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Monday, May 27, 1996

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Monday, May 27, 1996

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

[*Translation*]

CANADIAN ASSOCIATION OF FORMER PARLIAMENTARIANS ACT

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I believe that there is unanimous consent for the following motion. I move:

That a message be sent to the Senate to acquaint it that this House agrees with the amendments made by the Senate to Bill C-275, an act establishing the Canadian Association of Former Parliamentarians.

(Motion agreed to.)

* * *

[*English*]

REFERENDUM ON FUNDING FOR ABORTIONS

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.) moved:

That, in the opinion of this House, the government should enact legislation which would require that a binding, national referendum be held at the time of the next election to ask Canadians whether or not they are in favour of federal government funding for abortions on demand.

He said: Mr. Speaker, Motion No. 91 is not just about abortion. It is about democracy. It is about giving voters a real say in how they want their scarce health care dollars spent. It is about voters deciding which health care procedures they consider essential. It is about voters making these tough decisions for themselves, not having politicians and bureaucrats make these decisions for them.

We are debating whether voters have the right to direct federal government health care funding to medical procedures they think are most essential and of the highest priority. We are debating

whether Parliament should decide for the people or whether the people have the right to decide for themselves.

Throughout my speech today I will pose key questions that need to be answered in relation to this debate. Then I will proceed to answer each one.

First, where do the people stand on tax funded abortions? In the 1991 provincial election in Saskatchewan two-thirds of the voters in a plebiscite voted to deinsure funding for abortions. A January 1995 poll conducted in Alberta produced similar results, with 73 per cent of women and 69 per cent of men opting for defunding of abortions. In November 1995 an Environics Focus Ontario survey found that 57 per cent of respondents do not think the Ontario health insurance plan should pay for abortions.

As of this morning in the short time available since my motion was presented to the House, I have received 109 petitions with 2,790 signatures supporting my Motion No. 91. I will start tabling these petitions in the House later today. Many other MPs have also received petitions from people objecting to their money being spent on medically unnecessary abortions.

Next, how much do abortions cost Canadian taxpayers? A 1995 Library of Parliament research paper found that approximately 100,000 therapeutic abortions are performed each year in Canada. About 70,000 abortions are performed in hospitals at a cost of about \$500 each, a total cost of \$35 million per year. Another 30,000 abortions are performed in free standing clinics at a cost of about \$250 each, totalling about \$7.5 million a year. Physician fees were calculated in the 1992-93 fiscal year to be \$9.1 million. The cost is quite substantial.

Next, is abortion only a provincial issue? I disagree with those who say this is a matter for the provinces to decide. As long as the federal government is paying part of the provinces' medicare bills, federal politicians have a responsibility to ensure that scarce taxpayer dollars are being spent on medical procedures that voters think are the highest priority.

In April 1994 Terese Ferri, barrister and solicitor and a member of the Ontario Bar, wrote a paper titled "Legal Issues Concerning the Public Funding of Abortions in Alberta and Canada". Ms. Ferri wrote:

It is well established that, while the federal government has jurisdiction to make federal funds for health care contingent upon adherence to national standards, legislation on matters concerning the provision of health care is entirely within the domain of the provinces.

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• (1110)

From my review of legal briefs on this issue, I conclude that the federal government has the power to set national standards and provide federal funding in accordance with these standards. It is clearly within the power of the federal government to say which medical procedures it will fund and which it will not.

Performing abortions is a provincial jurisdiction. Paying for abortions is a decision for both federal and provincial governments to make independent of one another because they each pay a portion of the costs.

The Reform Party is on record saying we want to define core services which are covered by medicare. Is this a decision best left to politicians and bureaucrats or to the people? I say it is the people who should decide, which is what would happen if Motion No. 91 were passed by Parliament today.

Next, what does the Canada Health Act say? In the legal analysis mentioned previously lawyer Terese Ferri wrote:

Under the Canada Health Act, federal funds are available to provincial health care plans which, among other things, are comprehensive, universally available and accessible. The plan must insure all insured health services provided by hospitals and medical practitioners, section 7. Hospital services are defined as "services preventing disease or diagnosing or treating an injury, illness or disability". Physician services are defined as "medically required services rendered by medical practitioners", section 2.

Section 3 of the Canada Health Act states that the primary objective of a Canadian health care policy is to protect, promote and restore the physical and mental well-being of residents of Canada.

Unfortunately the Canada Health Act does not include a list of medical procedures or services which the federal government thinks are services preventing disease or diagnosing, treating an injury, illness or disability, or a list of medically required services.

I think it is about time the federal government start defining which hospital services and physician services are medically necessary.

Reformers have referred to this list of medically necessary services as core services which should be supported by federal tax dollars.

If it can be proven that a medical procedure or service does not protect, promote and restore physical and mental well-being, that the service does not prevent disease, is not an illness and is not medically required, then this should be sufficient reason to deny federal tax funding for such a procedure. Is that not right?

Further, if it can be proven that abortions actually jeopardize the health and well-being of the patient, the federal government has a duty to withdraw tax funding for this procedure because it violates the purpose of the Canada Health Act as stated in section 3. Terese Ferri's legal analysis concluded that it would be legitimate for the

federal government to disqualify from funding those provinces which do insure such services.

That logically leads to the next question. Is abortion medically necessary? Induced abortion as interpreted by the Canadian Medical Association is the active termination of a pregnancy before fetal viability. Viability is considered to be the ability of the fetus to survive independently outside the womb. A fetus is considered viable in Canada after 20 weeks of gestation and/or the fetus weighs 500 grams at birth.

A non-therapeutic abortion is an interruption of a pregnancy for non-medical reasons by any means. A therapeutic abortion is an interruption of pregnancy for legally acceptable medically approved indications. Therapeutic is defined as curative, dealing with healing and, especially, remedies for diseases. I find it hard to believe that anyone can consider most abortions to be the curing or healing of an illness or that a normal pregnancy is considered a disease.

• (1115)

Dr. R.M. Ferri, in a 1994 psychiatric brief, reported a 1983 study of abortion practices in a typical Ontario hospital which revealed that 98.5 per cent of the 704 abortions performed that year were for mental health reasons. To show that this 1983 study is false let me report on another study.

The family planning division of Health and Welfare Canada conducted a study of 554 women who received abortions in Canadian hospitals. Here are the responses to the question: "What is your main reason for your decision to have an abortion?" Two hundred and eleven of the 554 women, or 38 per cent, did not want children at this time, did not want children at all or said their family size was complete. One hundred and one of them, or 18 per cent, said they could not afford a child or that they did not have the money to move to larger accommodations. Ninety-seven, or 17 per cent, said they were too old or too young to have a child, that they were afraid the child would be abnormal or they feared the pregnancy would pose a risk to their health. Sixty-nine, or 12 per cent, said they were not married, did not want their friends to find out about the pregnancy, that the child was not their partner's, that the partner did not want a child or believed the pregnancy threatened their mental health. Seventy-six, or 14 per cent, said they were alone, did not want to raise a child, would have to quit school or a job, or that it would interfere with their career plans.

These responses demonstrate that most women seeking abortions do so for reasons other than treatment for medical or mental health problems.

Dr. Ferri concluded from his literature review that, first, abortion is not a verifiable remedy which significantly improves the health of a patient; second, the safety, efficacy and validity of abortion for mental health reasons has not been proven; third, abortions

performed for psychiatric reasons worsen a woman's mental health; fourth, abortion is not therapeutic and is actually harmful to women's mental health; and fifth, funding by the government under a health care plan cannot be justified.

In 1989 *The Psychiatric Journal of the University of Ottawa*, Volume 14, No. 4, published a major Canadian survey of studies on abortion for mental and emotional health reasons. The study survey was conducted by Dr. Philip Ney, the psychiatric director of the adolescent unit of the Queen Alexandra Hospital in Victoria, B.C. The study concluded that, first, there is no satisfactory evidence that abortion improves the psychological state. Second, mental ill health has been shown to be worsened by abortion. Third, recent studies are turning up an alarming rate of post-abortion complications. Fourth, the emotional impact of these complications needs to be studied. These are important considerations which we cannot ignore.

The committee to end tax funded abortions concluded in its January 1995 report that abortion is a procedure that disrupts the normal physiologic process and carries a physical risk to the woman undergoing the procedure. In spite of the fact that over 23 million abortions have been performed in North America in the last 25 years there are no good medical studies demonstrating the therapeutic benefit to women on physical, psychiatric or psychological grounds. The procedure, therefore, has no proven medical benefit and cannot be justified as medically necessary in any context other than political. My own review of available research leads me to the same conclusion.

I do not have time today to touch on some of the other health related concerns which abortion raises, for example, the evidence that is mounting that abortion raises a woman's risk for getting breast cancer, a study that needs to be done more thoroughly.

• (1120)

Would ending tax funded abortions violate the charter of rights and freedoms? In preparing for this debate I reviewed three independent legal opinions on the question. Would non-payment of abortion procedures violate the rights guaranteed by sections 7 and 15 of the charter of rights and freedoms?

First, in his November 1994 analysis Frank de Walle of the firm de Walle and McDonald concluded that refusal to fund abortions did not restrict access, did not discriminate and did not place any government obstacle in the path of a woman choosing to terminate her pregnancy.

He added that the government is not obliged to finance rights and used this analogy to prove his point. A right to freedom of expression does not entitle one to demand the government pay for press coverage. Just because you have freedom of speech does not

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demand that you have the right to demand others pay for the expression of that.

In May 1994 Darren Richards of the law firm Snyder & Company arrived at similar conclusions. He said that the de-insuring of abortion procedures may not be found to violate section 15(1) of the charter. His legal analysis concluded if the courts found such an action to be discriminatory that the de-insuring of medically unnecessary abortion procedures could qualify as a reasonable limitation of rights pursuant to section 1 of the charter.

Mr. Richards also reviewed section 7 of the charter which protects everyone's right to life, liberty and security of the person. He concluded that the non-funding of abortion does not place any government obstacle in the path of a woman choosing to terminate her pregnancy and therefore her to life, liberty and security of the person is not violated.

The third study I would quote is from Terese Ferri, barrister and solicitor in the province of Ontario who concluded that de-insurance of abortion would not infringe on the rights guaranteed under the Canadian Charter of Rights and Freedoms.

What does the Criminal Code of Canada say about abortion? Section 287 of the Criminal Code made abortions illegal except when completed by a qualified medical practitioner in an accredited or approved hospital. It was struck down in 1988 by the Supreme Court because it violated section 7 of the charter of rights. It is still a criminal offence under section 290 to supply a drug or instruments to be used to cause a miscarriage.

Section 223 of the Criminal Code establishes the point at which a child becomes a human being for the purpose of determining if a homicide has been committed. This section defines that a child is a human being if it has completely proceeded from its mother in a living state and provides that a homicide is committed if a child dies after meeting the definition of a human being.

