in mind. Let us assume, for example, that the Quebec farm finance corporation's standards are higher than those set in bill C-75 for whatever reason. By setting separate standards, the federal government is once again interfering in provincial areas of responsibility.

Rather than moving to my next point, Mr. Speaker, I could stop here, and let you have the floor to call statements by members, and I could continue after oral question period.

The Speaker: Certainly, dear colleague. I thank you for letting me take the floor, as the saying goes.

It being 2 p.m., pursuant to Standing Order 30(5), we will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

OKLAHOMA CITY BOMBING

Ms. Maria Minna (Beaches—Woodbine, Lib.): Mr. Speaker, on Wednesday, April 19, a terrible and tragic event took place in the heartland of America. The bombing of the federal building in Oklahoma City has shocked the entire world. The bombing has proven that no one is safe from the threat of terrorist activities and that terrorism can strike anywhere, even in the places that were once considered safe, as Canada witnessed at the provincial legislature in Prince Edward Island last week.

The most devastating aspect of the bombing is the number of young children who were killed in the blast. I cannot comprehend how anyone could possibly justify the taking of lives, especially those of innocent children.

S. O. 31

To the citizens of Oklahoma City, I am sure I speak for all members present when I say that our thoughts are with you at this time of sorrow. May you find the strength to rebuild and carry on. I am also sure that my colleagues will join me in condemning the cowardly act of terrorism.

* * *

*[Translation]***OKLAHOMA CITY BOMBING**

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, there are events which generate sympathy and solidarity among peoples, nations, individuals and communities.

We join all those who strongly denounce the bombing which took place last week in Oklahoma City.

Regardless of who is responsible for the attack, and regardless of the motives, it is totally unjustifiable that individuals or organized groups would resort to such violence and acts of terrorism.

The revolting attack in Oklahoma City against dozens of innocent people, including children attending a daycare, is in direct contrast with the values of tolerance, solidarity, respect and democracy of our societies.

We want to send a message of sympathy and solidarity to the injured, to the families and close ones of the victims, to the community of Oklahoma City, as well as to all Americans.

* * *

*[English]***OKLAHOMA CITY BOMBING**

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, I too would like to pay tribute and attention to the terrible tragedy that occurred in Oklahoma City last week on April 19. It truly was a shock to the world.

Our sympathy goes out to all of those who lost friends and family members in this cowardly assault on innocent people, especially the children, both those who died and those who lost their parents.

This is a disgusting, despicable crime committed by a sick element of society, an element that one could not even imagine exists in our land and in our nations all around the world.

I hope there will be better procedures established to detect these people and foresee this potential danger to society. Justice must be served swiftly against the cowards who committed this heinous crime and a justice that will ensure the sentence fits the crime.

Oklahoma, our thoughts and prayers are with you.

BORN TO READ DAY

Mr. John Finlay (Oxford, Lib.): Mr. Speaker, today is Born to Read Day.

Nearly two million school children in Canada from kindergarten to grade 3 will receive a free copy of "Born to Read", a how-to guide encouraging parents to spend more time reading with their children.

Writer and cartoonist Ben Wicks, realizing just how serious a reading problem Canada has and recognizing that literacy begins at home, decided to develop a book explaining to parents how they can help their children to love to read.

This project is a joint effort of some of Canada's largest corporations, federal and provincial governments and the five major literacy organizations in Canada.

Twenty-four per cent of Canadian adults are functionally illiterate. As a former educator, I find this statistic appalling. I am well aware of the benefits literacy provides and I thank Ben Wicks for the significant role he has played in addressing this problem and trying to do something about it.

* * *

WORLD CURLING CHAMPIONSHIP

Mr. John Harvard (Winnipeg St. James, Lib.): Mr. Speaker, this is my first opportunity from the floor of the House of Commons to congratulate Canada on winning the World Curling Championship.

The team consists of skip Kerry Burtnyk, third Jeff Ryan, second Rob Meakin and lead Keith Fenton. This outstanding foursome curls out of Winnipeg's Assiniboine Memorial Curling Club which is located at the end of the street where I live. I humbly confess to some local pride.

The Burtnyk team, however, are true world champions. They swept the tournament in Brandon, winning all 11 games and the coveted crown on a spectacular last rock double takeout in the final match against Scotland.

Their victory highlights an outstanding season for Manitoba curlers, a season that saw Manitoba teams win two world crowns and two national championships.

Again, my congratulations to Kerry Burtnyk, Jeff Ryan, Rob Meakin and Keith Fenton. They are the world's finest for '95. They are great citizens of Manitoba, the hotbed of curling in Canada.

* * *

HEALTH CARE

Mr. Stan Keyes (Hamilton West, Lib.): Mr. Speaker, some of the best doctors in the world are located right here in Canada.

S. O. 31

However, doctors in the province of Ontario are still reeling from three consecutive years of ill-treatment by Bob Rae's NDP government. So far the Rae government has failed to establish meaningful co-operation with stakeholders in the health care system in order to make better decisions about the planning and delivery of health care services. For example, there should be incentives for people to use community clinics instead of hospital emergency wards which are five times more expensive.

Furthermore the Rae government has offered little or no support to the medical profession in its efforts to develop new payment models in order to manage costs. Doctors in Ontario are being squeezed by the Rae government in a way that is compromising their capacity to deliver medical services. Innocent patients are getting caught in the crossfire.

Ontarians are fed up. It is time for new and effective leadership in this province. Ontario needs a provincial government that is committed to quality health care.

* * *

[Translation]

ARMENIAN PEOPLE

Mr. Michel Daviault (Ahuntsic, BQ): Mr. Speaker, the Bloc Québécois joins with all Armenians to commemorate the 80th anniversary of the Armenian genocide, which began in April 1915. This despicable crime against humanity must not be forgotten.

The obvious lack of leadership shown by Canada regarding this unpunished crime is upsetting. Under René Lévesque, Quebec did recognize the Armenian genocide. The Liberal government shows a blatant lack of courage and clear-mindedness by continuing to ignore this genocide.

On behalf of all Quebecers and Canadians, the Bloc Québécois does remember this tragedy and does sympathize with the Armenian people.

* * *

[English]

SCHIZOPHRENIA SOCIETY OF CANADA

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, the Schizophrenia Society of Canada is launching a major campaign today to dispel the myths and misconceptions about schizophrenia and to raise public awareness regarding the real symptoms and the impact of the disease. The theme of the national campaign is: "If you think spelling it's hard, imagine living with it".

(1405)

Schizophrenia will affect one out of every 100 persons, or about 270,000 Canadians. It is one of the most common forms of

mental illness. Sadly, 40 per cent of people with this disease will attempt to take their lives. Sadder still, one-quarter of those will succeed.

Schizophrenia is caused by a chemical imbalance in the brain and typically strikes people in their late teens or early twenties, often lasting a lifetime.

I applaud the efforts of the Schizophrenia Society of Canada as it works to alleviate the suffering caused by this disease.

* * *

YELLOWHEAD HIGHWAY ASSOCIATION

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, this past weekend the Yellowhead Highway Association held its 49th annual meeting in Edmonton. This organization, representing communities along the Yellowhead highway from Winnipeg, Manitoba to Merritt and Masset, B.C., has helped to improve safety, business and tourism along western Canada's most popular travel route.

Despite the significant success of the association, much remains to be done, requiring the ongoing and continuous commitment of provincial and federal governments. This means that the federal government must remain committed to the national highway system and to keep in place the resources necessary to upgrade and enhance the travel convenience provided by the new Trans-Canada Yellowhead Highway.

I urge the Minister of Transport to join the many dedicated people in western Canada who support the Yellowhead, to review his withdrawal of support from the national highways program and to renew the financial commitment that is so necessary to keep this highway functioning.

* * *

BORN TO READ DAY

Mr. Eugène Bellemare (Carleton—Gloucester, Lib.): Mr. Speaker, I wish to express my thanks to Ben Wicks, one of our great Canadian cartoonists, whose book entitled "Born to Read", was distributed today in over 10,000 schools across Canada.

His book was officially released this morning in a ceremony he attended on Parliament Hill in the presence of Governor General Roméo LeBlanc and Senator Joyce Fairbairn, the minister responsible for literacy.

[Translation]

As an amateur caricaturist and former teacher, I am very proud of the tool Ben Wicks is offering to parents of young children. It will make their first reading lessons interesting as well as educational.

As well, I am convinced that this book will be a great help in the fight against illiteracy.

S. O. 31

[English]

Thank you, Ben Wicks and congratulations.

* * *

NATIONAL JUNIOR/JUVENILE JUDO CHAMPIONSHIPS

Hon. Roger Simmons (Burin—St. George's, Lib.): Mr. Speaker, the National Junior/Juvenile Judo Championships were held in Newfoundland this past weekend for the first time in 20 years. The town of Stephenville, in my riding, played host and did an absolutely bang-up job. I was there to help them celebrate the spirit of this tremendous sporting event.

Three hundred competitors from all 10 provinces took part, including Jeremy Delaney, Eric Hynes, Gary Lasaga and Jeff Pollard, all from Stephenville.

Newfoundlanders take great pride in their team, which captured its very first gold medal in a national judo competition. Congratulations to everyone, including Aden White, William MacNeil, Della McIsaac, Rodger Farrell, the athletes, coaches, officials and volunteers. For Aden White especially, it was a dream come true. Well done all.

* * *

SECURITY SERVICES

Mr. Leonard Hopkins (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, I rise today to pay special tribute to the House of Commons Security Services which celebrate their 75th anniversary this year.

It was in 1920, following an act of Parliament, that the House of Commons protective staff was created to protect the parliamentary institution, its members and the precinct. This force has since grown into the efficient, effective and professional force we know today. Both proactive and reactive, the House of Commons Security Service has continuously aimed to provide the excellent service to which we have become accustomed.

The men and women of the security staff are continuously faced with the almost impossible task of providing security in such a way as not to limit or impede public access into the buildings, while ensuring on the other hand that sufficient security is present to adequately protect members of Parliament, employees, visitors and tourists in a period when crime and terrorism are on the increase.

As an honorary member of the security services I invite all members to join with me in wishing them a happy 75th anniversary as well as many more years of success.

(1410)

[Translation]

QUEBEC REFERENDUM

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, not only has the "No" side nothing to offer Quebecers in the upcoming referendum, but more importantly, the Liberal Party in Quebec has begun to shun Quebec's traditional claims.

Federalists have offhandedly dismissed four of the five conditions set during the Meech Lake negotiations, at the time considered to be a bare minimum by the Liberal Party, and now propose to promote Quebec's development and to define its place in the Canadian federation through obscure administrative agreements.

Administrative agreements have never been used to acknowledge a people's existence or to grant them the powers they need to develop. The Liberal Party is not proposing "quiet affirmation" but more a strategy of "quiet resignation".

* * *

[English]

RWANDA

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, ethnic dissension again erupted in Rwanda on Saturday as the world witnessed yet another massacre of thousands of Hutu refugees by Tutsi government soldiers.

Previous, smaller group killings of Rwandan refugees have given clear notice that it was only a matter of time before Saturday's massacre would occur. Yet once again, the world and the United Nations stood by, only able to watch helplessly as these events unfolded before our eyes.

In this 50th anniversary year of the United Nations, events such as this make it critically vital that international communities work together to agree to reform United Nations structure and procedures to enable the UN to respond effectively at short notice so that atrocities such as the tragic massacre witnessed this weekend will become a thing of the past.

In the meantime, the international community should ensure that those responsible for perpetrating this horror are identified and punished. Only in this way can it be made clear that the world cannot and will not accept such behaviour.

* * *

[Translation]

VIOLENCE

Mr. Patrick Gagnon (Bonaventure—Îles-de-la-Madeleine, Lib.): Mr. Speaker, the week that just drew to a close was

tarnished with acts of unprecedented violence which must be categorically condemned by all.

Our so-called industrialized societies seem to have become the preferred targets of hatemongers and assassins. Whatever the motives of the perpetrators of such savage and senseless acts, their murderous rampages can never be considered justifiable.

I am calling on all of the members of this House and all Canadians to join in the fight against intolerance and hatred in our society.

* * *

[English]

RWANDA

Mr. John Godfrey (Don Valley West, Lib.): Mr. Speaker, following on the remarks of the previous member, like all Canadians I am sure that all members of the House join me in their condemnation of the continuing atrocities in Rwanda. This weekend we learned of yet another attack on innocent civilians and the death of several thousand Rwandan citizens.

There comes a time when the long accepted international principle of the absolute right of national sovereignty to take priority over all other rights must be put aside in the name of international human rights and common decency.

I suggest that the citizens of Rwanda, like those of Somalia or the former Yugoslavia possess inalienable rights of freedom and life. Quite clearly these rights no longer exist. The Rwandan government must be held accountable for the actions of its army and justice must be served.

I believe that Canadians have a role to play in achieving peace in this region. We have been and continue to be a world leader in the fight for peace. There is no place in this world for mass murder and ethnic cleansing. The voice of peace and freedom must be heard.

* * *

SMUGGLING

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, the people of Ontario are a caring people. Throughout the history of this province they have contributed generously to confederation.

This generosity, however, is being put to the test by the government. Despite electing 98 Liberal MPs in the last election, issues that concern Ontario are not being addressed. Nothing exemplifies this lack of representation more than the growing smuggling problem.

The Liberal solution to smuggling announced last February has failed to stem the tide of guns, alcohol, drugs and tobacco streaming into Ontario. Smuggling accounts for the vast majority of cases involving the criminal use of firearms in Ontario and it facilitates the illegal use of drugs. It has cost thousands of jobs

Oral Questions

in the distilling industry and the government has lost billions of dollars in revenue.

The old saying about safety in numbers obviously does not apply to Ontario's voice in Ottawa.

* * *

(1415)

NATIONAL VOLUNTEER WEEK

Mrs. Jean Payne (St. John's West, Lib.): Mr. Speaker, the week of April 23 to April 29 is National Volunteer Week in Canada. This week communities all across our great nation pay tribute to those people who volunteer their time and skills to help their fellow Canadians.

National Volunteer Week was first proclaimed in 1943. Now, over 50 years later, we take this week to recognize the contributions that volunteers make to our way of life. From the people who sit on the boards of community support organizations such as St. John Ambulance to hockey coaches who give up their Saturday mornings to show children the joy and value of team work volunteers give the most valuable gift of all: their time.

In particular I take this opportunity to recognize the contributions of a constituent of mine, Mr. John O'Regan, who was named volunteer of the year by the Newfoundland and Labrador Chamber of Commerce for his many years of outstanding and dedicated community service.

I invite all members of the House to join with me in paying tribute today to all Canadians who volunteer their time and skills to make Canada the great nation it is.

ORAL QUESTION PERIOD

[Translation]

G-7 SUMMIT

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, last Friday when he visited the Valcartier military base, the Prime Minister said that Quebec City lost the G-7 Summit because the Canadian flag is not flown from the city hall.

My question is directed to the Prime Minister. I want to ask him whether he does not think it was rather petty to disqualify Quebec City just because of a flag?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, Halifax was selected on the merits of its location. The first economic summit was held in Quebec at Montebello. The second summit was held in Toronto, and we decided to have the third one in Halifax, in the Maritimes where occasions like this one are few and far between. At the time, we received representations from a number of people from Quebec City and, as I said at the time, it is not very pleasant when the mayor of a city in

Oral Questions

Quebec comes to ask favours from the Canadian government and refuses to show the flag of his country, the Canadian flag. When the Prime Minister of Canada was about to invite international leaders to Quebec City, the mayor was not prepared to show that he himself was a Canadian.

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, no one in Quebec is asking favours from anyone, and especially not the mayor of Quebec City in his capacity as mayor. We pay taxes here. We pay taxes. This is our money you are spending, and we want our fair share. And we are certainly not seen as begging favours from the federal government.

Some hon. members: Hear, hear.

Mr. Loubier: It costs us \$30 billion in taxes.

Mr. Bouchard: Mr. Speaker, are we to understand that this petty and mean decision on the part of the Prime Minister to disqualify Quebec from hosting the G-7 summit was inspired by the same desire to get even that permeated the government's actions on MIL Davie, manpower training and cuts in transfer payments for social programs, to punish Quebecers for supporting the Parti Quebecois and the Bloc Quebecois?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I see the Leader of the Opposition is easily upset, but despite the lack of courtesy shown by the mayor of Quebec, we support the interests of Quebec City, which is borne out by the fact that throughout the world at this very moment, Canadian ambassadors are trying to get the 2002 winter games for Quebec City, in spite of the mayor of Quebec City.

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, if the Prime Minister thinks all sovereignist mayors in Quebec are discourteous, since there are quite a few of them, that means there are quite a few discourteous mayors in Quebec. There are quite a few people in Quebec who are discourteous, in that case, and they will show it when all sovereignists join in making the referendum this fall a victory for sovereignty.

Some hon. members: Hear, hear.

Mr. Loubier: We will win that one.

Mr. Bouchard: Are we to conclude from what the Prime Minister said in Valcartier that his only strategy now is to scare Quebecers before the referendum that will be held shortly?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Leader of the Opposition wants a referendum as soon as possible. That is not what he told Parizeau last week. If the Leader of the Opposition wants to win the referendum, the question should be very simple and very clear. Ask Quebecers:

Do you want to stay in Canada? And we will all vote yes, including the Péquistes.

Some hon. members: Hear, hear.

* * *

(1420)

CANADIAN SECURITY INTELLIGENCE SERVICE

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, my question is for the Solicitor General.

Last September, Michel Robert, spokesperson for the Security Intelligence Review Committee told the Sub-committee on National Security that he did not know what had become of Grant Bristow. The *Toronto Star* has uncovered him in Edmonton, complete with a new identity, a new house, two cars and an income of \$3,000 a month, compliments of the Government of Canada and Canadian taxpayers.

Before providing Mr. Bristow with a new identity and sending him into hiding once again, would the Solicitor General acknowledge that Mr. Bristow must appear before the Sub-committee on National Security in order to fully clarify his role in the racist group Heritage Front and his infiltration into the entourage of the leader of the Reform Party.

[English]

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, it has never been confirmed that Grant Bristow is a CSIS source or was a CSIS source. As a result I do not think there is anything further I can add in reply to the hon. member's question.

[Translation]

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, how can the Solicitor General abdicate his responsibilities with regard to Grant Bristow's role as a CSIS source, when a report by the review committee considers that Mr. Bristow exceeded the mandate of a CSIS source.

Why is the Solicitor General making such an effort to hide Grant Bristow?

[English]

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I think my hon. friend is mistaken. The report of the SIRC, the Security Intelligence Review Committee, did not confirm that Grant Bristow was a source of CSIS. It did however confirm that CSIS did a good job, a proper job and a necessary job investigating the Heritage Front.

*Oral Questions***CRTC**

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, tomorrow the federal cabinet will do something it has never done before. It will issue a cabinet directive overturning a CRTC decision on direct to home satellite television at the specific request of Power Corp.

In fact Power Corp. went so far as to say that it would withdraw its bid if the cabinet did not rule in its favour. It is amazing what one can accomplish when one has friends or fathers-in-law in high places.

My question is for the Prime Minister. If the government felt so strongly about opening satellite television to competition, why was it not done through the appropriate channels and why is Power Corp. running the show?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I am sorry the usual critic is not here. Perhaps she would understand the process a little better. The hon. member will know—

Some hon. members: Order.

The Speaker: We have been away for a little while and probably have forgotten that we do not make reference to when members are here or not here. I would ask the hon. minister to keep that in mind when answering.

Mr. Manley: Actually, Mr. Speaker, I am never quite sure when the members are here or when they are not here.

The hon. member should be aware the concerns the government expressed about the order the CRTC issued last summer were precisely along the lines of the question he puts. The CRTC authorized the consortium to initiate a direct to home satellite service in Canada without issuing a licence and without any public transparency process, by issuing an exemption order which has the effect, as the hon. member should know, of creating a monopoly in this service in Canada.

(1425)

If the Reform Party is in favour of a monopoly in services and opposed to a transparent licensing system then let it say so. That seems to be the implication of the question.

Mr. Jim Silye (Calgary Centre, Ref.): I guess, Mr. Speaker, I get to see arrogance in its visual form.

The Reform Party favours open competition and a firm policy that safeguards the best interest of the country and Canadians. However, if questions are being raised about the propriety of the deal the government has no one to blame but itself. Power Corp. said jump, and the cabinet and the Prime Minister asked how high by using special powers to overturn the CRTC original decision. This was all being done behind closed doors. Certainly

consumers may benefit in the end but the end does not justify the means.

My supplementary question is for the minister. Will he assure the House that any further decisions on the direct to home satellite industry will be taken in full public view and not behind closed doors at special cabinet meetings?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, it is hard to avoid being accused of arrogance when the member's question is full of factual errors.

The reality is that we invited the panel of experts to conduct an open and transparent process. All the submissions received by the review panel were publicized with time for public response to the submissions, unlike the issue of the exemption order in the first place.

If cabinet decides that it will accept the recommendations of the review panel it would do so in a statutory and transparent way by referring such an order to the House of Commons and to the Senate for review over a period of 40 days. That is what the law provides. It is entirely open and entirely transparent. If we decide to do so, the member and other members of his party will be most welcome to make their submissions well known both on competition as well as on the future of DTH services.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, with the cabinet's unprecedented use of special powers to overturn a CRTC decision, which contradicts the red book promise of open government, the federal government is now becoming more powerful and more secretive.

For instance, the regulatory efficiency act will give the cabinet power to exempt companies from regulations through special private compliance plans. The potential for abuse is staggering. Canadians should be driving the country's agenda, not cabinet and special interest groups. The system must be transparent.

Will the government scrap the regulatory efficiency act immediately and keep power in the hands of Parliament where it belongs?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, again the preamble to the question misses the point of what is proposed in the issuance of a direction to the CRTC. Yes, it is the first time but the act was passed only a short time ago; it is one of the first opportunities to exercise the power. However it is very carefully circumscribed in the Broadcasting Act. Therefore it is important for us, if we make that choice, to do so in a way that complies with the act, that is transparent and that is open. This is the essence of what we are trying to accomplish with respect to the order.

As far as the regulatory efficiency act is concerned the member is entitled to engage in debate about it, but he should understand that one of the objectives of the act is to ensure that

Oral Questions

we reduce the burden particularly on small and medium size business in order to make the economy grow.

If the Reform Party wants to increase the regulatory burden on business then let it say so.

* * *

[Translation]

GOODS AND SERVICES TAX

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, my question is for the Prime Minister. In the last election campaign, the Prime Minister vowed to abolish the GST before January 1996. He said that they hated this tax and that they would scrap it. Last week, we learned that the government would not review the GST before January 1, 1996.

(1430)

Are we to understand from this further deferral of GST reform that the Prime Minister has reneged on his election promise to scrap the GST and now intends to maintain the mess and the inequities generated by the GST?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the answer is no.

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, can the Prime Minister undertake before this House not to take advantage of the probable election of a Liberal government in Ontario to review the GST without Quebec's consent?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I am happy to see that the hon. member predicts a Liberal victory and I thank him for it. As for our commitments with regard to the GST, we are looking for a way to replace this tax. We wrote in our red book that we wanted to replace it.

The red book lists the conditions to be met and mentions in particular that the solution must be co-ordinated with the provincial governments, including the government of Quebec.

* * *

[English]

THE ECONOMY

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, the government keeps telling Canadians that everything is okay yet in light of Moody's downgrade it should be obvious it is not.

If the government's fiscal plan is so good, then can the Prime Minister tell us why since the government's first budget interest rates have risen by more than 400 bases points? Why have five-year mortgage rates risen more than 2 per cent costing homeowners an extra \$300 per month on a \$100,000 mortgage? Also, why has the dollar lost over 20 per cent of its value versus the yen and the mark?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the fundamentals of our economic policies have been recognized as being very good.

Again this morning the IMF predicted the best level of growth for Canada this year. Inflation in Canada is among the lowest in the world. Of course there is some increase in interest rates due to circumstances that are not necessarily under our control.

We are working to reduce interest rates. We have seen the Canadian dollar grow in value a bit lately and interest rates are going down. The economic policies of the government will produce the result we want and will create the jobs that are needed for our economy.

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, some of those are short term goals that certainly do not fit a long term fiscal plan which must deal with the problems of Canada.

The Prime Minister should recognize that since the government came into power, higher interest rates have hammered the housing industry. Resales for March were down 42 per cent from a year ago. At the same time a rising inflation rate of some 2 per cent for the month of March is forcing the Bank of Canada to continue to keep interest rates relatively high.

Does the Prime Minister not realize that his government's weak fiscal policy is forcing the Bank of Canada into the impossible position of trying to support the dollar, contain inflation and bring down interest rates all at the same time?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, over the weekend the governor of the bank said that the policies of the government are on the right track and that the budget is the right one.

I am happy to see that the Leader of the Opposition has changed his mind again and wants to have a referendum very early. When we have settled the problem of the referendum everything will be better for the economy of Canada.

* * *

[Translation]

CANADA'S CREDIT RATING

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, after putting Canada's credit rating under review 11 days before the budget, the rating agency Moody's decided, on April 12, to cut the Canadian government's credit rating. Moody's decision is based on a hard look at the inadequate spending and deficit cutting measures, in the middle-term, which are contained in the budget.

My question is for the Prime Minister. Does he agree that the cut announced by Moody's confirms the official opposition's contention that the government made bad decisions, did not cut

Oral Questions

deeply enough in the federal administration, and did not review its fiscal policy in spite of the terrible state of public finances, preferring instead to transfer its deficit to the provinces?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, Moody's announcement was met with skepticism since the very next day the value of the dollar increased on international markets, while interest rates decreased.

(1435)

All the other observers greeted the budget with enthusiasm when it was tabled, back in February. Moody's was not in a good mood on that day. These things happen. While the mood changed for that agency, it remained the same for the rest of the world.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, the Prime Minister is joking about the serious and even catastrophic situation of Canada's public finances.

Mr. Bouchard: Absolutely.

Some hon. members: Hear, hear.

Mr. Loubier: Does the Prime Minister realize that if the government's credit rating is cut in spite of the sustained economic recovery, it is because Moody's was not fooled by the wait-and-see policy of its government, which is content to rely on short-term economic recovery, which passes its deficit on to the provinces, and which lets the \$550 billion debt grow by the minute, instead of tackling the real problems? This is the real situation.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, just today, the International Monetary Fund released a report indicating that Canada's economic performance is one of the best in the world. Three weeks ago, when I was in Washington, I had the opportunity to meet the director general of the IMF who congratulated me on the Minister of Finance's budget.

One agency did make a negative assessment, but the vast majority of credit rating agencies and observers, and particularly the markets, gave good marks to the Canadian government, following the budget tabled at the end of February.

* * *

[English]

IMMIGRATION

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, in the last budget the immigration minister decided to levy a new \$975 tax on refugees and immigrants to pay for settlement services. He said that those who could not afford this tax would be loaned the money to cover the costs.

How does the immigration minister intend to pay for the massive bureaucracy which will be necessary to administer the loans that pay for the tax? It is a tax because it is going into general revenue.

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the \$975 that was announced by the Minister of Finance on budget night is a landing fee and a recovery of program costs. The member should know that all cost recovery fees of the entire federal government go into general revenue.

The member seems to be arguing. When it came out he and his party were in favour. Then at committee they said they were opposed if it went into general revenues and not into the department, which really does not impact the bottom line.

The fact is that the landing fee is the best way of ensuring that settlement for immigrants and refugees continues. It is the best option of a series of alternatives that were certainly not as progressive.

I would like to know on any given day where the Reform Party stands on this issue.

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, if the truth be known, the collection services of this government are disastrous. It cannot even look after the sponsorship agreements.

Only this minister could see the logic in expanding a bureaucracy to administer loans to finance a tax to offset runaway immigration costs when the money does not go into the immigration department at all.

Why did this minister choose to expand the size and cost of his immigration empire and impose a new tax when he could have easily cut the number of immigrants who require settlement services and make those who need them pay their own way like other countries do?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, now we get to the true Reform agenda, hiding behind some fictitious tax.

It is not going to increase the so-called empire. If the member does his parliamentary homework, he will note that in the estimates there are no such increases that the member speaks of. We already collect a transportation loan from refugees.

He talks about payback. Let me tell the hon. member that since 1951 refugees have paid back the transportation loans of \$3,000, \$4,000, \$5,000 to the tune of 97 per cent. There is no increase in the bureaucracy.

* * *

[Translation]

TELECOMMUNICATIONS

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, my question is for the heritage minister. Recently,

Oral Questions

the president of Power DirecTv issued an ultimatum to the government saying: "If you do not take any action by April 24, we will have to cancel our plans". This means that the federal government intends to overturn a CRTC decision by order in council.

Can the heritage minister tell us whether there is any justification for his government's eagerness to bulldoze the CRTC on the issue of satellite TV other than to please the government's friends who are legion at Power Corporation?

(1440)

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, as the member knows, it is a concern we also have regarding the information highway.

On numerous occasions, we have stated that we favour a competitive system. It is not very clear whether Bloc members are for or against competition or for a transparent satellite broadcasting licensing system; however, it is clear that nearly all the comments on the report presented to the government on April 6 have been positive. Probably the most significant critics came from Power Corporation, which was not very happy with the report.

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, my supplementary question is for the heritage minister.

How can the minister deny that there is now a possibility for Power DirecTv to do like Expressvu and broadcast via satellite? This is to abide by the CRTC's ruling.

Why then prevent Expressvu from broadcasting and make it go through a different process just for the sake of pleasing Power DirecTv?

[English]

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I am sure the hon. member, when she thinks about it, will realize that it is better to have a process in place such as that for licensing other concerns which is transparent, open to public discussion and debate, and open to appeal, rather than the indirect method of an exemption order that was applied by the CRTC in this case. One of the reasons we referred the matter to the panel of experts was in order for them to look at the question of what the process was and whether it was an adequate process.

I think in the end the hon. member will agree that the application for licensing, if indeed we introduce the order proposed by the panel of experts, is one which will give an opportunity to everyone meeting certain qualifications which are very consistent with those that apply to cable television operators for example. It will provide funding for Canadian culture and other endeavours to be pursued by everyone interested in providing this kind of service.

TELECOMMUNICATIONS INDUSTRY

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

A month ago Bell Canada announced the elimination of approximately 10,000 jobs. Recently we were informed of financial difficulties at Unitel which could lead to more layoffs. In light of these developments, what is the government's position on competition in the Canadian telecommunications market?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, once again I want to restate the commitment the government has in this sector broadly to competition as being the best means of ensuring that we have the lowest prices, the broadest possible choice, and the greatest range of innovation.

This is a sector which perhaps of all sectors is one of the most globally competitive. It is one of the ones that is most important as a component to costs in Canadian business and therefore a competitive structure is one that commends itself to us.

At the same time of course we share the concerns that I am sure the hon. member is representing in realizing that a lot of firms are going to go through adjustment periods and perhaps in many cases will be downsizing. I believe it is a temporary phenomenon. In time the number of jobs created in the information technology sector is going to far outweigh the number of jobs that are lost in the short term adjustment period.

* * *

IMMIGRATION

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, an unbelievable lawsuit has been launched against the Government of Ontario by sponsored immigrants. They are suing Ontario for deducting \$100 from their welfare cheques despite the fact their sponsors have reneged on their signed guarantee of full support.

Will the immigration minister be supporting the province of Ontario in its defence, especially in light of the \$700 million that this abuse costs Canadian taxpayers?

(1445)

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the hon. member is a little late and should talk to the immigration critic.

In the immigration levels we put before the House last November we were very clear about the plan with respect to family sponsorships.

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, being very clear and doing something about it are two different things.

The minister has still not done what he said he would, to institute a system of bonds for sponsors to cover these costs. Since the province of Ontario has been able to identify those who are abusing the system will the minister now enforce the sponsorship contracts?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, it is the member who is misinformed. The action is certainly under way.

We said very clearly we wanted to bring under control the roughly 14 per cent of family class sponsorships that do fail, keeping in mind the overwhelming majority of immigrants who come here on family sponsorships play by the rules.

It was discussed at the committee. I hope he will consult with the immigration critic and get caught up.

* * *

[Translation]

RWANDA

Mr. Réjean Lefebvre (Champlain, BQ): Mr. Speaker, my question is for the Minister of Foreign Affairs.

The Rwandan army has committed a real carnage on Saturday when it opened fire with automatic weapons and grenades at the Kibeho refugee camp. According to several sources, the army killed several thousand Hutu refugees.

Could the Minister of Foreign Affairs tell us whether his government made representations to the Rwandan authorities asking for an end to this kind of behaviour, in Kibeho and elsewhere?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, the Canadian government condemned in the most vigorous way the massacre just described by the hon. member. We immediately asked Ambassador Dusseault to go to the camp, inquire and report as quickly as possible.

Mr. Réjean Lefebvre (Champlain, BQ): Mr. Speaker, are the incidents which happened at the Kibeho refugee camp likely to lead the government to reconsider its help and support to the new government of Rwanda, considering also the numerous rumours that circulate as to the diversion of Canadian help by Rwandan authorities?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, it is obvious that this ruthless behaviour on the part of the army puts in jeopardy all the efforts made over the last few weeks to bring about reconciliation between the various groups and factions.

Clearly, we will have to review our position at this time, because we thought that the good faith and the efforts of the government over the last few weeks seemed promising. We are waiting impatiently for the report of Ambassador Dusseault and

Oral Questions

we will act according to the recommendations he will make. I will keep in mind the suggestions of the hon. member.

* * *

[English]

INFRASTRUCTURE

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, my question is for the Minister of Public Works and Government Services.

I understand the minister of public works consulted with the Minister of Transport about transferring \$26 million from the federal strategic highway improvement program allotted for the bypass at Wentworth Valley in Nova Scotia. It is well known as being one of the most dangerous stretches of road in the country.

Where were the funds transferred? To the minister's own riding of Cape Breton, of course, for the construction of a tourist road. How can the minister justify such a blatant conflict of interest to Canadians?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, I am sure the hon. member recognizes the allocation of funds for highway construction, even though in part it may come from the federal government, is a provincial responsibility.

I want to assure my hon. colleague the negotiations with the province of Nova Scotia, as is the case with many other provinces across the country, are ongoing and there are reallocations which take place from time to time. However, whatever reallocations are made are always on the basis of those negotiations with the provinces, which are ultimately responsible for not only the spending of the money but also for the route selection.

(1450)

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, the fleur-de-lis trail, which the minister is sort of talking about, does not come under this funding program. The agreement was changed by the minister of public works and the Minister of Transport. The auditor general of Nova Scotia is saying they cannot justify the change that was made.

How can the minister sacrifice the safety of Canadians for the tourist trade in Cape Breton?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, it is usual to answer a question asked by a member who knows better.

The reallocation of funds under this agreement and any other agreement comes as a result of requests from provincial governments. It does not just occur in Nova Scotia; it occurs on a regular basis. The extent to which provinces exercise their jurisdiction for spending money on highways and determining where those highways should go is something the hon. member should know.

Oral Questions

The Government of Nova Scotia has announced recently the construction of a highway along, I gather, where the member thinks it should have gone originally. We are very pleased to be participating in that project as well.

* * *

LIFE INSURANCE

Mr. Sarkis Assadourian (Don Valley North, Lib.): Mr. Speaker, my question is for the Secretary of State for International Financial Institutions.

Life insurance policies classify flying, racing, boating, snowmobiling and hot air ballooning as hazardous sports. Since hundreds of Canadians die or are injured every year in gun related activities, what action can the secretary of state take to ensure gun activities are classified also as hazardous sports by life insurance companies in Canada?

Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I thank the hon. member for his question.

As the hon. member knows, such decisions are taken by the insurance companies. He should take it up with them. It would not be appropriate for the government to decide on classifications and appropriate risk assessments. That is a private sector decision which insurance companies make.

* * *

[Translation]

IMMIGRATION

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, during the March 27 meeting of federal Liberals from the Bourassa riding, which the Secretary of State for Parliamentary Affairs attended, the president of the Quebec wing of the Liberal Party, Denis Coderre, made some derogatory remarks regarding immigrants and refugees, to the effect that there should be a law providing for the deportation of sovereignist immigrants.

My question is for the Prime Minister. Will he tell us whether Mr. Coderre's remarks are indicative of the government's new policy on immigration, despite the fact that he himself declared yesterday that hatred, ethnic nationalism, religious fanaticism and racism would not be tolerated?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the hon. member's question is surprising, since a member of the party to which he belongs, the Bloc Québécois, has already suggested that immigrants in the Province of Quebec be denied the right to vote in the referendum. In light of this, it is quite singular that the hon. member raises the issue.

Mr. Coderre qualified his statement after the fact and I consider the matter closed.

Mr. Michel Gauthier (Roberval, BQ): But, Mr. Speaker, apologies were in order.

My supplementary question is for the Prime Minister. Does he intend to demand a public apology from not only Mr. Coderre but also his Secretary of State for Parliamentary Affairs, because he was there when Mr. Coderre made his remarks and he did not feel it was important, as a member of the government, to immediately dissociate himself from them?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, his words are being taken out of context. The Liberal Party has always been recognized as the pro-immigration party in Canada. In my speech last night to international parliamentarians from all parts of the world, I reaffirmed Canada's values, which include tolerance. This is one of the qualities that our party has prized for a very long time.

* * *

(1455)

[English]

PEARSON INTERNATIONAL AIRPORT

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, Transport Canada is undergoing the commercialization or privatization of many parts of its government transportation holdings. This includes air traffic control, air navigation equipment, airports and CN Rail. Also being considered are the Canadian ports, the St. Lawrence Seaway and possibly even parts of the coast guard.

Given this high degree of planned privatization and the need for the public to understand and accept this process, does the Minister of Transport not agree the only way to ensure this is to order an open and transparent public inquiry into all aspects of the Pearson development contract process?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, it is a winding and torturous road to get to that question. I thank the hon. member for listing the objectives of Transport Canada.

I do not want to comment on matters that are before the other place, but I understand there is some consideration being given to an inquiry there. I want to emphasize the importance the government attaches to getting to work at Pearson, developing the premier airport in Canada.

There can be all kinds of reasons in the minds of some to delay the work that has to be done at Pearson. As far as we are concerned the time has long past since we should have begun the work of putting thousands of people into the construction

Oral Questions

project at Pearson International Airport, making it the kind of crown jewel of our air system it should be.

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, I have never questioned the right of the government to cancel the Pearson contract. With that right goes an obligation to the Canadian taxpayer to show the need for the action, the cost of the action and where the government will get the money for an alternative.

Using the government's own figures, cancellation will cost a minimum of \$500 million if the rule of law is followed and the crown construction option will cost another billion.

Where will the government get this \$1.5 billion not in the Liberal's latest budget?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, the hon. member has come directly to the point with his supplementary question.

There is no question that if we continue the process that some are on at this point, as the hon. member says, it could cost Canadian taxpayers \$500 million without a nail being driven or an inch of asphalt being laid.

The point is the Government of Canada has made known its position. We are prepared to pay up to \$30 million for reasonable out of pocket expenses to compensate those people who were involved in the process, many of them third party not directly involved in the process that led to the granting of that final contract.

The difficulty with the Reform Party is as usual it wants its cake and wants to eat it too. That is not the way it works in the real world.

* * *

ILLITERACY

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, my question is for the Prime Minister.

Today the book by Ben Wicks, "Born to Read", was launched on Parliament Hill, reminding us all of how important and how serious the problem of illiteracy is Canada. However, it is not evident by the actions of the government that it takes this seriously.

There are some seven million people in Canada who have difficulty or extreme difficulty reading. Because national literacy groups are still on year to year funding and not core funding it is very difficult to plan.

Will the Prime Minister comment on this important day and commit to allowing literacy groups to have long term funding, not on a year to year basis to solve this problem?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, education is more a problem for provincial governments but we have national programs to help.

There was a specific problem coming from the federal government for that program which is financed on a yearly basis. Everybody knows the government is facing some difficult budgetary problems. I will look into the matter and see what can be done.

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, I am sure the Prime Minister will agree that having seven million citizens who have difficulty or extreme difficulty in the every day tasks of literacy is hindering this country's economic and social development.

Will he commit to long term funding and a serious commitment by the government to attacking the issue of illiteracy?

(1500)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, part of the work we have given to the Minister of Human Resources Development in the reform of unemployment insurance and social programs is for him to review this in the next months to come. There will be an element to make sure that all Canadian citizens can benefit from our policy so that training and gaining abilities in learning is key to finding jobs in our society.

It will be part of the discussions we will have in the House when the reform of the social programs and transfer programs to the provinces will be discussed. The hon. leader of the NDP will have a chance to comment at that time.

* * *

EDUCATION

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, my question is for the Parliamentary Secretary to the Minister of Human Resources Development.

As of this week, many college and university students will be returning to their homes throughout Carleton—Charlotte to begin their search for needed summer employment so they may obtain the necessary funds to return to school this fall.

What actions are being taken by the government to address this important employment opportunity for the youth of our communities?

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, in keeping with the red book commitment, young people are a priority for the government. We have taken measures to give them opportunities to learn some very valuable skills.

I am happy to announce, as I did three weeks ago in the city of Vaughan, that the overall budget for youth employment and services has been increased by \$43 million even during this fiscal restraining time. This speaks volumes for the type of commitment that we as a government have toward our young people.

*Routine Proceedings***PRESENCE IN GALLERY**

(1505)

The Speaker: Colleagues, I wish to draw to your attention the presence in the gallery of the Hon. Stephen Kakfwi, Minister of Justice and Minister of Intergovernmental and Aboriginal Affairs from the Legislative Assembly of the Northwest Territories.

Some hon. members: Hear, hear.

[Translation]

The Speaker: I wish as well to draw the attention of members to the presence in our gallery of His Excellency Ricardo Alarcon de Quesada, Speaker of the National Assembly of the Socialist Republic of Cuba.

Some hon. members: Hear, hear.

[English]

This brings question period to its conclusion.

ROUTINE PROCEEDINGS

[English]

REPORT OF BYELECTIONS

The Speaker: I have the honour to lay upon the table the report of the Chief Electoral Officer of Canada entitled "The February 1995 Byelections: Another Step Forward".

[Translation]

Accordingly, pursuant to Standing Order 35, this document is deemed permanently referred to the Standing Committee on Procedure and House Affairs.