Therefore any abortion completed before the baby has completely proceeded from its mother's womb is not murder. While late term abortions are not common, I find it unconscionable that the Criminal Code does not prohibit them, but this is a matter for another private member's bill.

I was at a meeting last year at which the speaker was a woman in her late teens. She related some of her objections to abortion. She had survived the abortion procedure. This in itself may not sound too remarkable unless I go on to explain that she was the unborn child that was aborted. We need to change our Criminal Code definition of murder.

In conclusion, Motion M-91 raises several fundamental questions. First, do the people of Canada have the right to a direct say in how the government spends their money? This is a question of democracy and the right of people to have input. Second, abortion is not a medically necessary procedure in most instances and scarce

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health dollars should not be spent on it. Third, approval of my motion does not contravene the rights of anyone.

It is wrong for a government to avoid talking about sensitive issues. The essence of what we do in the House of Commons should be to fully debate all issues of concern to the Canadian people. The job of government is to carry out the will of the people. If we cannot decide the issue here it should be referred to the people of Canada and not simply avoided. I therefore make this request. I seek the unanimous consent of the House to have my motion declared votable.

• (1125)

The Deputy Speaker: Is there unanimous consent to permit this to be a votable item?

Some hon. members: No.

Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.): Mr. Speaker, I am rising to speak on Motion No. 91 concerning federal funding support for abortion services on demand. I want to address the role of the federal government vis-à-vis the Canada Health Act with respect to determining insured health services.

As one of our greatest national projects, Canada's health care system is a defining element of Canadian society. Medicare has contributed to a quality of life that is recognized to be one of the best in the world. It also gives us a comparative advantage in the global marketplace.

I am happy to say, as I usually do, that the riding of Windsor—St. Clair and my community of Windsor had a great deal to do with that, starting with early insurance plans like Windsor medical and with the great vision of the Right Hon. Paul Martin, Sr.

The health care system represents the best of the Canadian spirit, reminding us of the good that we can achieve together. Medicare was introduced and developed by a succession of Liberal governments, providing a tangible example of the commitment of the Liberals to compassionate public policy.

The Liberal Party and the government remain firmly committed to the five fundamental principles of medicare as set out in the Canada Health Act: public administration, comprehensiveness, universality, portability, accessibility.

The one principle which I particularly want to focus on is comprehensiveness. At its most basic, comprehensiveness requires that provincial health care insurance plans cover all medically necessary services performed by doctors or in hospitals. The term medical necessity is a key concept. It is an integral part of the understanding and operation of the act. The term medically necessary is used in the Canada Health Act in conjunction with other

conditions to assure Canadians that once a decision has been made that a service is medically necessary, then access becomes universal and on uniform terms and conditions.

In my view this debate is not just about abortion. This motion has much broader consequences than that. It is about which government is going to decide that any medical procedures are necessary. It is about whether our aging parents will have access to oxygen when their respiratory systems fail. It is about whether children and adults with disabilities will get the specialized support they need. It is about whether our constituents will have universal access to any medically necessary procedure.

Since the beginning of federal support for health care in 1957 through the hospital insurance and diagnostic services act, decisions regarding what is medically necessary have been left to the provinces to determine. This is consistent with the provisions of the Constitution. It makes sense because after all the provinces manage the health care system. The government does not do that and the man or the woman on the street does not do that.

The provinces work with the appropriate medical experts. They are delivering the service, they are closer to the patients. This means that decisions regarding medically necessary insured health services are up to the provinces and their medical associations or those whom they consult to decide.

I might add that there is a remarkable degree of congruence and consistency among all provinces and territories on this front. On the matter of health insurance coverage for services all provinces and territories, particularly for abortion services, have regarded them as medically necessary services and insure them on this basis. I emphasize that there is almost no service that is not medically necessary in some cases. These determinations have been made based on the context of the service being provided.

The government firmly believes that it is not for Ottawa to say that this procedure or that procedure must be covered. This responsibility is better left to the provinces and physicians who deliver services on a daily basis and who are aware of the circumstances under which they are delivered.

This approach stands in sharp contrast to what is happening in the United States where insurance companies are telling more and more physicians what they will cover, what they can or cannot do for their patients and even how to do it.

The Canada Health Act permits the determination of medical necessity at the point of delivery of the service. This approach is superior to developing a list of insured health services. Lists are simplistic and rigid. They result in some services being insured and others not being insured in all circumstances. They also invite a steady move to privatization especially if more and more services

are covered by private insurance because the government is out of them because it is not on the list.

• (1130)

Determining medical necessity at point of service is one of the greatest strengths of the Canada Health Act. This approach allows circumstances to vary from service to service. It is an approach that recognizes the medical condition of the patient. It is an approach that ensures Canadians receive services on the basis of need, not on the basis of ability to pay.

Since the beginning of medicare, medically necessary services have been made available without point of service charges. I cannot deny that fiscal realities have forced us to make some tough decisions regarding our health care system. There is still room to make our health care system more efficient.

Putting our universal and comprehensive health care system in place took commitment. Facing the challenges and finding solutions to problems which arose over the years took commitment. That commitment is still here today. It is a commitment that Canadians want and one that this government takes seriously.

We will ensure that Canadians continue to receive medically necessary services on the basis of need and not on the basis of their ability to pay. Access to services is based solely on the medical needs of the patient. Medical necessity, not how much money one has, should dictate access to medical services. Canadians expect that they will have medically necessary services available without point of service charges.

The federal government has an important role to play in ensuring that Canadians receive the care they need. What we can and will continue to do is to interpret the Canada Health Act as requiring coverage of all medically necessary services.

Our national health insurance system is close to the hearts of Canadians. It is something too precious to tamper with on a piecemeal basis. This is why the federal government cannot support this private member's motion. Supporting this motion could jeopardize the principles of the Canada Health Act. It could jeopardize the constitutional authority of the federal government and the provincial governments. More important, it could jeopardize the health of Canadians.

[*Translation*]

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, I am pleased to participate in today's debate on Motion M-91 put forward by my colleague from Yorkton—Melville.

Abortion has long been a matter of concern to the people of Quebec and Canada. It is a very sensitive issue that brings into play profound and very different convictions on individual rights, social

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responsibility and moral standards. It also raises questions on the place of women in our society. For all these reasons, abortion could easily become a divisive issue.

This, however, does not mean that the issue of abortion must be ignored. Unfortunately, too many governments, lacking the courage or the political will to take their responsibilities in sensitive matters, go for the easy way out and bury their heads in the sand.

At that level, the motion put forward by my colleague from Yorkton—Melville at least has the merit of trying to move the issue forward. The motion reads as follows: That, in the opinion of this House, the government should enact legislation which would require that a binding, national referendum be held at the time of the next election to ask Canadians whether or not they are in favour of federal government funding for abortions on demand.

The idea of asking Canadians to settle the matter is quite democratic and may seem interesting at first sight. It would be nice to see the Liberal government be as democratic toward the men and women of Quebec who want to make Quebec a sovereign country. These people will undoubtedly remind them of this in the next election.

To get back to Motion M-91, one must go beyond mere appearances and wonder whether a referendum is really the best way to settle this matter. After thinking about this and reading the documentation available, I can only conclude that a referendum is not the way to go, for several reasons.

• (1135)

First of all, there is a vast consensus within the public in favour of free choice; that is a well known fact. An Environics poll dated June 29, 1992, indicated that 79 per cent of Canadians agreed that the decision to abort is one that should be made by each woman, in consultation with her doctor. In Quebec, 80 per cent of respondents also agreed with this statement. Considering that, every year, more and more people support freedom of choice, we have every reason to believe that these numbers are at least as high, if not higher, today.

I therefore think that holding a referendum on this issue is unnecessary. It is up to us, as elected members, to act accordingly.

The public is not the only one in favour of free choice. Year after year, decision after decision, the courts reaffirm the legality of abortion. An often used argument concerns the rights of the mother to be. On August 8, 1989, the Supreme Court ruled that no presumed rights of the foetus or the father existed or should take precedence over a woman's right to decide what happens to her own body.

This kind of thinking on the part of the courts is observed worldwide. In the United States, in England or wherever, it is

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becoming increasingly obvious that the only arguments against abortion that may hold up are moral in nature.

The motion before us today also raises a totally different issue, concerning jurisdiction over matters of abortion. Under section 92(7) of the Constitution Act, 1867, the establishment, maintenance and managements of health care institutions come under exclusive provincial jurisdiction. We can never stress this point enough. In addition, the courts have vested in provincial legislatures extensive jurisdiction over public health matters of a merely local or private nature, in accordance with section 92(16).

Regulatory control of all professions, and health care professions in particular, also fall under the provinces' jurisdiction over property and civil rights, in accordance with section 92(13) of the aforementioned act.

For these reasons, which leave no doubt as to the fact that Quebec and the other provinces have jurisdiction over health, the federal court of appeal ruled, in 1983, that the general issue of abortion comes under the exclusive jurisdiction of provincial authorities.

Therefore, we wonder why it should be necessary to ask Canadians whether or not they are in favour of federal government funding for abortions, as proposed in the motion moved by the hon. member for Yorkton—Melville.

Let us be clear: health comes under provincial jurisdiction. It is only because it acted in a roundabout way that the federal government managed to get involved in this sector, thanks to its spending power. Of course, eligibility for federal funding depended on certain conditions being met. We all know the story very well.

Upon reading the motion moved by the hon. member for Yorkton—Melville, one also wonders about the appropriateness of holding a referendum at the same time as a general election. The themes, the stakes and the whole dynamic surrounding an election are many and varied, and are not necessarily given the same weight.

Imagine for a moment that the motion is passed, that the government enacts a law, and that a referendum is held in Canada and in Quebec on federal funding for abortions. What do we do with the results? How do we interpret them?

For example, if a majority is in favour of federal funding for abortions, which conditions should apply? Who can perform these abortions? Where? When? How? For what reasons can a woman get an abortion? Who ultimately makes the decision? All these questions remain unanswered because the current wording of Motion M-91 only deals with the financial issue.

By contrast, if a majority opposes federal funding, does it mean these people are opposed to abortion? Not necessarily. People may be in favour of abortion, but opposed to its funding.

• (1140)

In conclusion, the motion before us raises more questions than it answers. Given the costs of a referendum, we seriously wonder about the appropriateness of the wording of Motion M-91, not to mention that we would first have to ask the Prime Minister to tell us which percentage, in his opinion, would be required, since he seems to be in the process of redefining democracy.

The issue of abortion is much too important for women and for society in general to be treated as a mere funding issue, particularly through a referendum to be held at the same time as a federal election. For all these reasons, and for other ones, I cannot support Motion M-91.