* * *

[English]

ORDER IN COUNCIL APPOINTMENTS

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

Pursuant to the provisions of Standing Order 110(1), these are deemed referred to the appropriate standing committees, a list of which is attached.

* * *

[Translation]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, while I have the floor and pursuant to Standing Order 78, I have the honour to table, in both official languages, the government's response to 36 petitions.

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have the honour to present the 73rd report of the Standing Committee on Procedure and House Affairs regarding the list of committee members.

With the consent of the House, I intend to propose adoption of the 73rd report later today.

[English]

Mr. Speaker, I move that the 73rd report of the Standing Committee on Procedure and House Affairs, presented to the House earlier this day, be concurred in.

(Motion agreed to.)

* * *

MOTION NO. M-5

Mr. Jim Jordan (Leeds—Grenville, Lib.): Mr. Speaker, I wish to seek the consent of the House to withdraw Motion No. M-5. It is my motion in Private Members' Business and it deals with the issue of excise taxes on ethanol.

In December the government introduced legislation which will handle that situation to my satisfaction. The new ethanol program that deals with the issue was put forward then and further debate is not required now.

(Order discharged and motion withdrawn.)

* * *

PETITIONS

GOODS AND SERVICES TAX

Mrs. Shirley Maheu (Saint-Laurent—Cartierville, Lib.): Mr. Speaker, I have the pleasure of presenting a petition from several residents in Quebec and more particularly the group Affordable Textbooks Now.

As the result of the increasing cost of textbooks which are needed for student studies, many people are forced to effectively break the law because they are photocopying in part or in whole many of the textbooks for which they are not in a position to pay.

Therefore they request that Parliament put an end to the GST on textbooks and take into account the high price of textbooks when allotting money for educational funding.

[Translation]

ARMENIAN PEOPLE

Mr. Michel Daviault (Ahuntsic, BQ): Mr. Speaker, I have the honour of submitting a petition signed by over 1,000 petitioners concerning the Armenian genocide. The petitioners note that our country, recognized as an active defender of democratic principles and human rights, has yet to officially

condemn the atrocities and commemorate the first genocide of the 20th century.

Accordingly, the petitioners ask Parliament to change its policy of indifference to the Armenian genocide, to take the initiative and to actively promote international efforts in order to persuade Turkey to acknowledge its crime against humanity.

[English]

HUMAN RIGHTS

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, pursuant to Standing Order 36, it is my duty and honour to rise in the House to present a petition duly certified by the clerk of petitions on behalf of 43 constituents from the riding of Saanich—Gulf Islands and more specifically from the island of Saltspring.

The petitioners call on Parliament to amend the Canadian Human Rights Act to protect individuals from discrimination based on sexual orientation.

GUN CONTROL

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present four petitions to the House today from my riding of Prince George—Bulkley Valley containing several hundred names and dealing with the proposals for gun control.

One petition is from Mr. Dan Varma of Prince George, B.C.; two from Mr. Jim Eisert of Fraser Lake, B.C.; and, one from the Prince George branch of the Responsible Firearms Coalition.

All these petitioners request that Parliament support laws which will severely punish all violent criminals who use weapons in the commission of a crime; that Parliament will support new Criminal Code firearms control provisions which recognize and protect the right of law-abiding citizens to own and use recreational firearms; and finally, to support legislation which will repeal and modify existing gun control laws which have not improved public safety or have proven not to be cost effective or have proven to be overly complex so as to be ineffective and/or unenforceable.

(1510)

[Translation]

VOICE MAIL

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, pursuant to Standing Order 36, I have the pleasure of submitting to this House a petition from the people of the county of Chicoutimi, who wish to draw the attention of Parliament to the following: considering that seniors are naturally the least familiar with voice mail technology and considering that seniors are entitled to appropriate service with regard to their requests concerning

Routine Proceedings

income security, the petitioners ask the government to abandon its plan to install voice mail for senior citizens.

[English]

CANADIAN WHEAT BOARD

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have the pleasure to present the following petitions on behalf of constituents of my riding of Souris—Moose Mountain and other parts of Saskatchewan.

In the first petition, 238 people support the retention of the Canadian Wheat Board.

FIREARMS ACT

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Mr. Speaker, the second petition contains 300 signatures of people who oppose Bill C-68 and ask that Parliament refrain from implementing any further firearms legislation.

ASSISTED SUICIDE

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Mr. Speaker, the third petition contains 315 signatures of people who oppose physician assisted suicide.

BOVINE SOMATOTROPIN

Mr. Paul DeVillers (Simcoe North, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have the pleasure of presenting petitions signed by 201 residents primarily from my riding of Simcoe North.

The petitioners request that Parliament ban the use of BST in Canada and not accept milk products from other countries where BST is used to treat cattle.

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, under Standing Order 36, I am pleased to present petitions on behalf of 183 people in Prince Edward Island.

The petitioners humbly request and call on Parliament to desist legalizing the use of BST or rbGH in Canada. They further request that legislation be passed requiring it to be mandatory for all imports produced from BST treated cows be so identified. I so support.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the following questions will be answered today: Nos. 133, 141 and 159.

[Text]

Question No. 133—**Mr. Simmons:**

With respect to the search and rescue program, what action will the government take in response to the Auditor General's 1994 findings about the "lack of action on many

Routine Proceedings

previous recommendations”, specifically that (a) “significant elements of a national search and rescue program have not been developed”, (b) “time-based search and rescue service standards—are lacking”, (c) “expanded use of volunteer and other resources should be pursued” and (d) “greater use of other federal resources for search and rescue is possible”?

Mr. Peter Milliken (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): I am informed by the Departments of National Defence and Transport as follows:

(a) Relating to the federal government’s area of responsibility, the system for directing the operation of SAR activities and resources is well established. There has also been good progress in developing principles and plans for managing the federal portion of the national SAR program. With reference to provincial and territorial governmental involvement in the national SAR program, progress has naturally been slower as the provinces and territories assess the value of their involvement in the co-operative program such as SAR. The federal government will continue to display leadership in this area.

(b) Since the original recommendation of the Auditor General (AG) in 1992, the Department of National Defence (DND) and Transport Canada have consistently maintained that they disagree with the AG recommendation for time-based SAR service standards. Both departments have developed suitable service standards and they do not judge that time-based service standards provide an accurate or effective indicator of program performance.

The Canadian Coast Guard responds to 6,000 to 8,000 search and rescue incidents, of all types, per year. The existing system includes coast guard, other government vessels, the Canadian Marine Rescue Auxiliary, and vessels of opportunity.

The present levels of service indicate that, on average, 90 per cent of lives at risk in marine distress incidents are saved by all responders, private and government. Thus, the Canadian search and rescue system compares favourably with systems of other countries.

The Canadian Coast Guard has published many standards for search and rescue. These standards pertain to operations, co-ordination and planning and performance. The standards apply to the rescue co-ordination centres and sub-centres, primary and secondary vessels, the Canadian Marine Rescue Auxiliary, and other components of the coast guard search and rescue system.

The Canadian Coast Guard has established levels of service (LOS) for search and rescue which focus on quality and extent of service and the effectiveness of response, based on the actual probability for effecting a rescue. On the basis of these LOS criteria, it should be noted that the comparable results between the whole Canadian marine search and rescue system and that of the United States for the period 1986 to 1990 are 90.5 per cent versus 80.3 per cent.

The departments involved in search and rescue are currently enhancing and integrating their information systems in order to improve performance reporting and analysis. Until recently they lacked an automated information system to provide timely data on the performance of federal search and rescue resources. In addition, further sophistication of analysis as to severity of the incident and the type of assistance provided continues to be required for decisions on levels of service, acquisition and management of resources.

A new computer information system called SISAR is currently in use by the Canadian Coast Guard and the Department of National Defence. This new system, which captures accurate and consistent data on search and rescue incidents, establishes an information base which will provide essential information for consideration in the decision-making process concerning the search and rescue program.

(c) In 1978, the Canadian Coast Guard established the Canadian Marine Rescue Auxiliary (CMRA), an all volunteer force. It started with four members in Nova Scotia; by last year it has expanded to five separate associations in all areas of Canada with some 3,300 members and 1,200 vessels. Last year, these volunteers responded to some 1,800 search and rescue incidents—about 25 per cent of the total. The Canadian Coast Guard is continuing to support and expand the capability of this effective group of volunteers.

In 1992, the Canadian Coast Guard’s Laurentian regional office was given a mandate to develop an approach to promote the co-operation of local resources to provide search and rescue services on inland waters, advise local resources and ensure technology transfer for search and rescue training, equipment and expertise. The Laurentian regional office set up a successful pilot project in the Lac St. Jean, Quebec area which is being used as a model for other coast guard offices across the country.

The federal government of Canada places a high value on the contribution of volunteer SAR organizations such as the Civil Air Search and Rescue Association (CASARA) and the Canadian Marine Rescue Auxiliary (CMRA). In the face of increasing fiscal restraint, the participation of volunteers in the national SAR program becomes increasingly important. To illustrate, the government provides \$800,000 per year and the services of 12 Canadian forces training and support personnel to assist in training CASARA volunteers. Specialized SAR equipment is also provided for installation on CASARA aircraft. The federal government search and rescue officials will continue to pursue every opportunity to use volunteers in search and rescue activities.

(d) The interdepartmental committee on search and rescue (ICSAR) was formed to co-ordinate federal involvement in search and rescue activities. Currently, the federal government

actively pursues a policy of interdepartmental co-operation to enable utilization of federal resources for search and rescue and to provide a cost effective SAR service.

The search and rescue system maintains an inventory of all available federal resources in each search and rescue region. By law, all vessels have to respond to distress situations. The Canadian Coast Guard has primary search and rescue vessels and by policy, all other coast guard vessels are now assigned multi-tasking duties to cover primary search and rescue and other program duties in certain search and rescue areas. Further, some federal resources such as the Department of Fisheries and Oceans, the Department of National Defence and the Royal Canadian Mounted Police vessels carry out search and rescue operations as tasked by rescue co-ordination centres.

Question No. 141—Mr. Mayfield:

With respect to the consolidation of office space planned within the national capital region by the Department of Citizenship and Immigration, (a) what is the cost per year for each of the 11 office leases currently held by the department, (b) what are the expiry dates of each of these leases, and (c) what are the expected savings per year for this consolidation plan?

Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.): In so far as Public Works and Government Services Canada is concerned:

(a) Leased Facilities	
Bonaventure Bldg.	\$ 245,808
Elgin Business Inn	18,405
Fontaine Building	333,121
Heritage Place (2 leases)	788,279
Les Terrasses de la Chaudière (LP* – 2 leases)	210,501
Place de Ville	388,944
Place du Centre	149,847
Place Vanier "A"	200,258
Trebla Bldg.	552,328
Crown Facilities	
Place du Portage I	\$ 322,414
Place du Portage I & II (Commercial)	22,960
Place du Portage II	243,386
Place du Portage IV	\$2,650,428

Routine Proceedings

(b) Location (Leased Facilities)	Lease Expiry	Options
Bonaventure Bldg., 301 Elgin, Ottawa	1996-04-30	1 x 1 year
Elgin Business Inn, 180 MacLaren, Ottawa	1995-10-31	3 x 6 mths
Fontaine Bldg. 200 Sacré-Coeur, Hull	1996-08-31	N/A
Heritage Place, 155 Queen, Ottawa	1995-12-31	2 x 3 mths
Les Terrasses de la Chaudière, Hull (LP*)	2013-06-30	N/A
Place de Ville, 320 Queen, Ottawa	1995-11-30	1 x 1 year
Place du Centre, Hull	1998-05-31	5 x 1 year
Place Vanier "A", 333 River Road, Vanier	1996-10-31	1 x 14 mths
Trebla Bldg., 473 Albert Street, Ottawa	2003-10-31	N/A

*Lease Purchase Facility

(c) It is estimated that this relocation will result in savings of \$1.4 million to 1.7 million per year for 10 years, based on an estimated net reduction of some 7,050 square metres at a market range of between \$200-\$250 per square metre.

The tender for this requirement closed on January 26, 1995.

Public Works and Government Services' analysis concluded that none of the six bids submitted met the technical requirements set out in the lease tender call. The financial envelopes were returned to the bidders unopened.

On March 3, 1995, I announced that the tender for this relocation would undergo a third party review before the project proceeds further.

Question No. 159—Mr. Caccia:

In airports across Canada, is Transport Canada arranging for the collection of de-icing fluids in accordance with CEPA guidelines, and if so, (a) at which airports under Transport Canada management or jurisdiction is this collection taking place, (b) how is this collection taking place and, if not, when and where will such collection be installed?

Hon. Douglas Young (Minister of Transport, Lib.): (a) and (b) The responsibility for the collection of de-icing fluids at Transport Canada airports remains with the air carriers or de-icing operators. The means of collection and disposal are outlined in the site specific glycol mitigation plan submitted to Transport Canada.

Glycol mitigation plans have been submitted at the following Transport Canada airports: Halifax International, Quebec City,

Government Orders

MacDonald Cartier International (Ottawa), Lester B. Pearson International (Toronto), Thunder Bay, Regina and Winnipeg International. The four local airport authorities also have plans in place, i.e. Vancouver, Calgary, Edmonton and Aéroports de Montréal, Dorval/Mirabel.

The mitigation plans are designed to ensure that spent glycol fluids are contained, collected and disposed of in an environmentally acceptable manner.

The effectiveness of the plans are measured by the amounts collected and from stormwater analysed against the CEPA guidelines.

It should be noted that copies of the glycol mitigation plans were submitted to the Standing Committee on Environment and Sustainable Development.

[English]

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

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[Translation]

FARM IMPROVEMENT AND MARKETING COOPERATIVES LOANS ACT

The House resumed consideration of the motion. That Bill C-75, an act to amend the Farm Improvement and Marketing Co-operatives Loans Act, be read the second time and referred to a committee.

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, I would like to pick things up exactly where we left off approximately 67 minutes ago. We were replying to the Parliamentary Secretary to the Minister of Agriculture on Bill C-75 which will raise from 1.5 billion to 3 billion dollars the maximum amount of government guaranteed farm loans.

As I had to split my speech in two, I should perhaps remind members that the bill before us seeks to amend the Farm Improvement and Marketing Cooperatives Loans Act. I will now continue reading my text exactly where I left off at two o'clock, about 67 minutes ago.

Let us say, for example, that the Quebec Société du financement agricole keeps a very close watch on the rate of increase of farmers' indebtedness and that, in so doing, it modifies its standards and criteria. It would never have the necessary leeway to implement its decisions because a federal agency would once again meddle in its affairs and muddle up the initial goal of the Quebec government. The federal government's eligibility criteria do not necessarily reflect provincial priorities.

(1515)

Federal agencies compete with provincial agencies, which may have stricter criteria, and I must say that the provinces are in a better position to know the real needs of their citizens. In any case, they are certainly in a better position than the federal government, which has to enact general policies that must be realistic and applicable from coast to coast.

The thing that we must remember is that, once again, instead of eliminating overlapping and giving the provinces their own tools, the Liberal government has decided to keep everything under its control. By maintaining this overlapping, the federal government gives itself the opportunity to intervene in the management of our agricultural sector in Quebec.

It should also be emphasized that it is very strange that this act is administered by the department instead of the Farm Credit Corporation. Even if the programs are different, the Farm Credit Corporation already arranges loan guarantees. That is a striking example of administrative duplication. This is not duplication between government levels but in fact duplication within the same government.

We, in the Bloc Québécois, wish that the government would give to the provinces the financial resources that belong to them. As the Prime Minister said earlier in answer to a question from the Leader of the Opposition, Quebec is not begging but merely asking for what it is entitled to.

Provinces will thus be able to take over the administration of programs like the one Bill C-75 deals with. It must be clearly understood that we are not against the bill as such but we firmly oppose the overlap and duplication it perpetuates, whether in the same government, that is the federal government, or between the federal government and provinces. We believe the bill is relevant but we regret that it maintains duplication.

I would now like to submit some statistics found by our researchers about FIMCLA or Bill C-75. First I wish to remind the House that since February 1988 when the above amendments came into force, over 65 000 loans totalling some \$1.5 billion have been granted under the act.

I should also remind you that the province which benefits the most from the act is Saskatchewan, followed in second place by Alberta and third by Quebec. I believe Ontario comes in fourth place in terms of utilisation of the act but I must remind you the rural Ontario enjoys a high standard in terms of agriculture and investment needs. To this day, some 10 loans have been granted under the act for co-operative projects with a total added value of \$14.2 billion.

In 1994-95 for example, 17,000 loans totalling some \$475 million have been granted under the act. Again in 1994-1995, the average loan is \$27,000 and the five-year average is \$22,000.

(1520)

In the last 25 years, net losses incurred under the act have accounted for 1 per cent of all guaranteed loans each and every year.

Government Orders

I would now like to talk to you about interest rates. I think that interest rates are reasonable and favourable to farmers. The maximum interest rate that lenders can set is the prime rate plus 1 per cent in the case of variable rates. Or, if you prefer, the variable rate is equal to the prime rate plus 1 per cent, so it changes like the tide. If interest rates go up, the interest rate paid by farmers on loans guaranteed under this act will go up as well. Conversely, if interest rates go down, the interest rate paid by farmers will also go down.

However, if the farmer wants a fixed rate for five years, the rate will be the prime rate at the time he negotiates his loan plus 2.25 per cent. But it must not go beyond a fixed five year period. According to the statistics I am quoting to you, in 1991, some 683 rural lenders such as caisses populaires and credit unions were accredited as lenders under this act.

As you know, Mr. Speaker, caisses populaires were treated inequitably in the past, because the caisse populaire network plays an extremely important role in Quebec. Often, it was less profitable for the large banks to do business in rural areas, so they withdrew to the major centres. They left rural communities to the caisses populaires, making it difficult for our farmers to borrow money since the caisses populaires were not even accredited.

How could the central government, with its so-called respect for institutions, have the nerve not to accredit the caisses populaires? Only large banks had this privilege, because, as we know full well, the caisses populaires never make financial contributions to political parties, be it the Bloc Quebecois or any other political party.

You see, since they were not major contributors to election funds, they were simply relegated to that kind of loan. It is a disgrace. Fortunately, staunch nationalists such as the Parti Quebecois members, whose courage I must salute, pressed and reasoned the the federal government into recognizing credit unions as lenders for the purpose of this loan guarantee.

While accounting for 25 per cent of the total Canadian population, Quebec is only the third largest user of loans guaranteed by the federal government at seemingly interesting interest rates under this act. Why do Quebec farmers not use this window? Because it is not well known at all. So, with your permission, I will try to describe it as briefly and simply as possible.

First of all, I must tell you that this act does not apply to anyone who wants to start a farm business. If you want to buy a farm with a view to eventually becoming an independent farmer, this act is not for you; you have to go either to the Farm Credit Corporation, which is a federal institution, or to the Société du financement agricole, which is a Quebec institution.

(1525)

The bill before us this afternoon is for farmers who wish to make improvements, expand their facilities, buy out a neighbour, those who want to build extensions, for example an addition to a hog house, build a road across their farm to get to the wood at the other end of the property, install an electric generator in a hog house or refinance and consolidate all their debts in a single loan. That is what this kind of loan is for. It could also be used to buy cattle, install a new grain silo or buy the neighbour's silo to move it to your land. As you know, the cost of building a manure pit or buying tractors, rotary mowers or combine-harvesters is always on the rise.

Of course, the government is not guaranteeing loans of less than \$2,000. As you know, in 1995, we cannot afford to create paperwork costing more than the benefit provided. There is also an upper limit. For farmers, the maximum is \$250,000, while in the case of agricultural co-operatives, it is \$3 million.

Some purchases are not eligible, such as short term goods. Under Bill C-75, piglets weighing 35 or 45 pounds would not be eligible because such a purchase is for a short term of about five or six months. Consequently, it would not be eligible. The same is true in the case of repairs to the family home on the farm. Such an expense would not be eligible. Nor would the purchase of quotas. A dairy producer interested in buying a quota to generate a more substantial income would not qualify.

So, under that bill, a farmer can borrow up to \$250,000 and an agricultural co-operative up to \$3 million. The loan guarantee must cover the maximum of 80 per cent of the loan. We cannot guarantee more than 80 per cent of the assets bought. In the case of a farm expansion, the maximum period provided to repay the loan is 15 years, while it is 10 years for any other product or good. It goes without saying that, if the product bought will only last four years, the maximum period provided to repay the loan will not be 10 years but four.

Let us now look at payments. Payments could be made on a monthly basis, but at least one payment would have to be made each year. If someone says: "I only want to pay every two years", that would not be possible under this bill, since a minimal payment is required every year.

I have already addressed the issue of interest rates, so I will recap briefly. If you talk about the variable interest rate, the floating rate, that is the prime rate plus 1 per cent. If you choose the fixed rate, that is a lot more costly. A fixed rate is only good for 5 years and is equal to the prime rate plus 2.25 per cent.

Finally, I would like to take a minute or so to talk about the registration fee and the administration charge.

Government Orders

(1530)

Farmers who ask for a loan under the Farm Improvement and Marketing Cooperatives Loans Act must make a payment of one-half of 1 per cent, or 0.5 per cent of the total amount of the loan. This money is paid to the Receiver General for Canada so that the loan guarantee can be examined. Over and above this 0.5 per cent, the lender can also add \$250 or one-quarter of 1 per cent of the amount, whichever is less, as long as it does not exceed \$250,000.

As was said earlier, this also applies to co-operative agricultural societies, and there are quite a few of these in Quebec. The Co-operative Society of Disraëli, a town located not far from my area, contracted a loan a few years back when it built silos in order to produce feed. This loan was guaranteed by the federal government.

A co-operative agriculture society can therefore get up to almost \$3 million at the same interest rate as the one mentioned earlier for farmers.

The Bloc Québécois will support Bill C-75. But again, I want to make it clear that we support this legislation so that our farmers can receive the financial resources they need to expand and so that they can get from the federal government the guarantees to which they are entitled, since they pay taxes just like any other worker in Canada and particularly in Quebec.

But, as I said a few moments ago, we do have some objections concerning duplication and overlap.

During the four days of recess in the week after Easter, I visited several farmers who are friends and colleagues of mine. I told them that I was going to speak on this bill today. A very big majority of farmers, although not all of them, said to me that they were not familiar with this act. This is certainly why Quebec is only the third most important user of the services provided under this act among the ten Canadian provinces, even if Quebec farmers alone account for more than 17 per cent of farm production in this country.

Saskatchewan, a province with a small population base, ranks first because the program was well advertised in that province. Mr. Fernand Fillion, a hog producer in Lyster, told me that, before building his new hog house, an investment of well over \$1 million, he examined the services provided by the Société de crédit agricole du Québec, the Société de financement agricole in Quebec and under this act. He realized that the loan provided by the Société de financement agricole du Québec was the most profitable option in his case.

Farmers have three options: they can borrow money through the Société de financement agricole, the Société de crédit agricole du Québec, or under the Farm Improvement and Marketing Cooperatives Loans Act. Why not save money through the single window approach? Farmers would not have to knock at three different doors, and travel to as many as three cities to meet with civil servants who cost the government a lot of

money. It is always the same taxpayer who pays for this kind of inefficiency and duplication.

(1535)

When we, members of the Bloc Québécois, visit people in our rural areas, our concessions, our municipalities, our small towns, and tell them about all this duplication, they understand easily and quickly why we have a \$40 to \$45 billion deficit every year.

We could easily save millions. I have a perfect case of duplication within the government. Just last week, a farmer was telling me: "We would like to deal exclusively with the Quebec Minister of Agriculture because he is the one that we know. We do not even know who the federal Minister of Agriculture is and, when he comes to see us, he has great difficulty talking to us in our own language". It is not a bad thing, of course, but it must be understood that Quebecers are a lot closer to their provincial government than to the federal government.

The Minister of Agriculture is constantly telling us that his ultimate goal is to help farmers. If he really wants to help farmers, why not make things easier for them by having a single window and using the money that the government will save this way to lower interest rates? It would not cost a penny more and farmers would be a lot happier.

I take this opportunity to invite the Minister of Agriculture to take a week off and to come and visit with farmers in rural Quebec. Among the 17 or 18 Liberal members who represent Quebec in this government, there are certainly a few who come from rural ridings. I am sure they are not all city members from the West Island. There must be a few among them who have seen a cow up close and who have been in a hog house. Let them come and visit. There is the Prime Minister, whom I know very well and who represents the beautiful riding of Saint-Maurice. There are fine farms in his riding. I invite, for example, the Minister of Agriculture to visit the riding of Saint-Maurice and to ask farmers what they want. In Saint-Maurice, which is different from the riding of Frontenac, there must be some federalists, since they elected the Prime Minister. So, that is where the minister should go.

I am telling you, Mr. Speaker, farmers know that they are being had by this government. Monday morning, I met a farmer who told me—because he had watched the debates of the opposition day concerning cuts in agriculture, being himself an industrial milk producer—that he thought he would lose approximately \$4,000. And it is the last thousand dollars that is profitable, not the first.

You know, Mr. Speaker, in a cow barn, it is not the first cow that is milked in the morning that is profitable, but always the last. Indeed, the last one is all profit. With this 30 per cent cut in the industrial milk subsidy, the government is taking away from the farmer this last cow which brought him his \$4,000 at the end of the fiscal year.

Government Orders

(1540)

He did not need to convince me, of course, but the dairy producer's concern was that in August the price of dairy products would be increased. By increasing the price of dairy products, and this is a proven fact, we will diminish consumption, which, in turn, will entail a reduction of the quota. So, I get the picture, Mr. Speaker. I am explaining these things to you and I am sure you understood them before I started speaking about them. And you may share my point of view that we should try to work not for us, but for our farmers, once and for all.

[English]

Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.): Mr. Speaker, as I listened to the debate I asked myself why we are here, why we have heard, as we have so often in the past, of amendments to particular bills or new legislation being introduced.

I would criticize the government for dodging what I think is the big issue. If I talk about the farm improvement loans act, I will not be specifically critical. By and large it has been a good program, as has been mentioned today. Especially in my province of Saskatchewan it has been very well received and very well used. The parliamentary secretary to the minister is absolutely correct. The default rate is not very high when one considers the amount of money lent through that program.

As I said before, perhaps the big picture or the issue is being dodged or avoided to some extent. I refer to what my colleague from the Bloc had to say. For obvious reasons the member from the Bloc has different plans, different hopes and aspirations for his province than I do for mine. I find myself agreeing very much with what he said today when he talked about the duplication and the overlap of these types of programs.

In Saskatchewan if farmers wanted to borrow money with some sort of government assistance or help they could look at this current program, the farm improvement loans act, small business loans, the Farm Credit Corporation or, only in Saskatchewan, the Agriculture Credit Corporation of Saskatchewan. A farmer has his or her option of four different areas or wickets, as my friend from the Bloc said, from which to borrow this money. I ask myself why. I see no reason for four different bureaucracies to get the same end result.

If I look back on the motion I put forward which is before the House now, one of the basic pillars my motion is built on is to reduce duplication and overlap and to bring the services that cannot be privatized into the lowest or the most local department for delivery of programs or services.

I do not think anybody would deny farmers need access to capital for the financing of their endeavours just as any other business does. Because of the unique characteristics of agriculture with its exposure to unique risks, the private financial services industry has at times been reluctant to provide the services farmers and agri-food businesses need. The unique risks the farming industry faces are related to being very much at the mercy of mother nature and the fact that for the most part we produce perishable goods that must be moved quickly to market and sold.

In our integrated global trading environment where food and non-food products are shipped across our borders, our oceans, our skies and our land, a natural disaster such as a drought, a flood or a hailstorm in one part of the world could create shortages that farmers somewhere else must fill.

The international agricultural marketplace can thus be very volatile and is affected from year to year by price hikes and price drops, by supply gluts and supply shortages. These unique facts of life that farmers face create unique financial needs that some financial services provider must fill.

(1545)

Our discussion about farm financing should centre around asking the simple question: How can our society and our world best serve the financial needs of the agriculture industry and thus ensure that we have a safe, stable, affordable, and abundant food supply?

Generally, farmers and agri-businesses have proven over the years to be good borrowers to meet the terms and conditions of their loans on time and in full. As the parliamentary secretary has mentioned, that is the case in this program.

There have been years in which an onslaught of unfortunate disasters has occurred that has stretched farmers' income and expenditure balance sheets to the very limit. At times like these, provincial and federal governments have stepped in with emergency aid because the public's interest for a stable food supply has been put at risk.

I can tell you, Mr. Speaker, after spending my entire life in the farming industry, that no farmer wants government handouts. No farmer wants government to be his full time partner in business. We have said over and over again in this House that farmers, just like other business entrepreneurs, want governments off their backs and out of their pockets. We want lower taxes and input costs. We want a streamlined and efficient regulatory process. We want governments to negotiate good trade deals and to open up access to marketplaces so that we can develop to our full potential as world competitors.

What concerns me about legislation such as Bill C-75 is that government is stepping in and taking a role that the private financial services industry could and perhaps should provide. As long as this government or any government continues to

Government Orders

participate in this kind of financial activity, I do not believe that the private sector will ever become motivated enough or competitive enough to provide the financial services the agriculture sector needs. Why should it?

It also strikes me as ironic that the private sector would actually have the level of confidence in the federal government as its guarantor that it appears to have. I know the federal government will certainly have about \$120 billion worth of tax revenue this year and that the \$3 billion in loan guarantees that this act provides for is probably sound, even if it were all to be defaulted upon, which of course it will not be. This type of financial arrangement does raise the ironic question of how an organization that is \$550 billion in debt and that will pay almost \$50 billion this year in interest payments can be counted upon as a guarantor of anything.

It is the government that is in debt trouble and in need of a bail out, not the the farmers or the lenders. We might have the cart before the horse in this case.

Therefore I would assert that it is time to ask the question about what the proper approach to financial services for the agriculture sector is. Should government be increasing loan guarantee programs at this time? How can it really be a guarantor of premium quality when its own finances are in such bad shape? Should not the government rather be encouraging the private financial services industry to serve the agriculture industry?

I believe there would be financial companies that would move into this service market, competition would be introduced, and farmers would therefore get good service. The government should clearly indicate to the private sector what it sees as its limits of involvement and then develop policy in that direction.

There is no free lunch. As individuals, farmers, business people or whoever we are, we will all pay for the goods or services that we need. If we get what we need from the private sector we will pay in dollars. If we get it from the public sector we will pay in tax dollars. Mr. Speaker, it is a crying shame that my children and yours are going to have to pay back the \$550 billion debt that we now owe for services that we enjoyed. Debt is nothing other than deferred taxes and the intergenerational transfer of financial obligation.

I ask you, Mr. Speaker, before this problem gets worse, might this Parliament not be the one that recognizes the importance of a clear and better division of responsibilities between the private and the public sectors, between paying by taxes or by dollars. Surely, we should not simply approve this bill or any other like it before asking how much it will cost, how are we going to pay, and is there a better way to do this. If generational stewardship and self-responsibility mean anything, surely we must ask these questions and seek the best answers.

(1550)

Government must no longer be allowed to continue to grind along day after day, year after year, program after program as a self-contained and self-propagating industry, completely insulated from and oblivious to the long-term consequences of its actions. We either repair and fix our economic house now or our children are going to have to fix it—or it is going to have to be fixed for us by outside sources.

At committee stage of Bill C-75, my Reform colleagues and I want to talk about these matters. We believe that there may be some amendments to this bill that would be in order. We will listen to what other members have to say, what the officials have to say. But rest assured that we will press forward and onward as Reformers in the last decade of this century and this millennium to ensure that our children are not saddled with the catastrophic results of irresponsible actions that we the parents take.

In conclusion, I want to say that the criticism of this amendment to Bill C-75 is not one that would see this act replaced. It is an act that could simply be consolidated, as I mentioned before, with the Small Businesses Loans Act, perhaps put under the auspices of the Farm Credit Corporation, if that is the most efficient and most effective way to do it, and get rid of the huge bureaucracies, as my colleague from the Bloc mentioned.

There are three federal bureaucracies in Saskatchewan. I firmly believe that at least one and most likely two of those could be eliminated. All those types of lending guarantees that the federal government produces for the farm industry should be carefully examined. The big picture of this issue must be looked at, not simply a band-aid measure to make an amendment.

The parliamentary secretary is correct in saying that if we do not make this amendment the program will have to be delayed for two years. However, we can do better than that simply by opening up what we believe and perceive to be a strangulation of the system by effectively not being prepared to look at consolidation and removal of duplication.

As I mentioned, my colleagues and I will be preparing amendments for committee stage of this bill. We would ask that the government and the official opposition would support and work with us on any amendments that would make our system more cost-efficient and effective.

Mr. Glen McKinnon (Brandon—Souris, Lib.): Mr. Speaker, let me start by saying that the level of interest in the agricultural community is very high with regard to this particular aspect of financing.

The access to capital is probably paramount to achieving long-term success in agriculture, as it may apply to farm improvements, processing, distribution and marketing of farm products. The program has proven very popular with farmers. The five-year, \$1.5 billion cap has almost been reached. Consequently, we have two choices: increase the aggregate load limit

Government Orders

or suspend the program. I would like to examine those two options in greater detail today.

The first option is to increase the aggregate amount of loans that can be made under the FIMCLA program from \$1.5 billion to \$3 billion. In considering this option, one might ask how risky this program is and how many loans go into default. The record is really very good. The net claims rate—that is, the gross minus recoveries—is about 1 per cent, and has remained at that level fairly consistently over the last 25 years. There have been some blips. There have been occasions when it has risen as high as 1.5 per cent. On that occasion in the 1980s, it was caused by high interest rates, low farm income, and land devaluation.

(1555)

Since 1992 there has been a significant reduction in claims and the program now has a positive cash flow. This is expected to continue at least through 1997. There will be some extra costs associated with the higher aggregate limit, but measures will be taken to offset this. For example, an increase of only 0.25 per cent in the registration fee would be sufficient to offset these extra costs and maintain the current level of liability for at least another five years. For the average loan of \$27,000, this would amount to an increase in costs of \$67.

The number of loans and any losses will continue to be monitored on an ongoing basis if the net claim rate is higher than anticipated. Program costs could be controlled. For example, the guaranteed level could be lowered from 95 per cent and loan eligibility could be limited or registration fees further increased. In other words, the aggregate limit can be increased at little or no cost to government, and should satisfy program demands for another 10 years. It is a positive measure that is supported by the agri-food sector and commercial lenders.

The second option is maintaining the status quo, keeping the current aggregate limit to \$1.5 billion and suspending the program once the limit is reached.

In the first nine months of 1994–95, \$422 million in loans were guaranteed under the act, bringing the five-year aggregate loan limit to \$1.24 billion. If the current trend continues, the present \$1.5 billion cap could be reached as early as June, at which time the program will have to be suspended. Since annual loan registrations are expected to continue in the \$500 million range and the loans falling due are worth \$80 million this year, \$115 million next year, and \$196 million the year after, the program would likely have to be suspended for about two more years.

Since no new revenue would be generated from registering fees during this period, the program's contingent liability will be no different from the first option; that is, increasing the

aggregate limit to \$3 billion, along with an increase in the registration fee of 0.25 per cent. Should the status quo be allowed to continue, long term program liabilities will likely be kept at today's estimate of \$16 billion.

FIMCLA is supported by farmers and their organizations, especially the Canadian Federation of Agriculture, as well as the lenders. I believe it would be a mistake to allow it to be suspended. The program has been an inexpensive way for the government to support the agri-food sector. The net loss rate over 25 years has only been about 1 per cent. Increasing the FIMCLA cap allows for this low cost support to continue.

In conclusion, I ask the House to support Bill C-75 by increasing the aggregate principal amount of loans that can be guaranteed. The program can continue to be offered to farmers and farmer owned marketing cooperatives.

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Mr. Speaker, it gives me pleasure today to address this very important bill, Bill C-75, an act to amend the Farm Improvement Marketing Co-operatives Loan Act. This act facilitates credit on farm improvements for processing and distribution and marketing of farm products. I am sure we can all agree the bill is very important to the agricultural sector.

(1600)

The program has been quite a success, giving many farms and marketing co-operatives a hand in improving or starting new operations. In the year 1994–95, FIMCLA, as the program is called, was used to facilitate more than 17,000 loans totalling some \$475 million. The average loan size in 1994–95 was \$27,000 and the five-year average is \$22,000.

It has been very advantageous to the agricultural group in Souris—Moose Mountain. My riding is concerned about the impact of recent GATT agreements and the World Trade Organization on the day to day lives and operations of our farmers.

It is very important to take a look at some of the restrictions farmers in our area may face now that we have to make our grain forwarding and other export practices acceptable to world markets. To improve our opportunities we have to turn to value added products.

I will tell the House about a group of people in my riding who have embraced this idea. A group of six farm families in Souris—Moose Mountain have formed a co-operative to begin a joint venture with a Holland firm to establish a nucleus hog breeding farm in Saskatchewan. It will be the first entry of continental European hogs into Canada in 37 years.

With the assistance of the loan through FIMCLA the co-operative farm has been formed. The joint venture is positioned to address the new opportunities brought about by the World Trade

Government Orders

Organization. The venture pioneers the process of the co-operative approach to improving the hog industry in Saskatchewan.

Farm members will be provided with superior animals that will increase the productive capacity of their existing operations and improve the profitability of their hog operations. The co-operative will be the first to introduce the Dalland hog to North America. As well it will be the first artificial insemination facility for hog semen in western Canada.

The co-operative will create spinoff employment and stabilize the incomes of farm members. Those in the Kipling area appreciated the opportunity to become partners with the agricultural sector in making sure the program moved forward.

For example, the distribution of semen and the marketing of breeding animals require transportation. The needs of transportation will enhance the use of one farm member's existing trucking equipment, creating additional returns for him. The co-operative will require production, management and clerical personnel that will be supplied by farm families to enhance their farm incomes and to improve individual farm returns.

The co-operative will be more than a primary producer of farm products. As a group they will market a product of high value to the benefit of their members. Their natural geographic advantage and lower cost of production make their product competitive in the North American market. This venture pioneers an innovative process of efficiently distributing new genetics to the North American hog industry and is very important to my riding.

None of this would have been possible if FIMCLA had not been there to guarantee the loans to meet their needs and to meet their new ideas, the new and better ways of doing things. With due diligence and proper assessment techniques, FIMCLA guarantees do not have to carry a high amount of risk. The past record shows that. Over the last 25 years net losses under the act have approximated 1 per cent of total loans guaranteed. In the terrible years during the 1980s when interest rates were high, low farm income and land devaluation caused more defaults than usual. The program is an excellent one. This is why the current legislation is required. It is a safe and inexpensive way for the government to help farmers help themselves in changing times.

(1605)

As I drive around my riding talking with people I realize these sincere, bright, hard working individuals have hundreds of good ideas. Given a start, they could go far on their own. We need only to open the door for them.

Furthermore, the amendment includes measures to offset the natural extra expenses that would come with an increase in the cap. The amount of offsetting needed is small. For example, an increase of only one-quarter of 1 per cent in the registration fee

would sufficiently offset the extra costs and maintain the current level of liability for at least five years. For an average loan of \$27,000 it would be \$64.

By not proceeding with the suggested amendment, lenders would have to stop and discontinue programs once the cap reached \$1.5 billion. It would be irresponsible. Can we imagine saying no to the co-operatives in Saskatchewan I just mentioned? Can we imagine telling them that we understand the project will stabilize income, create employment and enhance Canada's exports but that some arbitrary cap says they cannot continue?

That we must increase the cap is positive. It means the program is doing well. More people are finding out about its successes and are deciding to use it. It makes possible what once seemed impossible for them.

With sustained lower interest rates and the improved farm debt situation approximately 600 new designated lenders and better marketing of the program have contributed to the success of FIMCLA. In simple terms, the aggregate limit can be increased at little or no cost to government and should satisfy program demand for the next 10 years.

This positive measure is supported by the agri-food sector and commercial lenders alike. The program has become increasingly important to rural lenders such as credit unions that offer credit to farm producers. The Canadian Bankers Association and Credit Union Central in Saskatchewan support the proposed increase. The Canadian Federation of Agriculture and other major farm groups have been consulted and support the proposed amendment. It is inexpensive and supports the agri-food sector.

Taxpayers are well served. Improvements made under the program contribute to the strength of Canada's economy and decrease dependency on government subsidies.

I ask members to support Bill C-75. By increasing the aggregate principal amount of loans that can be guaranteed, the program will continue to be offered to farmers and co-operatives and will make a difference.

Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.): Mr. Speaker, I have a couple of comments for the hon. member for Souris—Moose Mountain. We are seeing a classic case of the government trying to close the door after the horse has escaped. I get back to what I said a few moments ago. I would like the member to comment on my idea.

Why could the government not support the idea of consolidating the three or four federal programs to offer lending assistance to the agricultural industry?

It is well known that the Farm Credit Corporation exists. Why do we not remove the other two bureaucracies, the Small

Government Orders

Businesses Loans Act and the Farm Improvement Loans Act, and put them under the umbrella of the Farm Credit Corporation?

(1610)

It would seem a government guarantee to other lending institutions is a conflict in one way because we would be in direct competition with the Farm Credit Corporation. What does the member think about the idea of consolidation and removal of duplication?

Mr. Collins: Mr. Speaker, with regard to the questions posed and with regard to FIMCLA we must remember the bill would increase the cap from \$1.5 billion to \$3 billion. We have to maintain that and keep it as the essence of the drive.

We have to review all government agencies, farm credit and the entire agricultural scene. With that in mind, I am sure the agriculture minister is looking at all available options.

However, in relation to Bill C-75, I would not want us to delay very important action on behalf of the agricultural community.

Mr. Kerpan: Mr. Speaker, I would just like to clarify for my hon. colleague that my criticism is not against increasing the limit to \$3 billion. I understand the need and necessity for it. My only concern was that we were using band-aid measures and we could do far more to improve the situation if we opened it up and looked at the whole picture.

Mr. Collins: Mr. Speaker, I listened rather intently to the hon. member. In his speech he expressed some concern about the capping provision. It is very important.

Since the member has an agricultural background, I take very seriously his thoughts about the whole business of our running government, certainly in the agricultural sector.

[*Translation*]

Mr. Jean Landry (Lotbinière, BQ): Mr. Speaker, I rise today to speak on Bill C-75, an act to amend the Farm Improvement and Marketing Cooperatives Loans Act.