[English]

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, I am pleased to take part in the debate on the motion presented by the hon. member for Yorkton—Melville which reads:

That, in the opinion of this House, the government should enact legislation which would require that a binding, national referendum be held at the time of the next election to ask Canadians whether or not they are in favour of federal government funding for abortions on demand.

I will generally debate the basis of what services our public health care system should be required to pay for. I will also speak on the issue of allowing Canadians to decide how their tax dollars should be spent.

This is a federal and provincial issue. The federal government has the power to set national standards for health care and provide federal funding in accordance with these standards. It is clearly within the power of the federal government to say which medical procedures it will or will not fund. Performing abortions is a provincial jurisdiction. Paying for abortions is a decision that provincial and federal governments make independent of one another because they each pay a portion of the costs.

As an aside I will talk about the federal government portion relative to that of the provincial government. When the Canada Health Act was set up, funding for health care was 50:50. Now approximately 22 per cent is paid by the federal government and the rest by the provincial government. By the time the recent budget of the finance minister is implemented, the federal portion of funding will be reduced to approximately 17 per cent. It is an ever decreasing amount.

Getting back to the motion, it really does not matter which government is involved, in the end the same taxpayers are paying. One would think that federal and provincial governments would target spending of taxpayers' money based on the good it will do or the need for the service. In this case where health care spending is involved the main consideration should be the impact of making people healthier or preventing disease or injury.

How are decisions regarding health care set out in the Canada Health Act? The Canada Health Act requires the provinces to provide and pay for medically necessary procedures. In most cases abortion is not medically necessary. It is a service which does not make people healthier or prevent injury or disease. In fact, it does the opposite. It disrupts a normal physiological process and poses a risk to the woman undergoing the procedure.

Surveys demonstrate that the vast majority of women seeking abortions do so for reasons other than the treatment of a medical or mental health problem. The member who proposed the motion has already mentioned a study by Health Canada which I believe is well worth repeating.

• (1145)

It was a study of 554 women who received abortions in Canadian hospitals. Here are the responses given to the question "what is your main reason for the decision to have an abortion". Thirty-eight per cent said they did not want children at this time, did not want children at all or that their family size was complete. Eighteen per cent said they could not afford a child or that they did not have money to move to larger accommodations.

Eighteen per cent said they were too old or too young to have a child, that they were afraid the child would be abnormal or they feared that pregnancy would pose a risk to their health. Twelve per cent said they were not married, did not want their friends to find out about the pregnancy, that the child was not their partner's, that the partner did not want a child, or that they believed the pregnancy threatened their mental health. Fourteen per cent said they were alone and did not want to raise a child, would have to quit school or a job, or that it would interfere with their career plans.

Even abortion providers admit abortions are generally not medically necessary. For example, Henry Morgentaler told a Vancouver radio audience in 1988 that fewer than one-tenth of one per cent of abortions are necessary to save the woman's life.

Irvin Cushner of Planned Parenthood Federation of America testified before a Senate hearing that more than 98 per cent of abortions are done for non-medical reasons.

Notice that none of these studies was done by pro life groups or was even commissioned by pro life groups. It is exactly the opposite.

Through two decades of widespread abortion experience, doctors have increasingly described it as a surgery that carries risks to the woman's fertility, risks of chronic pelvic pain, breast cancer and in subsequent pregnancies premature labour or miscarriage. Studies show that even abortions performed for psychiatric reasons worsen women's mental health.

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Motion No. 91 is not just about the funding of abortion. It is also about democracy. Politics has clearly become increasingly further removed from the people. This clearly shows a need to give voters a real say in how they want their scarce health care dollars spent.

Decisions regarding important social issues should be made by voters, not politicians and bureaucrats. The Reform Party is clear in its policy. It was presented during the last election campaign and it will be presented in the next election campaign. The Reform Party clearly says the role of a politician is first to tell their constituents during an election campaign what their view is on an issue such as this, providing public funding for abortion, of which I am not in favour.

We should hold a national referendum. That is exactly what this motion requests. It would give the public a direct say rather than leaving the issue in the hands of politicians and, in many cases, in the hands of bureaucrats. This will give people a direct say.

Barring a referendum, the opportunity for people to vote directly, Reform MPs are committed to ensuring public debate takes place across the country. Reform MPs will ensure the media is involved in these discussions. The media plays a very important role in the debate. Through some formal mechanism such as a public poll or a householder survey we will determine the will of the majority of constituents. In all cases Reform MPs will vote with the majority view in their constituencies.

• (1150)

Old style politics and the style of politics being done in the House by the governing party are anything but democratic. What the government feels is a free vote is really, rather than MPs voting the will of their constituents, voting their own consciences in most cases.

I seek the unanimous consent of the House to have this motion referred to the Standing Committee on Health.

The Deputy Speaker: Is there unanimous consent to have the motion referred to the standing committee?

An hon. member: No.

Mr. Gordon Kirkby (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, this motion shows a misunderstanding of the process by which medical services are determined for funding. It assumes the federal government plays an active role in this determination. This assumption runs contrary to the spirit and the letter of the Canada Health Act.

This act respects the role of the provinces in the delivery of health services and recognizes that provincial health care systems must address the unique needs and circumstances of each province.

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This allows each province and territory latitude to make necessary decisions. This also gives provinces and territories latitude in the application of the five Canada Health Act principles and the ability to make decisions consistent with their own priorities and capacities.

In January 1988 the Supreme Court of Canada, interpreting the charter of rights and freedoms, struck down the Criminal Code provisions involving therapeutic abortion committees. This removed all administrative apparatus associated with this procedure.

This decision invalidated the entire legislative scheme for limiting women's access to abortion, leaving the matter of abortion to be decided by women in consultation with their doctors.

The Canada Health Act requires that medically necessary hospital and physician services are insured. The operation of provincial health insurance plans and the delivery of health services to residents are within the purview and decision making power of the provinces and territories. In short, the provinces and their doctors will decide whether services are medically necessary. Provinces are then responsible for insuring and delivering these services to residents.

As a statement of federal policy, the Canada Health Act respects that the provinces must have flexibility in deciding how to best organize, finance and deliver health services. The federal criteria provide the framework, but it is the provinces and the territories that are responsible for these basic decisions.

This division of relative roles and responsibilities has given us the excellent health care system we have today. It is certainly one of the reasons the Canada Health Act received unanimous approval in the House of Commons in 1984.

The federal government's role in health financing has been instrumental in shaping our health care system while providing the provinces with the scope necessary for determining how best to allocate federal transfers to address the health needs of their populations.

It is important to consider what provincial flexibility really means in terms of the Canada Health Act. The provinces are responsible for deciding in partnership with their health professionals which services are medically necessary and which should appear on the list of insured services.

Each province receives its advice from licensing bodies as well as medical associations on a scientific and professional basis for these decisions. Each province has its own consultative mechanism. On the basis of such considerations, the various services have been determined to be medically necessary and therefore are insured in every province and territory in Canada.

• (1155)

The challenge that continues to face us is the prevention of unwanted pregnancies. We know the reasons women seek abortion include lack of information about or access to birth control measures or sex education. These can be addressed through research, education, counselling and other forms of assistance through organizations which provide information and support.

One of our goals must be to secure for Canadians the widest possible range of choices about whether and when to have children. Unintended pregnancy is a particularly troubling and frustrating issue since it is largely avoidable. Despite recent advances in education and accessibility of contraception, unintended pregnancy still occurs.

The heaviest burden of unintended pregnancy rests on those who are the most disadvantaged, the young, the poor and those without the support of a caring family. Youth are particularly vulnerable. We must make it a matter of high priority to educate our young people to be responsible. We must promote responsible behaviour. The importance of education and birth planning as well as policies and programs that inform Canadian families and reduce the need for abortions cannot be underestimated.

Health Canada will continue to make resources available where our limited funds permit for activities related to sexual and reproductive health issues. These include community based projects funded through the health promotion contribution program and grants provided to national health organizations. It is important that government and voluntary organizations work together to respond effectively to health information needs, especially of high risk or hard to reach populations.

We recognize the federal government has the legal authority to conduct national referenda and that the federal government contributes to the funding of provincial and territorial health insurance plans.

However, we also recognize it is not within the constitutional authority of the federal government to dictate the specifics of the operation of provincial health plans. The federal government does not fund specific health care services or types of services on a national scale in the manner this motion suggests. Both as a matter of law and as a matter of policy the federal government would not intervene in the operation of provincial and territorial health insurance plans so long as the principles of the Canada Health Act are respected.

The government does not have any choice but to oppose this motion within the context of the Canada Health Act. The determination of what services to insure is a matter of provincial and territorial jurisdiction.

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, responsibility for determining insured health services has

always been with the provinces. We must stress that time and time again because apparently our colleagues from the third party are not in harmony with this concept.

The responsibility is determined in conjunction with the respective medical associations. The Canada Health Act principle of comprehensiveness requires that all provincial and territorial health insurance plans provide coverage for medically necessary services.

Let us be clear. The responsibility for determining which services are medically necessary is a provincial one. Even though the decisions regarding medical necessity are the responsibility of the provinces and territories which manage their own health care systems, we find that insured medical and hospital services are more than evident between and among provinces and territories.

The federal government's role in part is to assume responsibility for setting national criteria to ensure Canadians receive the care they need. This is exactly what the Canada Health Act does. It ensures residents of Canada have reasonable access to necessary health care services on a prepaid basis.

• (1200)

Provinces administer their own health insurance plans. They manage their own systems. They are in the best position to make decisions regarding insured health services. This is particularly important given that there is almost no service that is not medically necessary in some situations. Why should we fix something that is not broken?

The federal government has a responsibility to promote and preserve the health of all Canadians. However, it cannot make the kind of decision this private member's motion is asking for. To try and use the spending power of the federal government in this way would be contrary to how this federation functions.

What we should do and will continue to do is to use our spending power to ensure that the five principles of the Canada Health Act are maintained. There is in this country a longstanding partnership between the federal, provincial and territorial governments with regard to health care. It is a partnership that we continue to develop and promote. Supporting this private member's motion would disrupt this historical distinction and balance.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, I realize there is not much time left so I will take as little time as possible. I will raise a couple of points that the member for Yorkton—Melville wanted to say before he ran out of time.

The hon. member points out to members of the House of Commons and to the nation that a number of individuals in Canada prefer not to support some things financially and they feel they should have a voice. He is trying to give them that voice through a referendum. If it is not possible to do it through a referendum, the hon. member would have liked to have done it through a vote by the members in the House of Commons.

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The Bloc member said we do not need a referendum and that in the House of Commons we should represent the people. I find it very difficult to represent the people when we are denied a vote in the House of Commons by the voice of one individual. I find that totally unacceptable.