I believe I am going to please the government by saying that its plan to increase loan guarantees to \$3 billion is an excellent one. However, if it thinks the criticisms will be coming after the compliments, it is quite right. Let us first turn to the positive aspects. In fact, the change is only raising the guarantee ceiling for loans made by financial institutions, to keep up with the demand.

According to data provided by the Department of Agriculture and Agrifood, the program is very efficient since its cost is very low. It costs \$1.5 million a year, which reflects losses due to loan default. We are talking about 1 per cent of guaranteed

loans as a whole. This means that with a \$3 billion ceiling, the annual cost should rise to \$3 millions, which is quite acceptable.

We are not against logic. According to data also obtained from Agriculture and Agrifood Canada, in 1994-1995, more than 17 000 loans were made under the Farm Improvement and Marketing Cooperatives Loans Act, for a total of \$475 million. The total value of guaranteed loans is getting close to the \$1.5 billion limit.

The demand and the service provided fully justify the increase in the guarantee limit. We are not against this measure, which allows farms to have access to development funds without the government having to give grants, which come right out of taxpayers' pockets.

However, a dose of constructive criticism will be good for this government which does not realize, or chooses to ignore, that overlap costs money to the taxpayers, who are already over-taxed, and that it could be avoided.

(1615)

In fact, this measure perpetuates the overlaps between the federal government department, the Farm Credit Association and Quebec. Through the Société du financement agricole, Quebec provides the same services as its federal counterpart. Yes, more overlap. In one ear and out the other. The population got the message, and most importantly, understood it. Overlap.

And regarding the case that we are discussing today, we should specify that there is an overlap not only in activities, but also in the way things are done. Loan guarantees have their place, but they increase the debt load of businesses. Everybody recognizes the importance of evaluating a business's potential and its market before offering more loans. Too heavy a debt load makes a business unable to compete. That is why we maintain that Quebec is in the best position to identify which sectors of its economy are experiencing growth and to establish policies regarding access to credit.

Obviously, these policies are geared to the development strategies elaborated in collaboration with the sector. In its latest annual report, the Société du financement agricole du Québec points out that it creates and develops new programs in collaboration with representatives of the financial and farming sectors. Quebec has established a tradition of consultation on farming issues with the États généraux du monde rural in 1991; the consultation committees which were formed during the Trois-Rivières Summit in 1992 following the consensus reached on the priorities for the agri-food sector's development in Quebec; and lastly, the Trois-Rivières Summit itself.

Quebec has the expertise required to take the program under its wing, of course, with the corresponding transfer of funding. The federal government would save a department desperately in need of saving a great amount of money. Was the Department of

Government Orders

Agriculture and Agri-food not one of the hardest hit by the last round of budget cuts?

Agriculture and Agri-Food Canada is one of those hardest hit by downsizing. It does not make sense to maintain duplication and make cuts in areas where duplication does not exist. Inspection services will now charge a fee, although we have three overlapping inspection services. Where does the money come from to pay for these services? From the private sector, which ends up paying the price of duplication.

The minister must be aware of the fact that officials who helped draft this legislation on farm improvement and marketing co-operatives loans admitted it was competing with equivalent programs in Quebec. For the benefit of those who may not be that familiar with the Société de financement agricole, I would like to comment briefly on its farm loan operations.

This is taken from the agency's latest annual report. The Société de financement agricole authorizes and guarantees loans and credit openings. Farmers can obtain guaranteed loans up to a maximum of \$800,000, while the maximum for loans at reduced rates is \$200,000. The interest rate for guaranteed loans is based on the residential mortgage rate offered by financial institutions. Farmers now have the option of selecting a one-year, three-year or five-year term, at a rate locked in for the duration of the term selected.

During the 1993-94 financial year, the Société de financement agricole granted 4,682 farm loans totalling \$353.3 million, which represents an increase of 12 per cent in the number of loans and 39 per cent in the total amount. Out of the total number of loans, 3,305 representing \$279.6 million were granted at the reduced rates provided under the financing program.

(1620)

Furthermore, the Société de financement agricole authorized the transfer of existing loans, representing another \$39.5 million. The total amount of loans and transfers was \$392.8 million.

In other words, Quebec already offers these services. It is in a better position to understand what is involved, thanks to a consultation model unique in North America. Agricultural partners in Quebec have given a lot of thought to sustainable regional development.

The Société de financement agricole is closer to the farmers and to the markets. It is in a better position to develop a consistent credit policy based on economic development strategies identified by the parties concerned. If Agriculture and Agri-Food Canada lets the Société administer the loan guarantees to which Quebec is entitled, duplication will no longer be an issue.

Bill C-75 may be worthwhile to farmers in the rest of Canada, but I have some reservations about the impact of this program in

Quebec. Is the Canadian government going to say yes to a farmer whose loan request has just been turned down by the Société de financement agricole? If a project review was done by experts, is the federal government going to do another one? We are still stuck in the murky waters of federal duplication, lack of efficiency and interference.

Furthermore, Quebec already faces duplication through the presence of the Farm Credit Corporation, which reports to Parliament through the Minister of Agriculture. In Quebec, we have shown that the Société de financement agricole is capable of managing the loan guarantee program. The rest of Canada could benefit from the expertise of the Farm Credit Corporation, which is the largest long term lender in Canada. A document provided by the FCC itself indicates that it has the human resources and expertise required for agricultural financing.

In addition to providing traditional loans, the FCC can now finance diversification projects on the farm or value added agricultural businesses off the farm. In addition, the FCC can now administer programs and services jointly with federal agencies, provincial governments and other lenders.

Our colleagues opposite will again tell us there is no duplication. Officials have said that Agriculture and Agri-Food Canada's program was not duplicating the activities of the Farm Credit Corporation, since it did not offer the same program. We are always hearing these arguments. Once and for all, will this government not understand that these arguments do not hold water? Let us look at the thing objectively. Since the industry seems to consider the program valid, why does the Farm Credit Corporation not use its own resources to provide it?

The FCC has the capability, with a staff of over 760 people working out of six regional offices and 101 district and rural offices. The FCC loans portfolio includes some 55,000 accounts valued at \$3.3 billion.

It is therefore biased, dishonest and wrong to say that there is no overlap between the activities of Agriculture and Agri-Food Canada and the Farm Credit Corporation. It has, I repeat, all it needs to offer the program elsewhere than in Quebec, where the Société de financement agricole can do the job.

The federal government talks of single window here and single window there. However, when it comes to making it operational, it is another story.

Here is the situation. The government takes a perfectly logical step.

Under the terms of the act, once the \$1.5 billion limit is reached, the government is no longer obliged to guarantee loans granted by lenders. This obviously prevents new loans from being accepted under the Farm Improvement and Marketing Cooperatives Loans Act.

Government Orders

(1625)

So we agree that it is necessary to amend the legislation to raise the limit of the five year loans to three billion dollars. We agree on the benefits of such a measure: it will make credit readily available to farmers and marketing cooperatives, for a wide range of farm improvement projects.

Furthermore, borrowers will get good interest rates and requirements concerning their equity will be lowered. The program encourages investments in new kinds of machinery, new technologies and different agricultural ventures, as we see more and more in my riding where there is an ostrich farm, for example. On those points we agree with the government. But the idea loses much of its appeal because this government is unable to tap into existing and competent resources to manage the program.

We have shown repeatedly, and not only today, that Quebec is in a better position to identify growth sectors in its economy and to implement credit access policies reflecting the development strategies established in co-operation with the community. Yet, with the Farm Improvement and Marketing Cooperatives Loans Act, the federal government competes with comparable Quebec programs.

In Quebec, the Société du financement agricole has all the necessary expertise to manage the program. Elsewhere in Canada, wherever the Farm Credit Corporation has offices, there are also adequate resources for that program to be offered. So we are once again in the vicious circle of overlap and duplication where there is no logic.

In spite of a drastic downsizing of the public service, the federal government is not restructuring its activities efficiently. There is still some useless overlapping within its administration. Today, we gave yet another example of that. The public will have to bear the consequences. So we say stop, enough is enough.

[*English*]

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, I am happy to speak in favour of amendments to the Farm Improvement and Marketing Co-Operatives Loans Act.

As has been stated previously, we are seeking to amend the act in order to increase the aggregate principal amount of loans allowed under the act from \$1.5 to \$3 billion. The program has proved very popular with farmers. In fact, I have had considerable experience with the use of the farm loans act in my own farm operation.

Consequently, as a result of this demand the present five year \$1.5 billion cap has almost been reached. The Farm Improvement and Marketing Co-Operatives Loans Act is one of the best accepted programs in existence by the farm community. As is seen, it is used substantially.

FIMCLA is a loan guarantee program designed to increase the availability of credit on reasonable terms to farmers and farmer owned marketing co-operatives. It allows investments in new technology and equipment and covers a wide range of farm improvement projects.

I would throw a note of caution that we have to be careful here and not just make guarantees for the banks. There is a commitment by the lending community here and there has to be a commitment to the farm community as well. We do not want to see the situation where the banks just use this program when they really do not need to use it to have a guarantee on the funds they are lending out. The objective then must be to put more capital into the system to assist farmers who otherwise might have difficulty in acquiring loans to get them from the lending community.

(1630)

The improvements the moneys can be used for include the purchase of farm machinery, clearing land, installing irrigation or drainage systems, fences, construction or renovation of farm buildings and the purchase of livestock or farmland. The loans can also be used by co-operative associations for investing in value added production. This could include facilities for processing, distributing or marketing farm products such as washing or packaging plants. We have had a considerable amount of that kind of operation in my riding in terms of the potato industry.

As well the loans can be used for alternate farming enterprises such as organic production. That is an extremely important point. Here is a production base that I think has a tremendous and an increasing potential. There is very definitely a niche market in terms of organic products and it will be increasingly so in the future.

Sometimes it is very difficult for people in the organic production industry to get loans in the normal course of events. Extending the amount of money under the act should make it possible for those people in the organic production industry to acquire the necessary funds to meet their needs.

It is important to note that the environmental impacts of the projects are considered. Environmental impact assessments are commonly used on the larger projects.

Through the program, farmers get better interest rates than those normally available, usually .5 to 1 per cent below the prevailing rate. They are also allowed to borrow with a minimum equity of 20 per cent. This is extremely important especially to younger farmers getting into the industry or some of the higher risk farming operations.

The act also facilitates access to credit in rural areas, putting investment power into the hands of producers and marketing co-operatives. It strengthens production and financial stability in rural Canada.

Government Orders

FIMCLA supports adaptation and diversification. It encourages rural development and sparks job creation. The program has become increasingly important to rural lenders such as credit unions and Caisses populaires that offer credit to farm producers. The Canadian Bankers Association, the Credit Union Central in Saskatchewan and la Confédération des caisses populaires Desjardins all support the proposed increase. The Canadian Federation of Agriculture and other major groups have also been consulted and support the proposed amendment.

The program has been an inexpensive way for the government to support primary producers and the downstream industries. Historically the net loss in terms of lending under this program has only been 1 per cent. Any extra costs incurred under the new act will be offset by an increase in the registration fee paid by the producers and marketing co-operatives that benefit from the program. Taxpayers are very well served. Improvements made under the program contribute to the strength of Canada's economy and decrease dependency on government subsidies.

In conclusion, I ask members to support Bill C-75 by increasing the aggregate principal amount of loans which can be guaranteed. The program will continue to be offered to farmers and farmer owned marketing co-operatives. In so doing, we will be supporting one of the major wealth producing industries in this country. We will be ensuring that primary producers, where all the wealth generates from in terms of the farm production base, have the availability of capital under reasonable terms so that they can be the kind of wealth generating industry which so many other industries spin their wealth from.

(1635)

Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.): Mr. Speaker, I rise today to speak in support of Bill C-75, an act to amend the Farm Improvement and Marketing Co-Operatives Loans Act.

I would like to begin by commenting on the importance of affordable financing for the agriculture community. I remember one of my first encounters with the banks and how without the farm improvement loan I would have been at the mercy of the fickle finger of finance. It is quite possible that without the loans act not only I but many farmers would not have been able to farm quite the same way we do today. I would like to expand on that.

In 1973 I came back from Stelco and began farming. At that time I took out a farm improve loan in the amount of \$5,400 for a 165 Massey-Ferguson tractor and a four-furrow plough. I know the member for Malpeque wishes there were farm deals like that today but there are not. In our farming operations today we market 360,000 chickens a year, over one million pounds of meat. I still have that 165 Massey-Ferguson tractor. It is something that brings this home to me.

An hon. member: What would it be worth today?

Mr. Calder: I think it is worth about \$7,000 or \$8,000. I could make some money on it if I sold it but it is a very proud possession of mine.

The program is designed to increase the availability of credit to farmers and farmer owned co-operatives at a reasonable interest rate to improve farm assets and strengthen production and financial stability.

This act was amended in 1987 by increasing the maximum amount of outstanding loans for borrowers from \$100,000 to \$250,000. It introduced fixed rate loans and loan consolidation and refinancing. It expanded the scope of the act to allow for loan guarantees up to \$3 million to farmer owned marketing co-operatives and for value added marketing, processing or distribution projects. It introduced a registration fee of one-half of 1 per cent of the loan amount.

Since February 1988 when the above noted amendments came into effect more than 65,000 loans representing more than \$1.5 billion have been made under the act. Since 1990 over 55,000 loans have been made to utilize the act. There are currently 10 active value added co-operative loans totalling \$14.2 million. Personally, I believe that value added marketing is the wave of the future. We will see this area grow significantly in the years ahead.

Last year, this act was used to facilitate more than 18,000 loans totalling more than \$475 million. The average loan size for 1994-95 was \$27,000 and the five year average is \$22,000.

Over the last 25 years, net losses under the act have approximated 1 per cent of the total loan guarantees. There are currently two one time fees paid by the borrower. The first is the loan registration fee which is forwarded to Agriculture and Agri-Food Canada of one-half of 1 per cent of the loan amount. The second is an administration fee which is paid to the lender, the lesser of one-half of 1 per cent or \$250 on loans less than \$250,000, or one-tenth of 1 per cent on loans of \$250,000 or more.

The maximum rates of interest which can be charged by lenders are prime plus 1 per cent on a floating rate basis and prime plus 1 per cent plus one-quarter of 1 per cent for each year of a term loan. For example, that would be prime plus two and one-quarter per cent for a five year term loan. For a loan of \$27,000 the cost would be approximately an extra \$67. Approximately 683 rural lenders, such as credit unions, have been newly designated as lenders under the act since 1991.

(1640)

Under the existing act, once the five year \$1.5 billion loan guarantee limit is reached, the federal government would no longer be in a position to guarantee loans made by the lenders.

This would make any further new loans under the act impossible. Therefore, it is essential to have an amendment to the act which will increase the five year loan limit to \$3 billion.

Having shared with members how I view the importance of this program, I do not believe the major banks have shared my opinion. I do not believe the banks have made sufficient progress in improving access to capital for the agriculture community. In fact, it has been suggested that the banks discourage the use of this loan act in favour of loans which would bring the banks larger profits.

More must be done to address the credit needs of agriculture. It is imperative. Just as the banks have been slow to finance small business, the same holds true for agricultural co-operatives. The banks have acknowledged though that they can do a better job of lending to agriculture and have taken a number of steps to improve this situation. However, we continue to receive the message from the agriculture community that more needs to be done.

As a member of the federal Ontario Liberal task force on access to capital to small business, I heard a litany of anecdotal evidence indicating the banks' indifference to small business. As a farmer, I was quite aware that many of the concerns of small business were the same for agriculture.

While it is difficult to document the validity of each individual claim, the volume of complaints certainly depicts an uneasy relationship with the banking institutions. I hope that situation will be improved now that we have the banks' attention with the levying of the temporary capital tax on large deposit-taking institutions in the finance minister's 1995 budget.

The government will be working with the banks to develop appropriate benchmarks for small business. I would define small business as including agriculture. We promised in the red book that we would take steps to increase capital availability in rural areas. We are keeping that promise with the passage of Bill C-75.

I encourage all members of the House to indicate their support of the agriculture community by supporting this bill.

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Mr. Speaker, would my hon. friend from Ontario outline for me some of the impacts he can see in his area with regard to FIMCLA being increased from \$1.5 million to \$3 million? Are there different agricultural groups that would be able to utilize that funding? How would the cap feature impact on those groups at this time?

Mr. Calder: Mr. Speaker, about three or four weeks ago I was up in the Collingwood area and I had a chance to tour an apple packing factory. It was busting at the seams. Business was really good. It has been very innovative. It is squeezing apples for

Government Orders

apple juice. It has come up with a couple of combination ideas using carrots for carrot juice. It was actually getting to the point where it was exporting. However, it was busting at the seams and needed capital to expand.

I would say to the hon. member that this is exactly what he is talking about. This apple factory is at the three year period and has to expand its business. It needs new machinery and needs to expand the building. There will be more jobs created from this.

I hope that has answered the hon. member's question.

(1645)

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

The Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

An hon. member: On division.

(Motion agreed to, bill read the second time and referred to a committee.)

The Deputy Speaker: It is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Ottawa West—the Public Service.

* * *

INCOME TAX ACT

Hon. Alfonso Gagliano (for the Minister of Finance, Lib.) moved that Bill C-70, an act to amend the Income Tax Act, the income tax application rules and related acts, be read the second time and referred to a committee.

Mr. David Walker (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, it gives me great pleasure to take the opportunity to present Bill C-70 to the House for second reading. It is an item arising out of the budget presented in February 1994.

I will explain the process we go through with a major piece of legislation such as this one. Immediately after the minister presents the budget we have a debate on it and it is voted upon. Subsequently we introduce the budget measures act which incorporates many of the activities of different departments. It was begun last year and took up the time of the House of Commons in May and early June and of the Senate in June. It was finished before July 1.

Subsequently in the public perception we began to deal with the budget for 1995 but we had not finished the work arising from the 1994 budget. Today we are continuing the work from last year's budget.

Government Orders

Last fall we found out about the changes to the Income Tax Act, which is the second part of the work done in a budget. At first we have changes to departmental activities, including for example the Unemployment Insurance Act. Then we have changes to the Income Tax Act. Previously the House considered amendments to the Income Tax Act arising out of the business of the budget of last year. They were reviewed in the House of Commons last November and were reviewed in committee in December. A few witnesses appeared. We considered some of the changes offered by the opposition and decided to go ahead with the bill as it stood. It was then presented to the House, went through the Senate, and is now law.

Because of the enormous number of changes made, we split the amendments to the Income Tax Act into two different sections. This is the second section. Bill C-70 represents the second set of amendments to the budget arising out of the February 1994 budget statement.

They are a number of technical amendments which affect the income tax situation of those in the business world and corporations. In summary, the amendments implement certain measures announced in the budget of February 22, 1994 as well as other measures announced by the government in 1994.

The measures are described, first, as debt forgiveness. It requires a debtor whose indebtedness is forgiven to apply the unpaid amount to reduce any tax losses and the tax cost of properties owned by the debtor. Any unapplied balance is brought into the income by individual debtors whose incomes exceed \$40,000 and by corporate debtors that are not bankrupt or insolvent.

Second, we are changing some of the rules by which we treat foreign affiliates. We expand the categories of income of foreign affiliates which must be reported as income of their Canadian shareholders.

(1650)

It responds to a widely held view by Canadians. It was a perspective that we certainly heard about in the late eighties and early nineties when we were in opposition. Canadians saw the corporate world was able to transfer moneys to foreign affiliates and to avoid taxation in certain regimes which they considered to be too high. We took a very progressive step in our first budget, the budget of February 1994, to expand the rules and ways in which we were able to deal with foreign affiliates.

Third, we now require financial institutions to report profits and losses on securities held in the ordinary course of business, on income rather than capital on a market to market basis.

I was very much involved with the initial discussions that were held with industry when we announced the rules. I am very happy to say the relationship between the financial institutions

and the government have greatly improved through numerous discussions.

The industry felt at first that the tax measures were too aggressive and did not take into account some historical developments, particularly in the insurance industry. We argued very strenuously that the insurance industry should be understood. We held discussions not only in Ottawa but across the country. We listened to representatives of their associations and met with senior officials of individual companies. They pointed out that if we did not proceed with some care our evaluation of their securities and our treatment of their securities no longer being on the capital side but on the income side would greatly hurt their business.

The insurance industry is very important to the country. There are more than 140 active insurance companies. We want to make sure we stabilize the companies and do not do anything negative to affect either their capital base or their income base.

After several weeks of discussions amendments were suggested back and forth. I think all parties will agree that the rules as finally presented to the House a few weeks ago and now being expanded upon at second reading are fair to everyone.

We must remember the purpose of the Government of Canada is to ensure that every corporate sector is taxed properly and pays its fair share. That is the demand of all Canadians. The insurance industry has responded admirably. It is more than willing to pay its fair share and now feels the rules and regulations we are developing are more appropriate to its business activities.

I take this opportunity to publicly thank members of the insurance industry who have taken many hours to explain to me the nature of their business. Last year was my first year in the finance field on behalf of the Government of Canada. When that is the case we need a lot of kindness from people in the private sector to explain how they operate and the way new regulations or new tax regimes negatively affect their businesses. There was no element of hostility. I very much respect their willingness to spend time with me to ensure I understood their case.