I also find it rather strange to hear the government members rigorously talking about the provinces' responsibility to decide whether or not they want to fund abortions or the provinces' responsibility in making a number of decisions when not too long ago I heard the Liberal members say point blank that the provinces would do as they tell them or their funding would be stopped. How hypocritical can they get? One day they are saying it is up to the provinces to decide how they want to run their system and the next day the federal government is going to take away all their funding if they do not do what they are told.

It boils down to when important issues come before the people of Canada, the one thing most Canadians do not realize is that they are being denied democracy by this Liberal government. They have been denied democracy for the past 10, 15, 20 or 30 years. Canadians want it to stop and I agree with them. It is time that democracy started ruling this House instead of the dictatorial attitude of certain individuals who sit on that side of the platform. The sooner that happens, the better off we will be.

[*Translation*]

The Deputy Speaker: The time provided for the consideration of Private Members' Business has now expired and the matter is dropped from the order paper.

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[*English*]

BUDGET IMPLEMENTATION ACT, 1996

The House proceeded to the consideration of Bill C-31, an act to implement certain provisions of the budget tabled in Parliament on March 6, 1996, as reported (with amendment) from the committee.

Hon. Paul Martin (Minister of Finance, Lib.) moved that the bill, as amended, be concurred in.

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.)

The Deputy Speaker: When shall the bill be read a third time? By leave, now?

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Some hon. members: Agreed.

Mr. Martin (LaSalle—Émard) moved that the bill be read the third time and passed.

• (1205)

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, it is my pleasure to launch third reading of Bill C-31, the 1996 budget implementation act.

Of all the legislation proposed by a government, it is budgetary measures that stand at the core because they define the bottom line capabilities and concerns of government itself. This is especially true of Bill C-31. It is legislation dedicated to dramatic discipline change, change in the way government operates, change in how government spends and change in how government establishes and addresses its priorities.

[Translation]

These changes were not proposed just for the sake of it. Our initiatives reflect a reality experienced by governments in Canada as well as elsewhere in the world: they have to reassess their roles and responsibilities.

This does not mean that we have to give up the activities that are the government's reason for being: promoting job creation and economic growth as well as protecting people who are suffering great hardships because of change. Both these missions remain sacred for our government.

However, in this era of diminishing resources and intense global competition—a reality that has an influence on the operation of our economy—we must examine ways to fulfil these responsibilities more efficiently and more economically. We must also make better decisions about the priorities that are under our jurisdiction and about those that are more obviously the concern of other stakeholders in our society.

Getting the government right: that is the challenge at the very heart of this bill. I would like to point out to the House very briefly a few examples taken from the bill itself.

[English]

The bill includes measures to allow the Minister of Transport to privatize the government's fleet of grain hopper cars. Other clauses will remove the 10-year ceiling that was imposed on the repayment schedules for students who borrowed money under the Canada Student Loans Act. This will benefit students and may well save the government money by reducing the number of loan defaults. We propose to amend the Radiocommunication Act allowing the Minister of Industry to obtain greater revenues by auctioning off radio spectrum licences.

An important thrust of our government is to develop alternative ways to deliver services. That is why we will be introducing new

service agencies and other mechanisms to deliver services to Canadians with the emphasis on better service and greater efficiency. To aid in this process, this bill includes legislative amendments to give the government the administrative mechanisms necessary to ensure a smooth transition to the new service delivery modes.

For instance, changes proposed to the Canada Labour Code and Public Service Staff Relations Act will permit the introduction of successor rights. That means unions will continue to represent their employees as they move from public service employment to other employers within federal jurisdiction. Collective agreements of course will continue to be in force until the terms expire.

We also want these new service agencies to have the tools they need to operate effectively and affordably. We will amend the Financial Administration Act to allow for multiyear appropriations for these organizations.

[Translation]

In the future, we will certainly not be able to improve the efficiency and the effectiveness of the federal administration without giving consideration to our employees, the people providing the services Canadians expect.

As we all know, collective bargaining in the public service was suspended when the previous government implemented the Public Sector Compensation Act. This act will expire, as provided for, in February 1997, when the collective bargaining system will come back into force.

However, when we negotiate conditions of employment with labour unions during the next three years, it will be necessary, in our opinion, to suspend binding arbitration for dispute settlement. We simply cannot afford having independent arbitrators, who are not accountable to Parliament, making decisions that do not reflect our financial situation.

Employees of the House, of the Senate, of the Library of Parliament and of the Canadian Security Intelligence Service are exempted. This is because they do not have the right to strike and are dependent on binding arbitration. In their case, arbitrators will have to take into consideration salary settlements in similar occupational groups in the public service.

• (1210)

[English]

This bill will provide authority for a 2.2 per cent increase for non-commissioned members of the Canadian forces. This measure will address the disparity in wages between members of the forces and public service employees, a disparity that existed before the wage freeze.

We are amending the Public Sector Compensation Act to reinstate performance pay after a five year suspension in annual increments for those employees for whom it was suspended when

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we introduced the in-range increment freeze two years ago. The bill also contains reform measures regarding public service pensions.

All public service employees, those who will be transferred out and those who stay, will benefit from changes we propose to the Public Service Superannuation Act. This includes the two year vesting of pension benefits and new lock-in provisions. Pension benefits of public servants transferring to other organizations will be fully protected.

I must underscore the fact that the government will consult on the details of these proposals before they come into effect. Amendments to the Public Service Superannuation Act will also give us the flexibility to extend coverage under the act for a limited term to employees who are transferred out of the public service.

There are two further measures we are taking so we can deliver better service while being fiscally responsible. First, we will modify the Financial Administration Act to give Treasury Board the authority to establish group insurance plans for the public service, to set terms for the management of those programs and to acquire such programs by contract. This will allow these programs to be managed in a way that is more consistent with insurance practices in the private sector.

Second, we propose to amend the Public Service Staff Relations Act so that the government can better meet its ongoing youth employment responsibilities. We plan to provide students with learning opportunities and facilitate their transition from school to work. Their employment benefits will reflect their training status.

This is legislation centred on change. It is also legislation that will provide new certainty in an important area of Canadian activity, that is, federal support to provinces to better secure this country's social programs. This bill will amend the Federal-Provincial Fiscal Arrangements Act. We propose to provide secure stable funding for the Canada health and social transfer for an additional five years through to the year 2002-03.

As I have said before, and as the minister has emphasized, there should be no mistake about our commitment to this funding. In fact, in the three years beginning in April 2000, CHST levels are projected to rise. By 2002-03 total CHST entitlements are expected to be \$2.3 billion higher than the level set for the fiscal year 1997-98. To provide additional assurance to Canadians, this legislation sets a floor, an ironclad guarantee that cash transfers will be maintained at or above the \$11 billion level.

This proposed legislation also provides a new formula for allocating the CHST among provinces. Under this new formula which will be phased in over five years, existing disparities and per capita funding across provinces will be cut in half. Let me point out that the gradual phase-in of the new formula not only gives

provinces time to adjust, it gives them maximum certainty in their planning.

It is also worth repeating that this single consolidated block transfer represents a more flexible and mature approach to federal-provincial fiscal relations. It gives the provinces extra flexibility as they design and administer their own programs while safeguarding the social programs Canadians rely on and support.

I remind hon. members of changes that this bill proposes to the Unemployment Insurance Act. Effective January 1 of this year the maximum insurable earnings are to be reduced to \$750 per week in comparison with the \$845 level which would have resulted under current legislation. Similarly, the maximum weekly benefit drops from \$465 per week to \$413. These measures will save \$200 million in the second half of this year and reduce the UI payroll tax burden on working Canadians.

This bill also amends the Old Age Security Act to lengthen the period of time before newcomers to Canada become entitled to full guaranteed income supplement or spouse's allowance. Under the current system, some immigrants obtain full benefits with as little as one year's residence in Canada. Restricting this easy access will improve the fairness of the system and lessen the burden on Canadian taxpayers.

• (1215)

There is a final issue this legislation deals with which is part of an important national initiative announced just a few weeks ago, and this is adjustment support for the Atlantic provinces in harmonizing their sales taxes with the federal GST. Some voices in the country have tried to make political hay of this decision. However, I am convinced, and the government is convinced, that it is acting in a fair and responsible way and in the long term interests of Canadians.

This bill provides approximately \$960 million in adjustment assistance to the provinces of Nova Scotia, New Brunswick, Newfoundland and Labrador over a four-year period. This is intended to cover a fair share of the initial revenue losses they experience under the harmonized sales tax regime.

The government firmly believes, given the benefits that will flow from harmonization, that the total cost is reasonable and responsible. It is fully in keeping with firmly established practices of providing assistance when federal initiatives entail major structural change for provinces. Let me emphasize that this adjustment assistance will not jeopardize our deficit targets. These targets are secure.

In addition to the three provinces previously mentioned, Prince Edward Island, Manitoba and Saskatchewan would also qualify for assistance should they agree to harmonize their sales taxes. Ontario, British Columbia, Alberta and Quebec would not.

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[Translation]

This deserves one last comment, more particularly in view of the remarks made in the House and the media when the Quebec finance minister recently sent a bill to the federal government.

In a nutshell, this is a totally groundless request that has everything to do with a separatist project and nothing to do with facts, history and economic common sense.

We are providing this adjustment assistance only to provinces that experience, through tax harmonization, a drop of more than 5 per cent in revenues from their retail sales tax.

But Quebec did not lose any money when it harmonized. Therefore, it is not entitled to any assistance.

Quebec has decided to spread the harmonization process over six years, and has been able to increase its revenues in the process because of the wider tax base of the value-added tax, while it kept taxing many business inputs.

[English]

On the basis of the partially harmonized sales tax system in place between 1992 and 1995, Quebec would not have qualified for assistance and once fully harmonized it still will not qualify.

The three Atlantic provinces that are now harmonizing have decided to move to a single tax all at once. This means they will not have the option of boosting revenues during the phase in period. Therefore, the adjustment assistance is essential to ensure they have the opportunity to participate in a single sales tax system on the same basis as Quebec and the other larger provinces.

I have taken up more time than normal at this stage of legislation but Bill C-31 deserves the effort because it will implement wide ranging beneficial change in so many areas.

Let me conclude with the same observation I made to the House finance committee. This bill is the heart and soul of the government's fiscal agenda as laid out in the budget. The story here is quite simple: getting government right. It is one we should all agree on in principle. I trust that the House will provide its approval so we can get on with meeting that goal.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, my colleague caught me a bit by surprise. He usually takes a lot more time to explain things. With all the nonsense he said in the last part of his speech on Bill C-31, about us, separatists, acting in bad faith, I was hoping his speech was going to take much longer. However, I have to admit that he caught me by surprise.