Fourth, in terms of funeral arrangements we are providing an exemption for interest earned on prepaid amounts under eligible arrangements entered into by individuals to cover their funeral and cemetery expenses. This is a combination of federal and provincial laws, rules and regulations that govern people who make such arrangements ahead of time.

Through trust arrangements at the provincial level those funds are protected but because of the high cost of property, particularly in major metropolitan areas, we found that the limits originally being considered were not sufficient. The change is to accommodate the reality of how people are purchasing plots in cemeteries. We do not feel we are suffering in any way, shape or form an unnecessary financial burden. We are

Government Orders

dealing with the reality of the high cost of property. We did not want to put Canadian taxpayers, the industry or the non-profit sector in the field at risk through unfair tax rules. These amendments address the issue.

(1655)

Fifth, we are permitting publicly traded real estate investment trusts to qualify as mutual fund trusts for tax purposes.

Sixth, we are dealing with mutual fund reorganizations. It will allow a mutual fund corporation to convert into a mutual fund trust on a tax free basis and will allow tax free mergers of mutual fund trusts.

Members of the House will know that the mutual fund business is one of the fastest expanding businesses in North America. Every effort has been made at the regulatory level to keep in touch with the industry and keep up to date with its changes.

We have sought through the Income Tax Act several other initiatives in the securities industry to ensure the tax regime is fair to people in the mutual fund area and is current with established practices. As time goes on, if the industry continues to change as fast as it has, we will have to make future changes.

Seventh, we are dealing with objections and appeals. This requires large corporations to specify in notices of objection to income tax assessments the issues under dispute and the amount of relief sought.

The House may be familiar with the past practice of legal departments and taxation departments of corporations sending notices of appeal to Revenue Canada on a regular basis, indicating that they have an objection to the taxes being assigned by Revenue Canada. By making a general objection as they have in the past they have been able to wait for specific tax cases to come forward. Once the tax cases are registered they are able to re-examine their books to see if they apply. In theory that has caused the Government of Canada to have a great deal of liability each year in the corporate tax sector.

We are seeking to limit the liability in the future within a specified time that we think will give the corporation a lot of time to review its tax assessment. The notice of appeal should specify exactly what is being appealed. It is no longer suitable to have a general appeal against the tax assessment. The corporation must specify exactly what it is objecting to and proceeding with, if necessary, through legal action. That will give Revenue Canada and the Government of Canada an opportunity to proceed without having to worry about innumerable court cases in the future.

The eighth section deals with securities lending. This will permit investment dealers to deduct two-thirds of dividend

compensation payments made in securities lending arrangements.

The bill has a fairly broad range of measures. It complements the original budget speech, the budget bill introduced last year and the changes to the Income Tax Act dealt with in the fall of 1994 that were finished in the spring of 1995. The bill introduces specific measures that are very compact including funeral arrangements. It establishes the principles of fairness long talked about by governments but rarely acted upon.

The objections and appeals, the opportunities to challenge tax rulings and deal with the tax payable by foreign affiliates, are fair measures. The Minister of Finance has done an excellent job. He stated quite often that the government would not let up on bringing more fairness to the tax system. Those measures will be benchmarks of the new fairness in the Income Tax Act dealing both with corporations and individuals.

(1700)

When we have made major changes affecting an industry such as the insurance industry we have proceeded not only with a determination to make things fairer for the whole sector but we have been responsive to criticisms and to critiques. We have been willing to talk with these people and to talk to the executives of the different companies and to the associations and to respond when a point is well made.

To have good tax law we have to be determined to be fair but we also cannot be stubborn and in the face of obvious mistakes hold to a position which puts companies at a disadvantage. I have learned a lot about the insurance industry as a result of these measures and I am hopeful we will continue to have these discussions in other spheres.

The government welcomes the opportunity to open up this debate, to have second reading on Bill C-70, amendments to the Income Tax Act. We welcome comments from the opposition and its critique on what we are trying to do and its suggestions on how we can make the Income Tax Act fairer in the future.

We also welcome the opportunity to hear from witnesses in committee both in the House of Commons and later in the Senate so that the views of professionals in the field can be heard, taken seriously and government can continue to refine the Income Tax Act to be fairer and more just to more Canadians and as we proceed over the years to make further amendments to ensure every Canadian is paying his or her or corporate fair share and at the same time finds the system just in the way they are treated and in the way other people are being treated.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I thank the government for giving us this opportunity, through Bill C-70, to speak not only on particular provisions of the bill, which enacts certain measures put forward in last year's

Government Orders

budget by the finance minister, but also to raise the whole issue of reviewing Canada's tax system.

I can tell you right off the bat that the official opposition will not support Bill C-70 at second reading stage, not because of any specific measure, but because of the lack of significant action on the part of the government regarding tax loopholes and the review of the tax system the Bloc Québécois has been requesting since the Liberals came to power, nearly 15 months ago.

A little while ago, I listened to the secretary of state talk about an in-depth review of the tax system, of the openness of this government regarding the inequity and unfairness of the Canadian tax policy. Pretending to be concerned with equity and social justice, this government has done nothing to plug tax loopholes since it came to power.

All this is contrary to what the red book said. The government no longer refers to the red book, which was waved at us month after month, because it is ashamed. It can no longer establish any parallel between its election promises and its action in the area of taxation. In fact, the red book contained many Liberal policy statements on tax fairness, pointing out to the fact that in this great country which prides itself on being fair from coast to coast, as the Prime Minister likes to say, there are totally unfair situations.

As a matter of fact, the red book mentioned a few. It said that some corporations had not paid a cent in income tax for years because of the previous government's laxness and the fact that it supposedly had many friends among big business, which was not the case of the Liberal Party. The Liberal Party, too, had criticized the fact that, since 1984, personal income tax had increased much more rapidly than corporate income tax. If I remember rightly, according to what the Prime Minister said at that time, it wanted to correct all the unfairness and injustice in the tax system in the first two years of its mandate.

Since they have been in office, the Liberals have not fulfilled their undertakings. They have not fulfilled the promises they made during the campaign in order to get elected.

(1705)

Let me give you some examples of unfairness in the tax system. Let us take, for instance, the family trusts. It is not for nothing that, for the past 15 months, since our arrival here, we have been saying, over and over again, that the tax rules for family trusts are unfair to all the taxpayers in Quebec and Canada. It is no coincidence if we have been pestering the government about every second day since 1993 about family trusts. It is because this tax system is truly unfair to Canadians, from whom the government asks more and more sacrifices because its finances are in a sorry mess, while at the same time the richest Canadian families are allowed to accumulate capital

gains year after year without paying any income tax for up to 80 years.

Even the tax experts are divided on that issue. Some work for the very rich Canadian families, others take a view more compatible with the interest of the general public. Some of these, for the last two to three years and even since the review, four and a half years ago, of family trusts and the 21-year rule, have sharply criticized the perpetuation of such a measure and the possibility to defer income tax on capital gains for up to 80 years.

As the official opposition, we have made this issue one of our favourite themes, especially since we obtained sketchy information from the private sector and some Canadian universities that lead us to believe that hundreds of millions and even billions of dollars could be recovered by abolishing certain privileges linked to family trusts. We know that those trusts have become a major means of tax planning for the wealthiest Canadian families, individuals and companies.

We are not talking here about the principle of family trusts, which can be a good thing. We are not talking about the principle of family trusts, which may apply, for instance, to families with a handicapped child who will need to be taken care of in the future, even once his parents are dead. We are not against the whole idea, nor the administration of these trusts, but what we have been questioning since we arrived here, and even before, during the election campaign, is the fact that a millionaire can use this system to defer indefinitely taxes on his or her capital gains. We cannot accept that.

What did the Minister of Finance give us in his last budget? He wanted to look good. He said: Since I cannot stand the official opposition complaining about such a blatant case of unfairness and injustice in the tax system, I will mention the words family trust in the budget speech to shut them up in the future. But he forgot that we have ears to listen, eyes to read and brains to analyze.

When he brought forth his measure, saying that he would eliminate fiscal benefits for family trusts in 1999, he took us for something that we were not. He also took Quebecers and Canadians for something that they were not, because he knew very well that, by putting off to 1999 the necessary change only for family trusts, he was warning rich Canadian families four years in advance so that they could get ready and take out the hundreds of millions of dollars, even billions of dollars that they had put into these trusts and transfer them to other financial vehicles, other powerful tools of tax planning. We have not dealt in any way with all the tax loopholes that these rich families and all the big Canadian corporations can benefit from.

Is that how the government sees social justice, and fairness in the tax system from coast to coast? Is this how the government shows its concern? This government has only one concern: to look good. It does not matter what the substance is; the im-

Government Orders

portant thing is to look good. The last budget, like the previous budget and Bill C-70 before us, shows us this government's propensity for cosmetic changes, for phoney tax reforms that do not change anything.

(1710)

One should also look at the tax agreements signed with countries considered to be tax havens. We in the opposition refuse to let the government get away with this. We have been hounding the government since the last election campaign so that, ever since the 1994-95 budget, the Minister of Finance tried to silence us, to stop us from denouncing the inequities and tax loopholes in these tax agreements by putting up a smokescreen.

At that time, the *Globe and Mail* called the Minister of Finance, with good reason, the stand-up comic of Canadian tax policy. The minister presented things very dramatically but with such a lack of substance that, a few minutes after he delivered his speech, it was easy to see that nothing had changed with respect to tax agreements. Even the Auditor General of Canada said soon after the budget was tabled that, with the exception of some administrative adjustments allowing businesses to take advantage of tax agreements with countries considered to be tax havens, nothing had changed in the tax system in this regard.

What does this mean, that nothing has changed? It means that, again this year, next year, and in two, three or 10 years from now, the Canadian tax system will still provide for this kind of agreement, which is not a bad thing per se but which makes a big difference when such agreements are signed with countries used to shelter billions in Canadian and U.S. dollars, and tens of billions of dollars in European and Japanese currencies.

You know that such tax treaties enable certain Canadian businesses to open dummy subsidiaries offshore, carry out no business activities offshore, pay no tax or very little abroad, yet claim in Canada losses they did not even incur abroad, just for the sake of reducing their operating results in Canada and avoid paying their fair share to the Canadian tax authorities.

We are not talking about small and medium size businesses, the vast majority of which do their corporate duty and pay their fair share of taxes, but large corporations which can take advantage of loopholes in the Canadian tax system that were plugged neither in last year's budget nor in the finance minister's latest budget and are allowed to remain, although the Liberal government claims to be concerned about fairness in the tax system.

These tax treaties signed with 16 countries considered as tax havens are key to or at least instrumental in the federal government's improved performance in managing the Canadian tax system. Yet, the Minister of Finance continues to maintain that these are good tax treaties, that there is nothing wrong with these treaties and that, in this age of globalization and international-

ization of trade, it is natural to sign tax treaties with other countries.

We have always maintained that it is natural to have tax treaties and that, when businesses open subsidiaries offshore and pay taxes abroad roughly equal to what they would have paid in Canada, such treaties should be signed to prevent double taxation and ensure that the production system in which Canadian businesses operate is fiscally equitable, promotes job creation and so on.

However, we are utterly opposed to signing with tax havens treaties which, in the opinion of the Auditor General himself, make no sense whatsoever. The internationalization and globalization arguments do not hold up when, by raising very little if any tax revenue from large corporations taking advantage of such tax loopholes, the fiscal position of Canada is not only threatened but made worse.

The Department of Finance stopped releasing figures because they are too shameful. In 1991, the last year for which such statistics were available—as statisticians would say—the last year before the previous and the current government felt to ashamed of these results, no less than 77,000 Canadian businesses did not pay a cent in tax. But then again, we were told it had to do with the businesses' production cycle. That is understandable.

(1715)

We can understand that a business may need to develop its products or services over a period of one, two or maybe three years before turning a profit, gaining a share of the market, or preserving a share of the market for a specific product. However, there is a problem when the production cycle lasts for a period of five, seven, ten or twelve years, during which the business does not pay any taxes but registers a profit every year, such as the banks which made profits of \$4.8 billion last year while paying hardly any taxes.

When I see that CN makes profits, pays its president a salary of \$350,000 per year and grants him an interest-free loan of \$400,000 to buy a house in Westmount, while at the same time acting in an inhuman if not barbaric fashion in the rail dispute, I wonder about this government's intentions and its election commitments regarding equity, social justice, the respect of rights, as well as fairness in general. Something is wrong somewhere. Incidentally, CN did not pay taxes either.

There is a problem with taxation and these few measures—although we feel some are valid—are so minor given the scope of the flaws in the Canadian tax system, which has not been reviewed in 35 years, that we simply cannot support and praise the government for such minor initiatives.

Among others, Mr. Séguin, a former Quebec revenue minister, says that, for 30 years now, the only changes to the federal tax system—I am not quoting him directly—were the inclusion of new elements or some minor reforms to that system, and that all this was essentially a top-loading exercise, in the sense that

Government Orders

new measures were added to existing ones, thus turning the Canadian tax system into a monster.

As a new member in the House, particularly as the finance critic, you do your very best to have a thorough grasp of all issues. And in order to do so, during the first months, in order to learn every aspect of the issues, you request a lot of documentation. I challenge you, Mr. Speaker, to try to read all the documents on Canadian fiscal policy. It is quite an ordeal when you consider all the explanatory notes, all the bills, all the related regulations, all the sub-regulations that have been added on. I challenge you to read all that within a ten-year period, and I will congratulate you if you succeed.

In the United States, under Mr. Reagan, they had the same problem. We all remember that one of Mr. Reagan's constant refrains was a reformed and simplified income tax system, even if he was more favourable to businesses than to individuals, but the intention was there. He reformed the American tax system and simplified it at the same time. You can always question the fairness of this process, the propensity to favour corporations and high income earners instead of low and medium income taxpayers, but in the end the tax system was simplified. People can see exactly what the taxation levels are. They can see where the system is unfair.

Here, we have to rely on experts or the members of the official opposition to scrutinize the tax system and tell the Canadian population what it really looks like. To point out to the Canadian people, for example, that 50 years ago, 50 per cent of all tax revenues were paid by individual taxpayers and 50 per cent by corporations. However, corporations nowadays account for around 17 per cent of all tax revenues and individual taxpayers make up the rest. We have to tell the people, because they will not hear about this from government members who tend to hide these things, just like the Liberal Party did during its first mandate.

I remember that it was then that the gap between individual taxpayers and corporations began to come to light.

(1720)

Friends of the Liberal Party had already been taken care of during the earlier mandate of the Liberal Party of Canada, and it is still going on. Anyone can compare the list of large donors to the chest of the Liberal Party of Canada and the list of tax policies that have not been reformed because they are just what big corporations want.

When we see that the Royal Bank, for example, pours over \$45,000 each year into the chest of the Liberal Party of Canada, we understand why in the last budget Canadian banks had

nothing but a small income tax increase of \$150 million over two years even though they made profits of almost \$5 billion. We also understand why they are the main beneficiaries of the computer development programs provided by the federal government. When we see that the large corporations managing family trusts give between \$35,000 and \$67,000 to the Liberal Party's chest, we understand why they have until 1999 to adjust to the new family trust provisions. I find it—

An hon. member: Incredible.

Mr. Loubier:—yes, incredible, the member takes the words right out of my mouth. I find it incredible that they would have the nerve to present Bill C-70 as a major tax reform, like the secretary of state did a few moments ago. All they are doing is adding a few minor positive elements and a few negative ones, again to make taxation even more complex.

I will tell you that it is a lot easier for this government to make cuts in social programs and to make outrageous cuts in the unemployment insurance fund. The federal government is no longer contributing to the unemployment insurance fund, but it will still take about \$7 billion from it over the next three years.

Over the same period, that is from 1994-95 to 1997-98, it will also take from the provinces the money it cannot obtain by closing loopholes in the federal tax system because it wants to protect wealthy party cronies or the large corporations which also happen to be important contributors to the Liberal Party fund. It will cut transfers to the provinces by \$12.3 billion. It is offloading onto the provinces the problems created by its mismanagement of federal public finances.

It is passing on to the provinces a possible lowering of our credit rating by the large bonds rating firms because, as Moody's has shown us, the federal government, even though it is represented by many stand-up comics, does not escape a serious analysis of our fiscal situation, of its unwillingness to correct this situation and our tax system in particular and to review all public expenditures item by item, including tax expenditures, as we have been asking since we arrived here.

Moody's has understood that, although this document is some 225 pages long, it is not with these insignificant reforms which make our tax system even more complex that we will regain control over our finances, over our tax system and over the government's present and future revenues.

Moody's has understood one thing, and we can quote that agency. It has understood that this budget contained a lot of weak measures. There were measures that were supposed to allow the Minister of Finance to meet his objective of a deficit representing 3 per cent of GDP for 1997-98, or \$25 billion, but

Government Orders

after that, there is nothing, just a big blank. We do not know where we are going. Moody's understood that.

Moody's understood that in spite of all the cuts made at the expense of the unemployed, the seniors, the students, and the provinces, there is no way we can turn the situation around with this system. As Moody's put it, they could not see how in the medium term, we could control the deficit, much less the federal government's accumulated debt.

(1725)

I have a feeling that Moody's can make calculations spread over more than a few months or one year. Moody's estimated, probably just as we did, that in spite of all the sacrifices and in spite of the last budget and the one before, from which Bill C-70 stems, which are purported to be important and major steps on the way to recovery, to a reduction of the impact of the debt on the Canadian economy, in five years, the accumulated federal debt will exceed \$750 billion and be closer to \$800 billion. Moody's understood that.

People at Moody's have a good appreciation of our situation, and they know how to interpret figures. They know there is no hope in the medium term, and even less in the long term, that this government, with its timid reforms of the Canadian tax system, will ever regain control of our financial situation, restore fairness to the tax system, and make it work smoothly. Moody's made a proper assessment of the Canadian situation despite what the intergovernmental affairs minister said after Moody's report was made public, and despite the answers the Prime Minister gave during question period this afternoon to the effect that Canada would have the highest gross domestic product growth in industrialized countries. Despite all of that, Moody's understood many of the problems in the Canadian economy.

First of all, if Canada has the best economic growth performance of all industrialized countries this year, it is because it was so far behind. Canada was the first to go into a recession that was the direct result of the monetary policy deliberately implemented by the Bank of Canada, a policy that brought us the worst recession in the whole Canadian history. Moody's understood all of that. When a country goes into recession before other countries, a stronger economic recovery is normal, especially the technical recovery that we are supposed to have had for three years. Moody's has understood that such a surge of economic growth is only temporary.

We are glad that the more substantial recovery we have waited for so long has finally begun. We hope that this year, the economic recovery will truly lead to the creation of quality jobs for all Quebecers and Canadians. On the other hand, Moody's praises as we do the economic growth which is unrelated to this

government's policies, even if the government claims the contrary at every opportunity.

Economic growth is part of a normal economic cycle where the slowing down and the trough have lasted longer than usual because, I submit to you, of structural adjustment, globalization and of the new international situation, but in fact, this is quite normal considering that we were in the basement and that we are trying to stay on the ground floor over the next year.

Moody's adds, and we agree with this analysis, that as soon as the Canadian economy slows down—not in ten years, but at the end of 1996—partly because of the slowdown of the American economy as early as next year, the effects will be very severe. This is why Moody's indicates that the deficit problem is not under control, much less the debt.

Why? Because if, in one year and a half, Canada falls back into a recession cycle, tax revenues are going to decrease, which means that investor confidence is going to diminish because the federal government's deficit problems could, as soon as 1997-98, be greater and require even more draconian cuts than the ones which have been imposed on us by the Minister of Finance these last two years and which did not solve anything.

This means that foreign investors in particular, and Moody's was speaking to them, will start asking some serious questions about the future of the Canadian federation, the future of this government, if we are still stuck with it in Quebec. They will have serious reservations. Foreign investors will start wondering whether Canadian securities are a safe investment, because when the next recession comes around, with a debt which by 1997 will probably be close to \$650 billion, it is really going to hurt, because we will need an increasing amount of money to service the debt. Since Canadian savings are not enough, foreign markets become an indispensable source of financing for the Canadian government, and the interest rates we will have to pay then, as a result of Moody's downgrading our bond rating—I can tell you Quebecers and Canadians are going to feel it.

(1730)

And what caused all this? The Minister of Finance, instead of indulging in theatrics and looking only at the short term, should have looked beyond the next federal election and beyond the referendum campaign in Quebec. He should have acted responsibly and done more than this superficial patching. He should have proceeded, as we requested, with a genuine review of public spending and the tax system, the tax loopholes he has yet to close after almost two years of Liberal government. That is what caused all this trouble.

It is not a question of what will happen in the short term. The financial community looked at the short term. Everything is fine, but that will not be the case next year and in two years, it will be even worse. Moody's takes a much longer view. I respect

Government Orders

this firm because it had the guts to do this, although it was under political pressure, because as you know, bond rating firms are regularly approached by lobbyists. Lobbyists are not just on Parliament Hill. There are lobbyists on Parliament Hill who go to see these people or the firms go directly to the Minister of Finance. They realize what is going on.