I am pleased to take part in the third reading stage debate on Bill C-31, a piece of legislation the official opposition considers very

important, especially—and here is what I want to focus on—the part dealing with the compensation paid to three maritime provinces within the partisan initiative launched by the Minister of Finance to harmonize the GST in that region of Canada.

• (1220)

Before tackling head on this compensation issue, I want to go over some historical facts about the GST, although this part of our history is recent, well, maybe not so recent, since it only dates back to the time the Liberals were in the opposition, but that is still a part of our history which is, in my view, full of contradictions and cover-ups about the commitments made by the Liberals concerning the GST. When addressing such an issue, I think it is always important to remind the people of Quebec and of Canada of the many commitments made by the current government.

First of all, let me remind the House that, when the Liberal Party of Canada was in the opposition, when its representatives were sitting on this side of the House, they energetically decried the new goods and services tax introduced by the Conservative government. At the time, how many Liberal members made a big fuss and even raised quite an uproar just to condemn this Conservative policy? Even during the election campaign, at the end of which 54 members of the Bloc Québécois were elected and now sit in the official opposition, the current Prime Minister made some pretty clear commitments concerning the GST. He said that it was out of the question for him to keep the GST if he ever was elected head of government.

I remember that, four or five months after he was elected, the Prime Minister even said, I think it was on May 2, 1994: "We hate it and we will kill it". There are people in Quebec as well as in Canada who voted for the Liberal Party because they hated this tax, because they believed in the commitments of Liberal members, because they believed that the Liberals, then in the opposition, were going to fight this tax with all their might and eventually, as the Prime Minister and many officials had promised—including the Deputy Prime Minister who was forced to resign lately because of this promise—because they believed that the Liberals were going to abolish the GST as promised. Instead, the government is resorting to the usual smoke screens and introducing the first phase of an in depth reform of the GST signed by the three maritime provinces, that is, New Brunswick, Nova Scotia and Newfoundland.

Not only is this in complete violation of the Liberal election promise but this agreement, this vague attempt at a reform of the commodity tax will be extremely costly for all Quebecers and all Canadians. Why? Because the agreement announced approximately one month ago but the technical details of which have not been released yet provides for the payment to the three maritime

provinces of a \$961 million compensation over the next four years, that is, almost \$1 billion.

This is \$1 billion that all Quebecers and all Canadians outside the three maritime provinces will have to pay to compensate for a loss of revenue due to the harmonization of the GST, to this vague attempt at a reform, to this mockery of an attempt at keeping their words by the Liberal Party of Canada, when they had in fact promised to kill the GST.

The government is spending \$1 billion to make us believe that it is doing something about the GST. One billion dollars to make the GST disappear, not disappear in the true meaning of the word, but to hypocritically bury it in the price of products in the three maritime provinces. Frankly, it is unacceptable.

That is not what Quebecers and Canadians had understood during the election campaign. In fact, two government members resigned recently precisely to show that the Liberal government did not fulfil its promise, its campaign commitment to abolish the GST. These two Liberal members had the courage of their convictions and decided to inform the public that they could not live with the fact that their party did not fulfil its promise when it signed that agreement with the three maritime provinces.

• (1225)

What precisely are the terms of this agreement? Just like the Government of Quebec, the Government of Alberta and the Government of Ontario, we tried to know the exact terms of the agreement the federal government concluded with New Brunswick, Nova Scotia and Newfoundland. We tried to get the details, but all our efforts have been fruitless. Why is the Minister of Finance hiding the exact terms of this agreement from the people of Canada?

We know, in general terms, that the compensation principle applied by the federal government is as follows: the federal government decided, unilaterally, that the provincial sales tax and the federal GST together could not be more than 15 per cent. It has also decided unilaterally, without any consultation, that it would compensate the maritime provinces if the provincial sales tax and the GST combined exceeded 15 per cent. If you look at the three maritime provinces, you will see that the PST and GST combined are just over 19 per cent.

So the federal government has decided unilaterally that the new harmonized sales tax would not exceed 15 per cent and that it would compensate the provinces for the difference between 15 per cent and 19 per cent. The federal government has decided to compensate the governments of the three maritime provinces for this loss of four percentage points in sales tax, even though it represents tax relief for consumers in these provinces.

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How did the government estimate this loss? We do not know. We do not know where it got the figures with regard to tax revenues and to the cost of this harmonization exercise, but the finance minister is asking us to trust him, to give him a free hand, just like he does every time he makes deals behind closed doors and then imposes these things upon us, begging us not to ask too many questions. He is telling us to trust him.

The government is giving close to \$1 billion to three maritime provinces for a partisan policy, a policy whose sole purpose is to show that the government is doing something about the GST. Do you not think it is a bit expensive? Do you not think it is expensive for Canadian taxpayers outside these three maritime provinces and also for Quebec taxpayers? Between \$200 and \$250 million of that sum will come from Quebecers. And the remaining \$700 million will come from taxpayers from the rest of Canada.

If, in the opinion of several government representatives according to a member of the Liberal Party, we have to pay such a price every time we need to harmonize policies, every time we need to improve the economic and commercial operation of the federation, I wonder what is the value of the federalism these people have been defending desperately since we have come to this place. I wonder what it is worth if a part of the population of Quebec and Canada have to pay such a price every time people on the other side of the House want to improve the tax system.

I will quote someone I do not quote often because our ideas rarely coincide, particularly on constitutional matters. However, I want to quote the chief editorial writer of *La Presse*, Mr. Dubuc, who, of course, supported our point of view last week-end when he wrote: "The federal government and its Minister of Finance made a huge blunder when, in order to convince them to harmonize their sales tax with the federal GST, they promised the Atlantic provinces to give them \$960 million". That was written by Alain Dubuc.

• (1230)

He added: "The Chrétien government had to buy them to convince them to adopt the GST system because he absolutely needed their support to be able to claim that he replaced the GST with an harmonized tax of 15 per cent. In other words—and I am still quoting Alain Dubuc from *La Presse*—\$1 billion in public funds were spent in a partisan way for the sole purpose of allowing the Liberal government to claim that it was fulfilling its promise".

Seeing the official opposition in agreement with Alain Dubuc is like, in Quebec, seeing Gérald Larose in agreement with Ghislain Dufour. Suffice it to say that opposition to the Liberal government's ridiculous GST policy is pretty much unanimous.

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More and more Canadians are saying no to this sort of short sighted policy, this one step at a time strategy of claiming successes at various levels. I would say the Liberal Party is a past master at this game.

Quebec harmonized its provincial sales tax with the GST in 1991 and has had one system since then. The two systems of taxation were combined, with one administrative body, the Government of Quebec, administering its own sales tax in addition to the goods and services tax for the federal government. It did not cost the federal government one red cent, except, of course, what it understandably pays for relying on the services of the Government of Quebec to administer the federal goods and services tax.

There was never any question of the sort of compensation that is part of the agreement between the three maritime provinces and the federal government. Why was that? Because in Quebec, everyone recognized—business and the public alike—that some degree of harmonization was necessary in order to facilitate commercial transactions and the operation of the economy. We understood that and we did not need a \$1 billion nudge from the federal government. We understood that and we did not need to be bribed to improve the Government of Quebec's system of collecting and administering taxes.

Why must there now be compensation of close to \$1 billion for three provinces that are very cosy with the federal government? Why must Canadians in other provinces and Quebecers be made to pay for this local agreement between the federal government and the three maritime provinces? There is something not right about this policy.

Quebecers and Canadians need to understand what the federal government might do for these three provinces further down the road. Not only is there compensation of close to \$1 billion paid for nothing—partisan compensation from federalists who normally support this government—but, furthermore, four years from now when the federal compensation comes to an end, it is not impossible, and it is even probable, that equalization payments will take over where the federal government's subsidy leaves off.

• (1235)

Why is this likely to happen? Why must Quebecers and Canadians alike see hundreds of millions of dollars more added on to this bad and partisan contract between the federal government and the three maritime provinces in the next few years? For a number of reasons.

I shall not go into the complex details of the equalization formula, but allow me to give an overview of how it works.

There is an equalization system in Canada, which affects certain provinces, including Quebec, in order to ensure that the poorest

provinces, the ones which cannot raise sufficient tax revenues to ensure equivalent levels of services from east to west in Canada, can provide those services. When a complex formula is applied to calculate the taxation base for each province, the ability to collect taxes, this is where equalization payments come in for the poorest provinces.

One of the criteria for applying equalization payments is the tax base. In other words, if a province or provinces—in this case the three maritime provinces—have their tax base reduced by a federal policy related to the changes in the GST, equalization kicks in automatically to replace this reduction in the tax base.

In other words—returning to what was said at the beginning—at this time, when you take the average of the sales taxes in the three maritime provinces and add the GST, you get a taxation rate of over 19 per cent. The Minister of Finance decided it would be 15 per cent in future, so he is lowering the three maritime provinces' tax base by more than 4 points, more than 4 per cent. By doing so, however, by voluntarily reducing consumption taxes by 4 or 5 points, under a partisan agreement that hits all taxpayers in the pocket book, the equalization formula will necessarily kick in because the tax base has been lowered.

Once the \$961 million are paid to New Brunswick, Newfoundland and Nova Scotia, there is a mechanism which will force all Canadians and Quebecers, with the exception of the Atlantic provinces, to continue to pay this average compensation, hundreds of millions of dollars through equalization payments, because the Finance Minister has decided, in the name of the government, to show off. By doing this he wanted to prove that his government is going ahead with the tax reform, that it has begun to hold its promises on the GST. In fact, the government is doing no such thing since it had actually promised to abolish the GST once in power.

This agreement is getting costly. First of all, it settles nothing, in terms of sales tax harmonisation. There is still going to be a sales tax and there is no single system for the consumption tax in Canada. Second, equalization will come into play in the coming years to add to the first billion dollars paid by the federal government. Third, there is this whole mess created by the finance minister and the government through this agreement.

As if the constitutional muddle he created was not enough, the Prime Minister added to it, through the finance minister, by signing secretly, behind closed doors, this agreement on the GST with three Atlantic provinces, knowing full well that Quebec had harmonized its tax in 1991, at no cost. They did not boast about it. When Quebec costs nothing and Quebec is the most efficient and even one of the most effective partners in the Canadian federation in

trade and economic terms, they try to keep it under wraps, because the nasty separatists do not make good trading partners in this federation.

We are trying to find out more about this agreement. We are trying to find out more about the subject of our remarks this morning, that is, the part of Bill C-31 on the \$961 million in compensation paid to the maritime provinces. What is distressing, however, is that we have had no response from the government. We asked for the detailed agreement between the federal government and the three maritime provinces. And we, the Bloc Québécois, the official opposition, are not the only ones to ask for it. The Government of Quebec asked for it, as did the governments of Ontario and Alberta. Instead of responding, making things clear and revealing the details of the agreement, the Minister of Finance hid behind terms that needed tidying up, saying it would have to wait until next year, perhaps.