Those who today blithely say that Moody's downgrade will have no short term effect are also irresponsible because of the message they are sending to the government. I am talking about large financial institutions in Quebec and elsewhere in Canada; some are arm-in-arm with the Liberal Party while others have a certain integrity we can respect. However they behave in an irresponsible manner when they say that all is well, that the financial sector anticipated Moody's downgrade and that the federal government was forewarned on February 11 of the impending downgrade but was reassured that the economic growth was there to offset it.

In my opinion, all partisanship and opinions on the constitutional debate aside, saying such things is irresponsible. Some people are irresponsible enough to say that all is well. They are applauding the government even though it has failed to make the structural reforms, the deep structural changes that such a disaster calls for. Two years from now, these same people—I have them on record—these very people will be saying: "Two years ago the federal government should have taken more effective measures, stricter measures to get the public finances in order. It should have reformed the tax system two years ago. We could have avoided this utter tax mess. We would also not be stuck with a recession made twice as bad as a normal recession because investors holding Canadian securities have lost confidence in our system and in the government's ability to manage the public purse". These people in two years are going to say exactly the opposite to what they said last week or even last weekend about the impact of Moody's reduced rating.

I would ask them, if they still have a sense of responsibility, to remind the federal government that it should not take short term holidays. It should set in motion what we have been asking it to set in motion since it took office. It must review everything it does here while awaiting Quebec's decision to leave the system. It is a system we consider to have no future, one that has shown itself to be, in the absence of tax reform alone in the past two years, immovable and, in terms of the constitution, irreformable and inflexible.

Even with respect to tax reform, it is immovable. Perhaps because of the size of the machine and of the task, but it is immovable primarily because the government is defending interests other than those of Canadians and Quebeckers, I believe. The lack of a clear stand in favour of fairness in the tax system, in favour of a complete review of taxation and in favour of the establishment of a parliamentary committee to review the

whole matter tells us it is time to "get the heck out", as the current expression has it, and I am talking to Quebeckers here, it is time to get out before choices are made for us.

(1735)

You only have to look at the history of Argentina or Mexico. People say that countries in Latin America cannot be used for comparison purposes. But it is not true. In the early seventies, Argentina was thought to have a brilliant future, a country rich in resources, just like Brazil. Remember, until the early eighties, we were talking about the Brazilian miracle. Opportunities were endless.

The same went for Mexico. When Pemex was created, enthusiasm ran high. Wealth was assured. The debt problem was not nearly as serious as the one we now face in Canada. And yet, these countries collapsed and the International Monetary Fund imposed on them measures that they should have imposed on themselves, but in a more humane and gradual way, to cause as little hardship as possible to individuals as well as businesses. Radical cuts were imposed on them.

I remember in 1984, before joining GATT, which is now known as the World Trade Organization, Mexico was told to cut its education expenditures by half. All at one, expenditures had to be cut by 50 per cent in education, 30 per cent in health and 45 per cent in rural development—and in Mexico, the rural sector is extremely important, much more so than in Canada. Yet, this is the kind of measures that were imposed on Mexico.

If, according to Moody's in particular, but also many others who, before the budget was tabled, shared Moody's views and those of the Official Opposition, the federal system is presently in shambles, with \$548 billion in accumulated debt, just imagine what it is going to be like five years from now, when the debt will reach and possibly exceed \$800 billion. This growth, from \$548 billion to \$800 billion in five years, not counting inflation, will cause a serious problem.

All this to say that we are ashamed of the only reform measure before us and not a very substantial one at that, changing a few minor aspects of the Canadian tax system and a few minor regulations, when what is needed is a comprehensive reform, if Canadians agree to keep this system. But when these changes are said to be urgently required by the Canadian tax system, that is too much.

I will therefore suggest that my colleagues from the Official Opposition vote against Bill C-70 because, in our opinion, in terms of tax loopholes, redressing inequities in the Canadian tax system and the sacrifices big businesses that shirk their fiscal duty as well as some extremely wealthy Canadian families are asked to make, it does not go far enough. We have been calling for much more than that in the past 15 months. We want real reform, we want the red book promises regarding tax reform to

Government Orders

be carried out and true tax justice to be felt in this country before Quebecers leave it.

[*English*]

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, the previous speaker from the Bloc Québécois talked about how important it is that we overhaul the whole system and how ashamed he is that we are only tinkering with the system.

It brings to mind some comments I was reading in the paper over the last few days about how the Bloc Québécois feels it can overhaul the whole system. However, now we find it is retreating. Rather than full blown separatism we now find the premier of Quebec saying he does not think that will fly, water down the whole message, talk about something a lot less draconian than complete separation. Along with the leader of the Bloc Québécois he now thinks perhaps some form of economic association would be the way to go. That is exactly what they have at this point.

In reference to the previous speaker's comments that he would like to see a full blown overhaul of the whole tax system, I put it in the same context that perhaps the full blown overhaul of the political system in Quebec and in Canada would not go very far either. Let us hope it would not.

That does mean to say this bill is a wonderful piece of stuff. Bill C-70 was a year old before it was even introduced in the House. This pertains not to the budget introduced six weeks ago but to the budget introduced a year and six weeks ago. It has taken the bureaucracy a whole year to come up with 200 pages of what virtually every Canadian would call unintelligible gobble-degook. It is far beyond the comprehension of most people.

(1740)

This is how we run our tax system today. Not only has the Income Tax Act become incomprehensible to Canadians, it has become incomprehensible in many ways to accountants. It is incomprehensible in much the same way as the Chief Justice of the Supreme Court was saying last week that the legal system is going to collapse under its own weight because it has become so complex that even lawyers cannot understand it.

The Income Tax Act is going the same way. It has become so complex with additions, deletions, amendments and changes that even accountants cannot figure out what is happening. We then add even greater complexity. Accountants are supposed to be able to figure all this out in anticipation of legislation that is only being introduced now even though the finance minister announced his intentions over a year ago. The income tax people have been assessing tax returns this year based on the contents of this bill. However, it was only tabled on February 16, 1995. People did their tax returns before the legislation was tabled in anticipation of trying to do their tax returns based on information that did not even exist.

How do we expect accounting professionals to do an admirable and efficient job of trying to advise their clients on how to do their tax returns when they are doing it all on the basis of a statement by the Minister of Finance with no legislation to back it up and no real assurance that it will pass? We still have to vote on it. I hope that is not a perfunctory situation.

Parliament holds the public purse. The House gives the executive the authority to raise money. It is raising the money and now it is asking us if it can. What happens if we say no? Perhaps we should say no. I think it is paying lip service to Parliament.

It is an insult to Parliament that the executive can tax Canadians, impose rules, penalties and conditions all on the supposition that it will introduce legislation at some future time. It will then ask Parliament to vote on it and say it has been working on the premise that we were to approve it. What kind of way is that to run a country? Perhaps that is indicative of the kind of mess we are in because, as everybody knows, we are right up to our neck and over our head with a debt of \$515 billion.

By the time the government has been in office three years it will have added \$100 billion to the debt. By that time it will only have reduced the deficit by \$15 billion, from \$40 billion to \$25 billion.

This policy of gradualism to deal with a crisis in a fiscal situation is not good enough. One hundred billion dollars in interest at 8 per cent is \$8 billion more that we will transfer to lenders each year. That means taxes paid by the rank and file Canadians will be transferred to the banks in the United States, Germany and Japan, not back to the taxpayers of Canada. They will not see it.

We are paying the money lenders and they now control the way the country is run. That is a desperate and most unfortunate situation. The Liberal government seems to be totally incapable of grasping the severity of the situation.

Reformers have said get the budget balanced, do not worry about 200 pages of nickels and dimes and changes in the complexity to the Income Tax Act. Let us talk about simplification. Let us talk about getting the budget balanced. We said that it could be done in three years.

The government has a revenue of approximately \$120 billion a year. In three years it will have three times \$120 billion, which is \$360 billion, and during that time it can only find \$15 billion to squeak out of there. Is this draconian? Is this really grasping the issue and saying let us get the job done now? I doubt it. I do not think so, and my colleagues agree with me.

(1745)

It is a shame that parliamentarians in charge of running this country feel that this policy of gradualism is the only way we can address the issue as this great country sinks beneath the

Government Orders

wave of debt. The interest is now the largest cost by far to the government, \$50 billion a year.

When the Liberal government was in power 20 years ago and the Prime Minister of the day decided it was time to open the gates and let money be spent, flow like water, would Canadians have voted for them? Would Canadians vote for them today if they realized that \$50 billion a year is spent on interest to pay for past excesses and the way previous governments have tried to buy votes with our own money? Now we are spending \$1,500 per man, woman, and child just to pay the interest on that debt.

If and when we get the budget balanced, for ever dollar in taxes we are going to collect from Canadians, we will only be able to return 60 cents in services. The rest will go to pay the foreign lenders. That is no value for money. You pay a dollar and you get 60 cents back on your investment. What kind of deal is that? Who goes down to the local store and spends a dollar and expects to get 60 cents in value for the money spent?

They will tell the government that it is out in the next election, because obviously it does not know how to deal with the problem. Remember that the members of the government are the ones who at the last election were parading around the country saying: "Trust us, we are going to get rid of the GST".

Mr. Mills (Broadview—Greenwood): And we will.

Mr. Williams: And they will—well, maybe hell will freeze over first.

They say they are going to get rid of the GST. They said in the red book they are going to get rid of the GST. They have not even talked about it. It has not even been mentioned. When was the last time we heard a member of the Liberal government stand up and say they are going to get rid of the GST? It is one of the little things they hope will go away. They tore that page out of the red book and reduced it by one page. That is one promise they are conveniently forgetting to deliver on.

Canadians are still mightily upset, because they were promised that the GST was going to reduce the debt. Has the deficit gone down? Has the debt gone down since the GST was introduced?

Mr. Grubel: No.

Mr. Williams: No, it has not. Not only has it not been reduced, but the debt continues to rise and we continue to sink under the weight of interest payments that we cannot afford. The government made promises it knows it cannot fulfil, all in the hope that Canadians would vote for them. And they did, misguidedly, unfortunately, because we now find out that the government is not going to live up to the promise of getting rid of the GST.

At least the Reform Party was honest and open when it said we will get rid of the GST once the budget is balanced. Let us get the hard stuff done first.

Mr. Jordan: It is pretty safe for the Reform Party to say that.

Mr. Williams: Let us get the difficult job of balancing the budget done before we give any tax relief. That was the commitment we made. We said we would have tough and difficult times and we are going to have to reduce expenditures. But while we reduce expenditures, which means we will be spending less on Canadians, we did not promise any Canadian they would get tax relief. We thought that was unfair. We did say that there was light at the end of the tunnel. Let us get the job done. If and when the job is done, then we will promise to phase out the GST at that time.

Colleagues from the other side went across the country saying "We will get rid of the GST if you vote for us". Well, Canadians may have voted for them, but Canadians are still waiting. Unfortunately, the bad news is that Canadians are going to have to wait a long time before this government delivers on that promise.

(1750)

Our credit is going down the drain. Moody's has downgraded our rating. Where is it going to end? We are now paying higher interest rates because our credit has gone down. That means that business has to pay higher interest rates. It means that the government has to pay higher interest rates, and that means that the Canadian taxpayer will have to pay more taxes.

This government cannot manage the affairs of the state. Moody's has downgraded our credit rating and that will have ramifications for years to come. How will we be able to regain our AAA credit rating? How will we be able to stand up as one of the great nations of the world?

Canada has a fabulous bounty of natural resources. We have hydrocarbons, we have prairie wheat fields, we have hydroelectricity, we have forests, we have minerals. It is all gone, because we went to the bank and put it up as collateral to borrow money to buy more votes. Here we are today in one of the greatest countries of the world. We have natural resources in excess. We have opportunities. We are the light for people around the world who can only dream of a country like Canada. There are opportunities for anyone who wants to come to this country and work hard and prosper. That was the great Canadian dream. People could come here with freedom, with hope and with opportunity. And they came by the millions. They populated this country and they built this country, only to see what they had built come down around their ears by the mountain of debt that has been foisted upon them by governments that care less about Canadians than their own self-interests.

Government Orders

The tax system in this 200-page bill has many pages that are incomprehensible to many people. Let me speak to a few of them.

In some ways, while the government has said that it does not want to increase taxation, it is casting the net wider so that it can catch more taxpayers. Even though tax rates are not going up, the government is doing its darnedest to ensure that more people pay taxes. That is the essence of Bill C-70.

The government talks about cleaning up the provisions for debt forgiveness. Debt forgiveness is a situation where a business or an individual runs into serious financial problems. Let us say that someone owns an apartment building and that the value of the building goes down because there are no tenants. The rents cannot meet the mortgage payment and the mortgage company forecloses. He has lost his investment. But the Minister of Finance wants his pound of flesh. That person has suffered a major setback. It could apply to someone who has a rental property of a house, or it could apply to someone who has a business—somebody who has, for one reason or another, had a reversal of his financial fortunes and has had to go to the lender to ask for a forgiveness of the debt because he can no longer afford to pay. And the tax man says “Before you do that, remember that you owe me”.

He owes the tax man in a situation where his financial fortunes are going down rather than up. I always thought this was an income tax. I guess not, because the Minister of Finance feels that it is his duty to stick his hand into the pocket of even the businessman whose business has failed.

(1755)

What about some of the other situations, such as taxation of income from foreign affiliates? I know that there have been situations where business has been found to try to minimize their taxation. However, here we have again an expanding of the circumstances into which income from property—which is a passive income, as opposed to active or business income—of foreign affiliates is not taxable in Canada.

We are trying to cast further and further afield. Now we are casting abroad to ensure that a nickel earned anywhere in this world, not just Canada, does not escape the Minister of Finance and his bureaucrats’ fingers, which seem to go all the way around the world to get that last dime of income tax to pay for the debts and the interest and so on, which is killing this country.

Then we have the financial institutions and the securities dealers. We are now going to change the rules for them too and again we are going to cast the net a little bit wider to bring them into the taxation end as well.

We have always believed that a dollar earned is a dollar taxable. We do not disagree with that basic philosophy. But now

we are finding that a dollar unearned is a dollar taxable. Those people who deal with investments on a trading basis are now going to have to pay income tax on the income on the basis that the shares had already been sold. But they still have them; they have not sold them. Now they are going to have to pay income tax as if they had sold them.

Here we have a situation where an investment person who is managing his money and has it invested and is a trader in securities is fully invested, is doing well and his shares are going up and he has not sold any because he feels they are good and adequate investments. Now he finds that come April 30 he has a big tax bill, even though he has not received one cent, because the Minister of Finance wants to cast that net wider to catch every nickel he can lay his hands on because he is desperate for cash. While he is desperate for cash, he feels perfectly at liberty to dip his hands into the pockets of anybody he can find. Never mind about their cash flow problems; he does not seem to have any concern about their cash flow problems.

Here is someone who is going to have a tax liability and a debt to be paid, plus interest if he does not have the cash, because the shares he is holding and continues to hold have gone up in value. He has not sold them. He does not have any money. He has not realized any gains, and yet he has a tax burden. Do you not think that is stretching it a bit too far? I do.

How are we going to encourage investment if every time somebody makes a dollar, even before they get the dollar the tax man has his hand in his pocket saying “You owe me. You have to pay it now. I am going to charge you interest and penalties unless I get it now.”

Mr. Mills (Broadview—Greenwood): What is the solution?

Mr. Williams: The solution is quite obvious: get our fiscal house in order so that we can manage our own cash flow and let business and other Canadians manage their cash flow and let them pay their taxes when they have earned the money. Remember, I said a dollar earned is a dollar taxable, but I did not say that a dollar unearned is a dollar taxable. That is a major quantum leap by this government into a new area of taxation, which we cannot condone under any circumstances whatsoever.

Not only that, but there is a semblance of offsetting. They are saying that if your shares go down they will allow you to do it at market value. If you have a loss and a couple of gains, one up and one down, you can net them off and pay tax on the difference.

(1800)

That is okay in an inflationary environment. It is okay during a period of economic growth because by and large things tend to go up. This government will be the beneficiary of enhanced taxation during the good times. We are in an economic growth

Government Orders

period at this time and no doubt that is why the Minister of Finance introduced this particular piece of legislation.

Think about it this way. We go into an economic downturn, and we surely will as it has never failed before. I think the economists would agree that one will come along perhaps sooner rather than later, much to our misfortune. At that time after all the securities have been taxed at market value we do know that the preponderance may be that they will drop in value. At that time all of them will be asking for tax refunds which will further erode the government's fiscal position at a time when it needs the money most.

The government should keep its hands off the taxation of unearned income. That is the solution. This government should not get involved in a situation that increases the volatility of tax collection.

Any business and any government should know that the most important thing is a steady flow of income. This measure is going to try to generate additional revenues for the government in the short term while the economy is good. I can assure you that on the other side of the coin the chickens will come home to roost during the economic downturn. That is when this government will need the money most.

Other little arrangements in the bill are things like funeral expenses. Most of us do not pay too much attention to funeral arrangements. Tucked away in Bill C-70 is the opportunity to put \$15,000 cash into a trust fund to pay for funeral expenses on one's death.

I am sure that the rank and file Canadians have \$15,000 in their pockets and are just running out to put \$15,000 into a trust fund now in order to ensure that they get properly buried when the time arrives. Not only that, they are going to be able to defer the taxes on the income.

Unfortunately the average Canadian cannot afford to run out today and put \$15,000 in a trust fund to ensure a proper burial, but the rich people can. Here is another little giveaway to rich Canadians by telling them how they can shelter their income. Just stick \$15,000 in a trust fund to ensure that they get a proper and adequate burial. If we think about that amount and the interest that is quite a funeral the yuppies are going to have on their demise.

Perhaps I should buy some shares in these funeral home groups. They have been doing not too badly. I missed out on it before but maybe it would be a good idea to jump back in. Maybe they are going to make more money. Maybe \$15,000 funerals are going to be the order of the day rather than something more appropriate for those who have less money. You never know.

Why in this time of difficulty when the Minister of Finance says that we need all the money we can get is he allowing rich people to tuck aside \$15,000 plus interest, plus the income so

that they never have to worry about it again? This nice little tax loophole has popped up from a government that promised to get rid of them.

The solutions are that we be fair to all Canadians. Surely the rule has to be that we are fair, that we ensure a small group of people who have ready access to government members, cabinet ministers and so on, should not be entitled to some special privilege which other Canadians do not have.

(1805)

We should be fair to all Canadians. If the average Canadian cannot afford to put \$15,000 into a trust fund for his funeral arrangements, then I do not think rich people should either. If they are that rich they can afford a few dollars to get themselves buried.

There are also the real estate investment trusts. Quite recently the real estate market in office buildings has not been doing so well. Too many Canadians were talked into these trust funds. We ran up the price of office and other buildings in large cities like Montreal and Toronto with the expectation that these small time investors were going to make big dollars.

Lo and behold what did we find? Down it went because the market was oversubscribed. The rich people took the money. They ran off home and the poor little investor was left with an empty building. He lost his shirt so they have now made some changes to the real estate investment trust taxation to allow these things to be rolled into an RRSP.

Here we are again giving an artificial incentive to Canadians to buy into real estate. In five or ten years from now when the market goes down again they will be left holding the bag while some people will walk home with the cash and I do not think they will be the small time investors.

During the Easter break, a mortgage free, nine storey office building in Edmonton was transferred for \$1. There were not enough tenants to pay the taxes. It was losing \$250,000 a year. Read it in the *Edmonton Journal*. It changed hands for \$1. It was mortgage free. The city tax assessor said it was worth over \$2.5 million. For one dollar. If that had been in a real estate investment trust how much of that dollar would the investors have received? Nothing.

We must be careful when we provide these tax incentives to the small and average investors. If we give these artificial incentives, we create a demand that should not be there. People jump in, the value goes up. We have heard this story so often. It is most unfortunate because it is always the small investor who loses.

There are many rules on the mutual fund reorganization again to try to help small investors. However, we must be very careful that we do not provide artificial incentives to these people. If these investments are lost, we know who they will be pointing their fingers at. They will want their taxes back. That will be a

Government Orders

further drain on the revenues of this government. That whole thing leads to volatility.

These are a few concerns I have about the bill. I certainly hope this government can see the light of day. The job has to be done as far as balancing the budget, and not these small changes, not an overhaul the Bloc Quebecois was talking about.

We are talking about a real concerted effort by the government to recognize that a fiscal crisis requires serious measures to get the budget balanced. Once that has been done, we do not have to worry about the pressure of increasing more taxes. We do not have to worry about the pressure of casting the net wider and wider to take in more and more people. We can start to live within our means. When the government feels it can dip into somebody else's pocket to help its cash flow problem, it makes the cash flow problem worse for the person who has to pay more taxes. The government does not seem to think about that.

(1810)

If we are to create jobs we have to create the capital pools in the hands of the entrepreneurs who feel the money will not be taken away from them arbitrarily and prematurely with too much tax. We have to give them the opportunity to make a profit so they can feel confident to go out and build the factories, sell the products, hire the people and create the jobs which then create a whole new number of taxpayers. It is so much better, easier and fiscally prudent to have taxpayers than tax consumers.

I know the Liberal government is proposing this but it hired them in the first place. We should have fewer civil servants because it reduces the tax consumers. If we can help them to get into the private sector, perhaps even to start up their own business, surely that has to be beneficial because now they are tax producers rather than tax consumers.

This past weekend in my riding I was at a trade fair. I was talking to a young lady who had been employed in the health care services and now has her own little business. She is doing quite well and is quite happy. She is now a tax producer rather than a tax consumer.

I was also talking to a young entrepreneur, not yet 30, on his own without any government grant or assistance in any way, shape or form. He has created a computer program that he is now selling right across the country to large retailers and so on. If anyone wants to know about it, it is called "The Estimator". It does a wonderful job of helping companies estimate large projects. He wants to go international with it as soon as he can generate the cash flow.

Here is a young entrepreneur with no subsidy, no grant, on his own, who has developed a product with which he will now be

generating some export revenues. These are the types of people we must encourage rather than drowning them in another 200 pages of tax rules so incomprehensible that they cannot get their minds around them. He now has to employ professionals, lawyers, accountants and so on to figure out how he should be doing his taxes.

Another item in the bill is the amendment to the way people may file notices of objections. Large companies now have to state specifically the areas in which they are objecting concerning their income tax if it is being reassessed.

On the public accounts committee we were dealing with what became known as the resource allowance boondoggle; \$2 billion of tax money went down the drain because of this simple little loophole and an inefficient civil service. To recap, in 1980 the government and an oil company agreed to disagree on the assessment of income tax. It said: "See you in court". This is a typical situation. It was nine years later, in 1989, before it went to court and the government lost, much to its chagrin and much to its surprise because it thought it had a watertight case. It wrote the rules and the law and felt it understood them but it lost. That was okay because it would appeal.

In 1991 the government appealed and lost. It then asked how much money was involved. Believe it or not, it had never once figured out how much money was involved. By 1991 it realized that it was \$1 billion. It was astounded. The government had no idea of the amount of money.

However, that was okay because it was to take it to the Supreme Court and show everyone who could win. The Supreme Court said it did not even want to hear about it. That was the end of the situation but it had one little twist. The last appeal court which pronounced a judgment on the situation ruled so much in favour of the oil company that when we asked Revenue Canada officials: "How much more money have we lost?", they said that it could be another \$800 million plus interest. We lost \$2 billion because nobody in 1980 asked how much money was at risk. Not only that, this situation remained wide open for 10 years and 40 other oil companies found out about it and adjusted their taxes back to 1980 as well.

(1815)

It cost the Canadian taxpayers \$2 billion because the civil service was not up to speed on the situation. With this measure that loophole has been closed by the Minister of Finance. It was closed largely because of the work done by the public accounts committee last year. We do not want to see this happen again. I do not want to stand up as a parliamentarian who is accountable to the public to say: "There goes another billion", but I have had to do just that.

Government Orders

The Canada pension plan loses \$1 billion every five years. The people who are responsible for the CPP went to Treasury Board and asked for a new computer system. They said: "For every dollar we spend on a new computer system we will save \$3". It sounded like a good investment to me, but Treasury Board said that it did not have the money. Therefore we will lose \$3 and save one.

That is how the government is being run. That is the type of thing that is going on today. When I tell Canadians about these fiascos they shake their heads in disbelief that their taxes are being spent in that fashion. What senior bureaucrat, who is being paid a large salary, can justify refraining from spending one dollar if the evidence is there that he is going to save three?

One billion dollars will be lost through overpayments that are non-recoverable over a five-year period because they do not have a comprehensive and efficient computer system. That computer system would originally have cost \$250 million. Now it is up to \$340 million. Maybe by the time it is delivered it will be up to a billion and nothing will be saved. However, the point is that we are paying these intelligent, knowledgeable and educated people whose job it is to manage taxpayers' money to the benefit of Canadians. We are so tied up in rules and regulations that we cannot make an intelligent decision any more. We cannot say to the taxpayer that we are running the country efficiently.

However, we can produce, after a whole year, another 200 pages of incomprehensible law by which Canadians must abide. That is the problem not only with Bill C-70 but in the way the government is not attacking the problem. We need responsible government that is going to balance the budget and get the job done.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I would like to begin my speech on the debate by reminding not only members opposite but all Canadians about our commitment in the red book to the GST. The hon. member from the Reform Party suggested that we on this side of the House had forgotten about the commitment which was made during the last election. It is clearly stated on page 22 of the red book. I would like to quote a couple of sentences from it. It reads as follows:

Fairness, simplicity, and harmonization should be key objectives of the tax policies. But instead of introducing fairness and simplicity into the tax system, the Conservative government not only imposed the greatest tax increases in history, but compounded unfairness and complexity by introducing the GST. The GST has undermined public confidence in the fairness of the tax system.

The GST has lengthened and deepened the recession. It is costly for small business to administer.

(1820)

We stated that:

In the first session of the new Parliament, a Liberal government will give the all-party Finance Committee of the House of Commons a 12-month mandate to consult fully with Canadians and provincial governments and report on ways to achieve tax fairness. In particular, the committee will be mandated to report on all options for alternatives to the GST.

I recite those paragraphs from the red book because I am one member of Parliament who believes passionately that the tax system must be reformed. I stated in opposition for four years that the GST was not the way to go, that our current tax system, both personal and corporate income tax, was complex and unfair.

My proposal was quite specific. I worked with many chartered accountants and tax lawyers and we came up with the proposal of the single tax system. I was happy to see today, after almost six years of work, that the *Globe and Mail* has finally acknowledged that this may, in fact, be a pathway that we should consider taking.

The point I want to make tonight has to do with the role of the opposition. When I learned that the Reform Party elected close to 50 members during the last election, I was pretty excited about it in the sense that one cornerstone of its campaign during the last election was comprehensive tax reform.

I can remember the leader of the Reform Party coming to my city of Pickering, to CFRB, one of our larger radio stations. He took a whole morning on CFRB to say: "We must reform the tax system". In fact, he went so far as to say that the member for Broadview—Greenwood was on the right path with the single tax system. He did acknowledge that the Reform Party system was called the proportional tax system but he made a commitment that he would lead his party in the House of Commons and talk about a constructive alternative to the current mess. Now a year and a half later very rarely do we hear the opposition talk about that very specific proposal its members campaigned on in the last election.

I raise that because I think the nature and the spirit of the House has to do with constructive debate. It is from that action and interaction and the agreement and disagreement that we will eventually come up with a good, comprehensive tax system for all Canadians.

What did we hear today? We heard some criticism of this leftover portion of the tax act, part of which we inherited from the previous government. Not once in the speech of the previous member did we hear anything about the constructive alternative that the Reform Party talked about during the last election.

I talk about this with a tone of frustration because we have a spirit and an approach in this party where we debate vigorously within. We also welcome the debate that comes to us from across the floor. On the issue of taxation, the Reform Party has walked the other way.

Adjournment Debate

(1825)

Reformers have criticized the existing system but have not recommitted themselves to the campaign they ran on during the last election. I believe strongly in this issue and wish the Reform Party would come back and stir up that tax debate in a much more vigorous way.

I am concerned about this as well because I now see that in the United States all the leading Republicans for the presidential campaign are talking about a single tax system or a flat tax system. We understand that even some of the leading Democrats are looking at a total reform of the tax system.

That concerns me because if the United States adopts a single tax system before we do we will see a flight of capital and human energy and human capital out of this country that we have never seen before.

That is why I believe this is one of the essential, one of the prime debates that we must have in the House. I believe that if we would lead the way in total tax reform, comprehensive tax reform from the Chamber, we could also reverse the capital flow back here.

We all know the real challenge for those of us in government today is to get a handle on those capital flows. We know and we talk about the derivative game within all the chartered banks and major financial institutions. They are moving billions of dollars all around the world by pushing buttons.

One of the ways we could attract large pools of capital is by making sure the fundamental tax system is such that it would attract those large pools of capital. With a system like that where we would have those large pools of capital, that would put downward pressure on interest rates.

With that downward pressure on interest rates we would have capital available to the business men and women who are so desperately in need today of that capital in order to start their small or medium size business, grow it and expand it.

That is how we will get the economy going. The instrument we control in the House that can best manage those capital flows, that excitement about investment, that possibility for increased productivity is based in the Income Tax Act.

I listened to the Bloc Quebecois finance critic today taking all kinds of cheap shots at the fact that we were making little amendments to the tax act. Why does the Bloc Quebecois not look at the notion of comprehensive tax reform?

It is interesting. When we presented this idea to the finance committee a few months ago, the finance critic in the committee then for the Bloc Quebecois said: "When we separate this single tax system is the type of system we will have for Quebec. Why would we begrudge it for the rest of Canada?"

I wish the opposition parties, rather than taking cheap shots at minor amendments to the tax act, would get their forces together and really engage us in a debate on total tax reform.

If we do not have total tax reform in the House in about 25 or 30 months from now I agree with the people who say we will hit the wall when it comes to our deficit and debt.

The quickest and most constructive way to get out of this is by dealing with one of the root problems, comprehensive tax reform.

ADJOURNMENT PROCEEDINGS

(1830)

[English]

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

PUBLIC SERVICE

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, I am pleased to have this opportunity to expand on my question of February 15 to the President of the Treasury Board concerning contracting in the public service.

Our second budget was a strong signal that we are determined to constrain government spending. One area that has not been constrained is contracting.

In the five years before we took office the cost of contracting rose at twice the rate of the cost of our own personnel; 7.5 per cent per year, increasing from \$2.9 billion to over \$5 billion. Under the previous government we were told these figures were simply not available. Our government has collected them and has made them public so they can be scrutinized.

These figures are only part of the story. Public Works and Government Services Canada reported it contracted \$9.4 billion of goods and services for departments, and this does not include contracting done directly by the departments. Nor does it include the hidden costs of contracting: the preparation, the evaluation and awarding, supervision and exercising of quality control, the contractors' use of government space and equipment or the expertise of government employees provided at no cost, or the lost productivity of employees who spend much of their professional time dealing with contractors at the expense of their own professional work.

Since the budget this has become a particularly urgent question. Our budget projects reducing the size of the public service by 45,000 positions. We have pledged the utmost fairness and to reduce involuntary departures to the absolute minimum. We will pay \$1 billion in early departure incentives to employees.

Adjournment Debate

Training and out placement early retirement incentives will cost millions of dollars more.

The real cost in addition to dollars is the horrendous anxiety for employees, turmoil for the organizations and disruption of services to Canadians.

It is only fair that every effort be made to retain and retrain current employees for available work in the public service. We cannot justify continuing and expanding the use of outside sources to do work that could be done by an employee who would otherwise become another one of the 1.5 million unemployed.

Contracting is an essential tool for good management to meet temporary requirements for peak periods of activity, for one time projects, for specialized skills temporarily required, to provide government services or programs at reduced costs. However, Parliament has no assurance that contracting is being used only where it is cost effective and appropriate. Nearly half the contracting is done with no competition. In one year 17,000 contracts were awarded to single suppliers without a competitive bid.

In many cases contractors are working side by side with government employees doing the same work but for substantially higher fees. While employees are subject to a rigorous merit process to ensure the best qualified are appointed, contractors face no such screening.

There is concern about employees who have been compensated to leave the public service and then return often within days on contract either as individuals or through a company, sometimes while continuing to receive a government pension. This double dipping must be controlled.

I urge the President of the Treasury Board to accept the recommendation of the auditor general to require all departments to account in next year's estimates for full time equivalent personnel on contract. Only then will Parliament know whether the sacrifices being imposed on government employees are not rendered pointless by a growing shadow public service of contractors. I ask him to ensure in the short term that we are not taking jobs, income and hope from people only to have someone else take over their work and income through the back door.

We have people's lives in our hands, their future, their families, their homes, their careers, their children's education, their prospects for a decent standard of living in their old age. That is a serious responsibility and I believe constraining contracting is one important element of carrying out that responsibility responsibly.

[Translation]

Mr. Ronald J. Duhamel (Parliamentary Secretary to President of the Treasury Board, Lib.): Mr. Speaker, as you know, one of the main responsibilities of the government is to use

taxpayers' money in the best possible manner. When it makes decisions regarding contracts, the government seeks to get the best possible value for taxpayers' money and relies on good management.

[English]

While the government is concerned about taxpayers' money, it is also conscious of the fact that it is a major employer. As such, it must also be concerned about its employees. We are facing a smaller public service and this will translate into difficult times for many of our employees.

We need only read the newspapers to realize the extent to which the President of the Treasury Board is concerned with employee well-being. He has been meeting with union officials and has said on a number of occasions the government wants to treat public servants fairly and humanely during the period of downsizing.

This means, among other things, living up to our commitment to find alternative employment for as many affected indeterminate employees as possible. In this regard the Treasury Board expects public service departments to examine their contracts for services as well as other internal employment opportunities with a view to offering these opportunities to affected employees. There are currently staffing controls in place in the public service.

The Treasury Board secretariat in consultation with departments and central agencies has been re-examining human resources management and employment practices to identify what new or modified measures should now be adopted.

Again, our goal is to make the best efforts we can to reintegrate affected employees. Increased emphasis is being given to this very activity.

The President of the Treasury Board has asked the Standing Committee on Government Operations to review government contracting services. The committee held extensive hearings during the fall. It continues to do so and is coming quite close to the completion of its task. It will be submitting a report, which government awaits with great interest.

We will still need to contract out for services. There are fluctuations in workloads, for example, during the taxation period. There is a need for specialized services for fleet management of government vehicles. There is contracting for services during emergencies. If a boat is caught on a reef when no government coast guard boat is available we would need to ask someone for help.

[Translation]

I believe this approach in the management of government affairs is truly fair, both for federal employees and Canadian taxpayers.

Adjournment Debate

[*English*]

The Deputy Speaker: Pursuant to Standing Order 38, the motion to adjourn the House is now deemed to have been

adopted. Accordingly, the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.37 p.m.)

CONTENTS

Monday, April 24, 1995

Message from the Senate

The Acting Speaker (Mr. Kilger)	11649
---------------------------------------	-------

PRIVATE MEMBERS' BUSINESS

Financial Administration Act

Bill C-263. Consideration resumed of motion for second reading	11649
Mr. Boudria	11649
Motion	11649
(Motion agreed to.)	11649
Mr. Duhamel	11649
Mr. Harris	11650
Ms. Augustine	11651
Ms. Cohen	11653
Mr. St. Denis	11654
Division on motion deferred	11656

Suspension of Sitting

(The sitting of the House was suspended at 11.52 a.m.)	11656
--	-------

Sitting resumed

The House resumed at 12 o'clock.	11656
---------------------------------------	-------

GOVERNMENT ORDERS

Electoral Boundaries Readjustment Act, 1995

Bill C-69. Consideration resumed of motion for third reading.	11656
Mrs. Lalonde	11656
Mr. Bellemare	11658
Mr. Harris	11658

Mrs. Lalonde	11659
Mr. Béclair	11659
Mr. Harper (Calgary West)	11660
Mr. Bellehumeur	11663
Mr. McWhinney	11663
Mr. Mercier	11665
Mr. Harper (Calgary West)	11665
Mr. Bellehumeur	11666
Mr. Marchand	11668
Division on motion deferred	11669

Farm Improvement and Marketing Co-operatives Loans Act

Bill C-75. Motion for second reading	11669
Mr. Robichaud	11669
Mr. Vanclief	11669
Mr. Chrétien (Frontenac)	11670

STATEMENTS BY MEMBERS

Oklahoma City bombing

Ms. Minna	11671
-----------------	-------

Oklahoma City Bombing

Mr. de Savoye	11672
---------------------	-------

Oklahoma City Bombing

Miss Grey	11672
-----------------	-------

Born to Read Day

Mr. Finlay	11672
------------------	-------

World Curling Championship

Mr. Harvard	11672
-------------------	-------

Health Care

Mr. Keyes	11672
-----------------	-------

Armenian People

Mr. Daviault	11673
--------------------	-------

Schizophrenia Society of Canada

Mrs. Ablonczy 11673

Yellowhead Highway Association

Mr. Taylor 11673

Born to Read Day

Mr. Bellemare 11673

National Junior/Juvenile Judo Championships

Mr. Simmons 11674

Security Services

Mr. Hopkins 11674

Quebec Referendum

Mrs. Picard 11674

Rwanda

Mr. Frazer 11674

Violence

Mr. Gagnon (Bonaventure—Îles-de-la-Madeleine) 11674

Rwanda

Mr. Godfrey 11675

Smuggling

Mr. Harper (Simcoe Centre) 11675

National Volunteer Week

Mrs. Payne 11675

ORAL QUESTION PERIOD

G-7 Summit

Mr. Bouchard 11675

Mr. Chrétien (Saint–Maurice)	11675
Mr. Bouchard	11676
Mr. Chrétien (Saint–Maurice)	11676
Mr. Bouchard	11676
Mr. Chrétien (Saint–Maurice)	11676
Canadian Security Intelligence Service	
Mr. Bellehumeur	11676
Mr. Gray	11676
Mr. Bellehumeur	11676
Mr. Gray	11676
CRTC	
Mr. Silye	11677
Mr. Manley	11677
Mr. Silye	11677
Mr. Manley	11677
Mr. Silye	11677
Mr. Manley	11677
Goods and Services Tax	
Mr. Brien	11678
Mr. Chrétien (Saint–Maurice)	11678
Mr. Brien	11678
Mr. Chrétien (Saint–Maurice)	11678
The Economy	
Mr. Speaker (Lethbridge)	11678
Mr. Chrétien (Saint–Maurice)	11678
Mr. Speaker (Lethbridge)	11678
Mr. Chrétien (Saint–Maurice)	11678
Canada’s Credit Rating	
Mr. Loubier	11678
Mr. Chrétien (Saint–Maurice)	11679
Mr. Loubier	11679
Mr. Chrétien (Saint–Maurice)	11679
Immigration	
Mr. Hanger	11679

Mr. Marchi	11679
Mr. Hanger	11679
Mr. Marchi	11679
Telecommunications	
Mrs. Tremblay (Rimouski—Témiscouata)	11679
Mr. Manley	11680
Mrs. Tremblay (Rimouski—Témiscouata)	11680
Mr. Manley	11680
Telecommunications Industry	
Mrs. Bakopanos	11680
Mr. Manley	11680
Immigration	
Mr. Harper (Simcoe Centre)	11680
Mr. Marchi	11680
Mr. Harper (Simcoe Centre)	11680
Mr. Marchi	11681
Rwanda	
Mr. Lefebvre	11681
Mr. Ouellet	11681
Mr. Lefebvre	11681
Mr. Ouellet	11681
Infrastructure	
Mr. White (Fraser Valley West)	11681
Mr. Young	11681
Mr. White (Fraser Valley West)	11681
Mr. Young	11681
Life Insurance	
Mr. Assadourian	11682
Mr. Peters	11682
Immigration	
Mr. Gauthier (Roberval)	11682

Mr. Marchi	11682
Mr. Gauthier (Roberval)	11682
Mr. Chrétien (Saint–Maurice)	11682

Pearson International Airport

Mr. Gouk	11682
Mr. Young	11682
Mr. Gouk	11683
Mr. Young	11683

Illiteracy

Ms. McLaughlin	11683
Mr. Chrétien (Saint–Maurice)	11683
Ms. McLaughlin	11683
Mr. Chrétien (Saint–Maurice)	11683

Education

Mr. Culbert	11683
Mr. Bevilacqua	11683

Presence in Gallery

The Speaker	11684
-------------------	-------

ROUTINE PROCEEDINGS

Report of Byelections

The Speaker	11684
-------------------	-------

Order in Council Appointments

Mr. Milliken	11684
--------------------	-------

Government response to Petitions

Mr. Milliken	11684
--------------------	-------

Committees of the House

Procedure and House Affairs

Mr. Milliken	11684
--------------------	-------

Motion for concurrence in 73rd report	11684
(Motion agreed to.)	11684

Motion No. M-5

Mr. Jordan	11684
(Order discharged and motion withdrawn.)	11684

Petitions

Goods and Services Tax

Mrs. Maheu	11684
------------------	-------

Armenian people

Mr. Daviault	11684
--------------------	-------

Human Rights

Mr. Frazer	11685
------------------	-------

Gun Control

Mr. Harris	11685
------------------	-------

Voice mail

Mr. Fillion	11685
-------------------	-------

Canadian Wheat Board

Mr. Collins	11685
-------------------	-------

Firearms Act

Mr. Collins	11685
-------------------	-------

Assisted Suicide

Mr. Collins	11685
-------------------	-------

Bovine Somatotropin

Mr. DeVillers	11685
Mr. Easter	11685

Questions on the Order Paper

Mr. Milliken	11685
--------------------	-------

GOVERNMENT ORDERS

Farm Improvement and Marketing Cooperatives Loans Act

Bill C-75. Consideration of motion resumed	11688
Mr. Chrétien (Frontenac)	11688
Mr. Kerpan	11691
Mr. McKinnon	11692
Mr. Collins	11693
Mr. Kerpan	11694
Mr. Landry	11695
Mr. Easter	11697
Mr. Calder	11698
Mr. Collins	11699
(Motion agreed to, bill read the second time and referred to a committee.)	11699

Income Tax Act

Bill C-70. Motion for second reading	11699
Mr. Gagliano	11699
Mr. Walker	11699
Mr. Loubier	11701
Mr. Williams	11707
Mr. Mills (Broadview—Greenwood)	11712

ADJOURNMENT PROCEEDINGS

Public Service

Ms. Catterall	11713
Mr. Duhamel	11714