• (1240)

This is unacceptable. The Minister of Finance signs an agreement with some members of the Canadian federation that costs us \$1 billion, and he refuses to tell us how he reached the figure of \$1 billion. This is not normal. He will say: "You know the details. Sales taxes are at approximately 19 per cent in the maritimes at the moment. I have decided unilaterally that the combined tax, the new GST, will be no higher than 15 per cent, and I have decided to make up the difference".

There are a number of other questions the Minister of Finance is refusing to answer. The first one that comes to mind, which I mentioned earlier, concerns the real cost of the agreement. We are not talking simply about \$961 million. There are other implications in terms of equalization payments.

The second question is: "How were the calculations made?" Any figure can be arrived at, it is only a matter of working from solid assumptions. But on what basis, on what assumptions was this deal with the maritimes reached, and how was the famous figure of \$961 million arrived at?

For example, what is the anticipated revenue from the new goods and services tax in the three maritime provinces for the coming years? Do we at least have projected revenue for 1997-98, 1998-99, 1999-2000 and the following years? It is essential to know this. It is essential because, in addition to reducing the rate in the maritimes from 19 per cent to 15 per cent on average, the tax base has been extended, the new tax has been extended and will from now on apply to services in New Brunswick, in Nova Scotia and in Newfoundland. What more will this bring in, in terms of revenue? Is the extension to services of a 15 per cent tax—which was not applicable to services before—going to generate so much revenue that it will compensate for the reduction of the present tax on goods from 19 per cent to 15 per cent?

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It is important to know this. If this extension generates extra revenue, could it be, this is the third question, that the compensation of nearly \$1 billion—\$250 million and \$700 million of which are paid respectively by Quebecers and people in other Canadian provinces—is not necessary? The Minister of Finance said that it was necessary. This is not the way to govern a country. This is not the way to inform the public about the activities of a government, about justified actions of a government.

People need to be given explanations, they need to know this kind of detail to be able to judge the appropriateness of this deal. For the moment, the impression we have—not only us but people like Alain Dubuc, who are not necessarily and even rarely on the side of the official opposition or the Bloc Québécois—is that it looks suspicious. Not only does it seem partisan, we have indications that it really is, according to the consensus reached outside the maritimes, in particular in Quebec, Ontario and Alberta.

Another question deserves an answer from the Minister of Finance, namely: "What were the alternatives?" Considering what happened in Quebec, where both taxes were harmonized without it costing the rest of the country a single cent, where Quebec succeeded in balancing its tax base and found different ways of managing its taxation system effectively, how is it that no alternative was considered to the agreement reached between the Minister of Finance and the three maritime provinces?

• (1245)

Could it be that, if the Minister of Finance had done his homework, if it had not been only a partisan matter for the federal government, there could have been other ways of compensating for lost revenues in the three maritime provinces within their own taxation systems?

If the finance minister had acted properly, and had wisely and competently analyzed the evolution of the tax burden as well as the present tax burden of taxpayers in Nova Scotia, New Brunswick, and Newfoundland, he would have easily realized—it does not take a rocket scientist for that—that, by lowering the consumption tax from 19 per cent to 15 per cent with his new policy, he was doing them a favour.

However certain adjustments to the provincial income tax in these three provinces might have been necessary. Without increasing the total tax burden of people in these three maritime provinces, personal and corporate income taxes could have been slightly increased in these three provinces in order to offset the loss in revenue from the consumption tax. It would have been legitimate, efficient and normal since taxpayers in these three provinces will see their consumption tax reduced by four to five points over the next few years and, unless it is decided otherwise, forever.

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Would it not have been more logical to find a local solution to a local problem of tax harmonization and efficiency? I think so, and I believe it does not take much figuring out to reach this conclusion. I believe that if the finance minister had really wanted to contribute to improved taxation and to the harmonization of a new tax across Canada, he would have gone about it differently. It would not have been difficult.

I am extremely disappointed by the government's handling of this issue. As I said before, until now we have not succeeded, just as the Quebec government and other provincial governments have not succeeded in obtaining details of this agreement.

Today, in this House, I would like to present the government with a formal request. Would it be possible to shortly obtain all the documents, not only the press releases and the media documentation, but also the technical data at the basis of the \$961 million figure, the technical data which would support some sound projections on tax revenues in the maritimes and a cost projection for the harmonization?

When we spend \$1 billion, it seems only reasonable that people know what they are paying for. Until now the finance minister's attitude has been outrageous. This scandalous decision comes after others like the \$2 billion invested in family trusts which crossed over to the United States without a penny being paid in taxes on capital gains.

For two and a half years now, we have been asking the government to act on that issue. For two and a half years, we have been saying it is inadmissible, but the government does nothing; they sit there and say family trusts are unimportant. That is why \$2 billion from two family trusts were transferred south of the border tax free. Today, the government realizes the problem and says maybe we should review the taxation system. For two and a half years, we have been saying that the taxation system makes no sense. Now the government is asking the finance committee to find a solution. It was high time.

To avoid repeating the mistakes due to its incompetence, why is the government not listening to the official opposition, the Government of Quebec, the governments of Ontario and Alberta, Canadians and Quebecers who are asking that it suspend the process leading to the payment of a billion dollars in compensation to three maritime provinces, and that the whole question of harmonization of the GST be submitted to the next meeting of finance ministers which is to be held around June 18?

• (1250)

It seems to me that the process would be somewhat more open if the government were to table all the relevant data relating to the GST and make them available to all representatives of the Canadian provinces and Quebec, so they could talk about it and find ways to improve the federal tax system and the provincial tax systems.

It seems to me that, for once, it would be nice to have the Minister of Finance follow his own logic. We are talking about harmony, not just harmonization, between the federal government and the provinces, but when the time comes to make concrete decisions, goodbye harmony. As my colleague from Rimouski—Témiscouata would say: poof! harmony.

It seems to me it is high time that, for such important questions regarding taxation of consumer goods and services, the Minister of Finance be more open, that he table the technical documents we request and, moreover, that he discuss this question of harmonization of the GST and provincial sales taxes with his provincial counterparts at the next conference. In the meantime, he should stop implementing processes like this one which involves payment of \$1 billion in compensation.

I think that most Quebecers and Canadians would be better off if the Minister of Finance were to listen to us, for once, and stopped acting that way. For all these reasons, on top of asking for suspension of the payment of \$961 million, I urge all my colleagues in the official opposition, in the Bloc Québécois, to vote against this bill.

[English]

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, I rise to speak at third reading of Bill C-31, the budget implementation act. In my speech I will critique the latest Liberal budget on how it responds to the wants and needs of Canadians.

I will focus on the main concern of all Canadians, namely, the creation and preservation of long term sustainable jobs. I will critique the Liberal government's performance in creating jobs, which is what it promised during the last election and since, and compare the results with the Reform Party's plan for economic prosperity.

A government budget is more than a forecast of spending practices. It is a game plan, a master plan which tells the people what are the intentions, the priorities and the goals of their government. It is a promise of performance.

The previous budgets of this government have been small steps in the right direction. The intention: deficit reduction. The priority: job creation. The goal: a better economic future for Canadians.

Even though the route taken by the Liberals has been slow, arcane and convoluted, on this side of the House we felt that they were headed in the right direction with past budgets. The 1996-97 budget is a much different story. The intention: to pull the wool over the eyes of Canadians. The priority: to maintain the status quo. The goal: to lead Canadians to believe that it has delivered on its promises in order to get re-elected. Canadians are smarter than that.

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The government has promoted its political interest by subordinating the interests of hard working, tax paying Canadians. The government and, in particular, the Prime Minister and the Minister of Finance should be ashamed of themselves. We in the Reform Party feel that it is our obligation as elected representatives to get to our electorate to find out what our constituents want and to represent them in the manner in which they want to be represented. As this is not the practice of many members opposite I will take a few moments to tell them what Canadians wanted from this budget.

Canadians wanted five things. They wanted long term sustainable jobs, tax relief, long term sustainability for social programs, an increased standard of living and to know when the government will balance the budget. Many Canadians have come to realize that the first four items on their list cannot be achieved until the government stops adding to the debt and the interest payments to service the debt. This list cannot be achieved if the debt is not stabilized and then reduced.

● (1255)

This list is not too much to ask from a government that campaigned on creating opportunities. Canadians were not expecting the government to create for them the opportunity to file bankruptcy or the opportunity to watch their jobs head south of the border or the opportunity to see their payroll and gas taxes skyrocket. It is probably not very comforting for Canadians to know that all of these opportunities are considered to be acts of God by our Prime Minister.

Rhetoric aside, let us take a closer look at this taxpayers' wish list to see how well this budget comes through for Canadians. First is the area of long term sustainable jobs. Canadians want work. They want to pursue employment opportunities created through a healthy and prosperous economy.

The government claims to have created hundreds of thousands of jobs. In the year ended December 31, 1995, employment had grown only a meagre 8,000 jobs. That is a fact. This number represents half a per cent of the labour force. Of course, these jobs were not created by government—nor should jobs be—but rather by companies and individuals.

The national unemployment figure is hovering just shy of the double digit range and does not take into account those who are no longer looking for work. The actual percentage of unemployed Canadians is approximately 13 per cent when including those who have given up looking for work. This figure is doubled when applied to unemployed youth.

The government has said that it is dealing with student unemployment. The budget contains a new initiative to spend \$250 million on jobs for a few lucky students. These jobs will provide

summer employment for a minute percentage of our youth. However, the initiative will not help to create real employment opportunities after graduation.

I would have thought that after the huge success—I say this with tongue in cheek—of the national infrastructure program, the government would have realized that throwing money into make work projects does not create meaningful jobs.

The second thing Canadians want from a budget and from a government is tax relief. The level of taxation in this country is one of the major job killers. This happens on many different fronts. Many corporations that are looking to expand operations do not consider Canada because of the outrageous level of taxation. It is a killer of potential jobs for Canadians.

Many companies in Canada cannot afford to maintain the size of their workforce due to the taxation cost per employee. This results in mass layoffs and downsizing and is the killer of present jobs.

In 1995, based on an average family income of \$57,000, this family paid over \$27,000 in taxes of one type or another. That is a taxation level of 46 per cent. Some estimates show the level at over 50 per cent when all types of taxation are considered. The average Canadian family's tax bill has increased by over 1,000 per cent since 1961 under successive Liberal and Conservative governments. That is not double, nor is it increased by a factor of 10. It is a shameful record. This budget does not provide tax relief.

Third, Canadians expect the budget and the government to preserve social programs. Canadians are concerned that the funding available for social programs such as health care, old age security and unemployment insurance will be swallowed up by debt servicing costs, that is, the interest payments on the debt. Currently Canada wastes close to \$50 billion a year servicing the debt. That \$50 billion is no longer available for social program spending on important programs such as health, education and pensions.

● (1300)

This has resulted in tax grabs and clawbacks, especially from our seniors. The changes to the mandatory withdrawal of RRSPs and the clawback on federal pensions at \$40,000 are robbing our retired seniors of the savings they struggled for decades to accumulate.

The government promised to maintain universality of social programs. During the last election campaign the Reform Party proposed reducing and eliminating pensions for seniors who were above the average Canadian household income of \$53,000. When we came out in the open and presented very honestly our zero in three plan the Liberals condemned us to Canadians for wanting to end universality of social programs. In the finance minister's last

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budget he, the same person who condemned us for our zero in three plan, ended universality of seniors pensions.

The dishonesty is astounding. I think Canadians should know about it and consider it as we get into this next election period.

By not dealing with the deficit in the budget and with the debt continuing to grow and therefore the cost of servicing the debt, the government is jeopardizing the social programs which are most important to Canadians.

The fourth thing Canadians wanted and expected from the budget was an increase in the standard of living. For the last two decades Canadians' standard of living has been dropping. That is, take home pay after taxes and other payroll deductions has been decreasing steadily for the last couple of decades. Since 1989 Canadians have suffered an 8.6 per cent drop in real disposable income. That is just since 1989. This is attributable to an ever increasing tax bill. Due to ever growing levels of taxes and payroll deductions Canadians have less money to invest, to buy a car with, to buy a home with or to take that elusive dream vacation.

The Canadian standard of living has stagnated and regressed to the point where present and future generations will be worse off than their parents. This scenario is courtesy of the tax and spend policies of the present and previous Liberal and Conservative governments. Clearly the blame is to be laid on previous Liberal and Conservative governments and on this Liberal government.

The budget does not allow for an increase in the Canadian standard of living, the fourth thing Canadians wanted and expected from the government and the budget.

The fifth thing they wanted was a definite date for balancing the budget. In a recent poll 66 per cent of Canadians surveyed expressed the belief that the government has not gone far enough with its deficit reduction plan. The Liberals are content to delay the inevitable, bleeding red ink at a rate of over \$80 million a day. This means the government spends \$80 million a day, still more than it brings in; this is in spite of huge increases in tax revenues over the term of the government.

Every legislative body in the country has made a commitment to get its financial house in order except for the federal government. Because of this inaction the national debt is barreling toward \$600 billion. Currently the debt load is over \$40,000 for every Canadian taxpayer.

The government blames the private sector for not doing its part to create jobs. Instead of lecturing the business community on how to create jobs, the government should work hard and make the difficult decisions necessary to balance its books by the end of this mandate. In doing so it would create an environment conducive to economic growth and job creation.

I quote the finance minister from his budget speech of February 1994: "For years governments have been promising more than they can deliver and delivering more than they can afford. This has to end and we are ending it".

The question that comes to mind now is when. When will the government end the ever increasing debt which requires the ever increasing interest payments to service?

• (1305)

The government's budgets have left Canadians with a deficit of over \$30 billion. Since the Liberals took power in 1993 the national debt has grown by over \$100 billion. The only thing the Liberals are putting an end to are jobs, economic growth, disposable income and certainly not the ever increasing debt.

It is not my intention to paint a dismal picture of Canada. Canadians are creative, industrious, hard working people who deserve a government which will legislate changes in their best interests.

Canada has the potential to be one of the economic powers of the global market. However, until the financial crisis is under control this potential of prosperity is in jeopardy. Do not take my word for it. This is what the experts are saying about this past budget of the finance minister, the budget which this legislation we are debating today would implement.

Diane Francis of the *Financial Post* stated:

The Liberals are not doing the cutting fast enough. By failing to cut deeper, faster, the Liberals ignore the real possibility that another recession will hit in a year or two and land us back in the deficit.

From Ernst & Young's budget analysis:

The government did not seize a most important opportunity to clearly reinforce its resolve to deal with our national finances. It is important that all Canadians not only understand when a balanced budget will be realized but also when surpluses will be created to facilitate tax reductions, systemic debt retirement and greater flexibility with our important social programs.

From Catherine Swift, president of the Canadian Federation of Independent Business:

If we are going to see some enduring job creation and not just some political quick fixes like some of our youth initiatives, then we have to see a reduction in taxation on jobs, and we did not see that in this budget.

From the business editor of the Ottawa *Sun*, Stuart McCarthy:

We are all left sitting on a ticking time bomb which grows by the second called the national debt.

Granted, it is easy to sit back and criticize another's work, but it is much more difficult and credible to offer an alternative. That is what we in the Reform Party did when we published the taxpayers budget. I find it strange that the Prime Minister and the finance minister continually avoid our questions in question period by

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asking us where our new budget is. When you do it right the first time, you do not have to redo it.

We did it right the first time with our taxpayers budget. The taxpayers budget is a logical, comprehensive, efficient plan to balance the federal budget. We stood behind it when it was first released in early 1995 and so did many of the experts. We still stand behind it because it works.

When asked difficult questions regarding cuts to social programs, the finance minister often refers to the so-called cold hearted Reform Party. He would have Canadians believe that I and my colleagues would sell our dear mothers down the river in the name of deficit reduction. It is the finance minister who has not only sold mothers down the river but has sent the farm with them.

The Reform Party's taxpayers budget established an old age pension clawback for those seniors whose yearly household income is \$54,000 or higher. We felt these seniors were able to live comfortably without the assistance of the federal government. This was a difficult decision to make but we were forthright and had the courage to state our objections in writing.

The Liberal plan for old age security, and I have referred to it already, establishes a clawback for seniors benefits at \$40,000 a year and ends universality of seniors pensions. Surely the finance minister must be apologetic to our mothers and fathers who find themselves paddleless on that infamous creek.

The finance minister is suddenly and conspicuously quiet on the subject.

• (1310)

Why is he so quiet? My guess is he has finally taken time to read our taxpayers budget and is trying to steal our ideas without our noticing. I have news for the finance minister. He can have them. We presented the taxpayers budget for him to look at and to learn from. That was our intent.

He would do well to take them and put them in effect. We would see the positive results of that budget. To make it absolutely clear, the Liberal government has cut about \$3.5 billion more in the areas of health care, education and welfare than the Reform Party proposed in our taxpayers budget.

The same government, Prime Minister and finance minister who call Reformers heartless have themselves reduced federal government payments for health care, welfare and education by \$3.5 billion more than the Reform taxpayers budget.

What would Canadians gain through the implementation of the taxpayers budget? If I wanted to be curt, I could mention everything they have lost through the irresponsible practices of the

present and past Liberal and Conservative administrations. Unfortunately it is not that simple.

The most important aspect of the taxpayers budget is that it takes place over a relatively short time period. Canadians would regain control of their financial lives quickly. Canadians would be freed from the strains of our overburdened tax system and would be able to plan for their futures in a stable economy with sustainable, universal social programs.

The taxpayers budget offers deficit elimination and tax relief which would stimulate long term private sector job creation. It offers a more secure society established through the re-examination and reform of social programs, the unemployment of individuals and families and the decentralization of social program delivery.

Reform's formula is one that will eliminate the deficit in a quick, calculated, humanitarian way. Debt reduction and increased consumer activity will lead to job creation. However, there are other essential components to creating employment opportunities.

These are spelled out in Reform's five R plan in the taxpayers budget: reduce the federal debt, relieve Canadians of their tax burden, restore labour market efficiency and reduce social program dependence, remove barriers to internal and external trade, and renew Canada's physical and intellectual infrastructure.

The combination of these components is a sure fire way to create an environment in which the private sector can thrive and in so doing create long term, sustainable employment.

I have already spoken of the importance of reducing the deficit and relieving Canadians of their tax burden. Notwithstanding the importance of the previously stated issues, I will focus the remainder of my speech on an area of job creation which I am particularly interested in.

As the Reform Party internal trade critic, I am quite concerned about the lack of action taken by the government in dismantling barriers to internal trade. We in the House recently debated Bill C-19, implementing an agreement on internal trade.

The government stated in the red book and in both throne speeches that it is committed to the dismantling of the barriers to internal trade. If this were truly the case, why did the government pass Bill C-19 two weeks ago, 10 months after the agreement on internal trade came into effect?

While the agreement on internal trade is weak and in some areas actually tends to enshrine barriers, exactly the opposite of its intention, at least it was a start. Yet the legislation to implement the agreement was not passed in the House until 10 months after the agreement came into effect, almost two years after the agreement was reached in the first place.

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Interprovincial trade barriers cost Canadians jobs and money. These are the two criteria budgets traditionally address, jobs and money. A budget is supposed to outline what initiatives have been undertaken to stimulate the economy, resulting in jobs and money.

This budget is a sunshine budget. The message of don't worry, be happy does not wash with me or with Canadian taxpayers. We are supposed to believe the government is doing all it can for Canadians. To listen to the finance minister, he has not left a stone unturned in his search for job creation and debt reduction.

• (1315)

Unbelievably, the Prime Minister stated last week in Calgary that high unemployment is unbeatable. The Prime Minister has thrown up his hands and has said that we will have to live with unemployment because we cannot beat it. Canadians are stuck with high unemployment under this government. If the Prime Minister is throwing up his hands and surrendering to unemployment, then he should step aside. There is plenty which can be done right here at home to deal with the high unemployment rate.

To start with, quick action should be taken to remove barriers to internal trade. These barriers between the provinces are a serious hurdle on the road to economic prosperity. Business groups, think tanks and academics across Canada all agree that it is in the economic best interests of all Canadians for trade barriers to be eliminated.

According to the Fraser Institute, if Canadian firms were able to operate freely across the country, the average Canadian household income would rise by as much as \$3,500 a year. This is another means of putting dollars back in the hands of Canadians. This is a matter that this government refuses to address in a serious way.

The Canadian Manufacturers' Association, the Fraser Institute, the C.D. Howe Institute and others estimate that internal trade barriers cost Canadian businesses between \$6 billion and \$10 billion a year. It amazes me that this situation has not been addressed in any substantive way by the government. Stephen Van Houten, president of the Canadian Manufacturers' Association, said that trade barriers result in lost sales, lost investment and lost jobs.

Many Canadian businesses have had to resort to going through the United States, through American companies, in order to do business with businesses in other Canadian provinces. It is sad that it is easier to do business with the United States and Mexico than it is with other provinces.

Members may ask how this will affect job creation. Many companies are forced to leave Canada because they simply cannot afford to stay. When they leave they take with them Canadian jobs.

Businesses leave Canada, certainly for many reasons, all of which must be eliminated.

I have already talked about the high taxes and payroll deductions driving businesses and jobs out of Canada. Excessive government regulation and interference is another factor causing businesses to leave this country. The restrictions and barriers to internal trade are another. We are not talking about a few dozen jobs. We are talking about tens of thousands and probably hundreds of thousands of jobs all lost because government in this country will not eliminate the barriers to internal trade.

I will cite one example. I will not use the company's name because I have not asked permission to do so. There is a company in northern Ontario that specializes in the high tech industrial heat treating of materials. This company is state of the art. Its workers are highly skilled at their trade. The company entered into tendering competitions for government contracts in Manitoba and Quebec. In both cases, the Ontario company could provide the best product at the lowest price. There was no doubt about that.

In both cases it was awarded conditional contracts. In Manitoba, the job would be awarded if this company would post an enormous payroll bond to cover its workers, a bond which was completely out of reach for this small company. In Quebec, the contract would be awarded only if Quebec workers were used. This is a highly specialized company which has spent a lot of time and money training staff to do a highly specialized job very efficiently. In both cases, the cost of doing business in Canada was too high.

The company is now contemplating taking its business and its high paying jobs to the United States where it can use the NAFTA agreement to gain access to Ontario and Manitoba. Does this make any sense? This kind of nonsense has to end and it must end quickly.

• (1320)

I could literally go on for hours citing examples of unjust trade restrictions within Canada. They would all draw the same conclusion: we must do something to rectify the situation. Patriotism should not be the sole rationale for doing business inside Canada.

With regard to internal trade barriers many companies have stated that the only reason they are staying in this country is that they are patriotic Canadians. One after another have said that patriotism can only go so far and that if things do not change, these companies will move their businesses to the United States, Mexico or elsewhere.

I will now summarize the government's approach to budgets to date. In the 1994-95 budget the Liberals tried to grow out of debt through make work projects. In the 1995-96 budget the Liberals tried to tax their way out of debt through payroll and gasoline taxes. The 1996-97 budget is really a do nothing budget intended to

stupefy the masses into believing that all is fine and that the problem has been solved.

I will conclude by reading an excerpt from the C.D. Howe study, "Deficit Reductions—What Pain, What Gain". This study should be required reading for anyone who believes that we can first, grow our way out of debt; second, tax our way out of debt; third, do nothing about our fiscal crisis. The study concludes by stating that short term sacrifice for deficit elimination can yield a rich, long term return.

The long term benefits of balancing budgets in a quick and efficient manner will accomplish the following: First is income and job security. A balanced budget will put an end to the downward spiral that we have seen in take home pay over the past 20 years. Second, it will provide tax relief. By controlling spending and balancing the federal budget, taxation levels would be reduced in conjunction with deficit and debt reduction. Third is social program security. By ending the continual increase in interest payments on the debt, tax dollars could be directed to maintaining social programs such as health, education and pensions which are so important to Canadians.

The answer is quite clear. The environment for job creation can be achieved through the taxpayers budget or a similar approach. It also will require dealing with and eliminating internal trade barriers. This can and must be done.

Through my speech today I have shown that the 1996-97 Liberal budget and the Liberal government's entire approach to fiscal reform is ineffective and does not respond to the needs of Canadians which have been stated quite clearly across the country. In this budget Canadians wanted job creation, not vote creation. I believe that Canadians can see through the statements of the finance minister and others that the problem has been solved. The budget will not end up being a vote creator.

The Deputy Speaker: The Chair had an indication that another colleague wished to speak but I do not see him in the House.

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.

Some hon. members: No.

The Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

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Some hon. members: Nay.

The Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

• (1325)

[*Translation*]

The Deputy Speaker: Call in the members.

And the bells having rung:

The Deputy Speaker: Dear colleagues, the recorded division on the motion stands deferred until 6.30 p.m. today.

* * *

[*English*]

INCOME TAX BUDGET AMENDMENT ACT

Hon. Paul Martin (Minister of Finance, Lib.) moved that Bill C-36, an act to amend the Income Tax Act, the Excise Act, the Excise Tax Act, the Office of the Superintendent of Financial Institutions Act, the Old Age Security Act and the Canada Shipping Act, be read the second time and referred to a committee.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I welcome the opportunity to begin debate in support of Bill C-36, the Income Tax Budget Amendment Act, 1995. I will begin my remarks with a few observations about the context of the tax measures we are proposing. To do that I must revisit the challenges the country faced and the expectations of the people we represent when the 1995 budget was introduced.

[*Translation*]

Then—as now—, Canadians wanted their governments to spend their money and to make savings in a sensible way, according to their values. And their values were undeniably reflected in the principles guiding our budgetary decisions.

These principles, underlying the bill being debated today, were set forth by my colleague, the Minister of Finance, in his budget speech.

The first principle stated that the government had to put its house in order. In other words, the budget had to focus on reducing program spending, rather than increasing taxes.

Another principle emphasized the need to be fair, fair toward the various regions of this country and its different citizens.

[*English*]

The record shows that we kept faith with Canadians. For the three year period that was the focus of last year's budget, from 1995-96 to 1997-98, the government has secured almost \$7 in spending cuts for every dollar in new taxes. The spending reduc-

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tions that were set out for the three year period total \$25.3 billion and we took care to ensure that the burden was shared fairly.

Some \$16.9 billion, or two-thirds of the total cuts, are to come about because of program review actions announced in the 1995 budget. This top to bottom re-evaluation of what government does and how government spends is now well under way and reflects an important reality of the 1990s.

In today's world where resources are limited, there is no question that government must change. If we are to do a better job of meeting key priorities we must reduce our presence in areas where others can do the job better.

The results of our actions in all three budgets introduced by this government speak for themselves. In 1993-94 federal program spending stood at \$120 billion, or almost 17 per cent of GDP. By 1998-99 the money we spend on programs will be down to \$105.5 billion, or 12 per cent of GDP.

From the start we set out tough deficit targets and we are firmly on track to meeting them. Our milestone is a deficit equal to 3 per cent of GDP for this fiscal year and 2 per cent next year.

[*Translation*]

As I mentioned previously, most of our decisions focused on reducing expenses. But, given the size of the challenge, we could not avoid a reform of the tax system.

In the budget speech, the minister pointed to the fundamental principle guiding our tax policy: taxes involve more than just rates, there is also the question of fairness.

With this in mind, we introduced a number of tax measures increasing the fairness of the system. We did not, however, increase personal income tax rates. In fact, we have not changed these rates in any of our three budgets, because we are well aware of the deep exasperation felt by many Canadian taxpayers.

• (1330)

I would like to briefly describe a number of measures we are proposing in the bill before us today.

I am sure all members will agree that fiscal equity begins with the collection of all taxes payable. We cannot allow some Canadians to evade their duty at the expense of other taxpayers.

[*English*]

Measures in this budget will protect the collection of source deductions made for income tax, Canada pension plan contributions and unemployment insurance premiums. Let me explain.

There have been cases where taxpayers are encouraged or even forced by third parties in a position of influence not to remit source deductions and similar withholdings. This can happen, for instance, where a secured creditor of a taxpayer in financial trouble controls the disbursements of the taxpayer's business. In an attempt to recoup its own losses, the creditor permits the payment of wages but refuses the remittance of source deductions and similar withholdings.

To protect source deductions in these and similar circumstances the government proposes amendments that would make such secured creditors liable to pay unremitted source deductions, along with any interest and penalty charges, just as the taxpayer is liable.

It is also proposed to allow Revenue Canada to exchange business name and address information with other federal departments and the provinces when they adopt the business numbers to identify corporations, partnerships or certain associations of taxpayers. This will allow federal departments and provinces to cut duplication, simplify business registration and develop joint business services. From the business person's point of view it will reduce the cost of compliance and give access to more effective government services.

[*Translation*]

I would now like to talk about the measures in this bill that propose changes to the tax system itself, changes that will make the system fairer. For example, we propose to change the tax system on investment income of private holding companies by eliminating the attractive deferral opportunities that existed until now.

Also, the current film incentive measure will go from the present tax shelter, which profits high income investors, to a new refundable credit offered directly to Canadian film producers.

[*English*]

The government is also acting to eliminate tax advantages flowing from family trusts. This includes repealing the previous government's decision to allow deferral of the 21-year rule.

I will now turn to other tax issues. First, measures in this bill affect the tax assistance the government provides to Canadians to encourage them to save for retirement. In last year's budget it was announced that the contribution limit for RRSPs would be reduced to \$13,500 for this year and next, then allowed to rise incrementally to \$15,500 by 1999.

In that budget it was also announced that the contribution limit for money purchase registered pension plans would be reduced to \$13,500 for this year, then rise incrementally to \$15,500 by 1999. However, in this year's budget the government announced that the contribution limits would instead be frozen at \$13,500 for another six years, that is until 2003 for RRSPs and 2002 for money purchase plans.

The legislation before us implements the changes to the contribution limits announced in the 1995 budget. The further freeze in the limits that was announced this March will be dealt with at a future date.

As well, under this legislation, the amount of over-contribution allowed to an RRSP without being subject to the one per cent per month tax penalty will be cut from \$8,000 to \$2,000. There are, however, some traditional measures to accommodate taxpayers with prebudget over-contributions below the old limit but above the new one.

The 1995 budget changes will bring the limits closer to the original pension reform target of providing tax assistance on earnings up to two and one-half times the average wage. The subsequent 1996 changes will bring this target down to two times the average wage, allowing us to better target this assistance to those who need it most, modest and middle income Canadians, while limiting the cost to the government and all its taxpayers.

• (1335)

As we consider the Canada of the future, in the early decades of the next century, there can be no question about the need to encourage retirement savings. In so doing we help today's wage earners prepare for their eventual exit from the workforce and thus avoid a too heavy reliance on public pension and income support programs in years to come.

Let me pause for a moment and mention one measure being introduced which affects today's higher income seniors. These individuals must repay part of the old age security benefit to the extent that their income exceeds an indexed threshold of \$53,215 for this year. Through Bill C-36, instead of having them receive the full benefit and then make a repayment when they file their income tax, the government proposes to reduce the benefit before it is sent out. I want to stress that the level of the clawback is not being changed with this measure but simply how it is implemented.

Let me now turn to another issue which I wish to discuss in some detail, the action to eliminate the deferral of tax on business income. Under current law unincorporated business owners can use a fiscal year that does not correspond to the calendar year. If the year end is, for example, January 31, then all income for the remaining 11 months is added to next year's taxable income. Needless to say, taxpayers taking advantage of this feature enjoy a significant benefit over others. This approach runs counter to the general rule for taxpayers that income is taxed in the year in which it is earned.

To remedy this situation and to treat all taxpayers as equally as possible, a new rule was announced that would require all sole proprietorships, professional corporations and partnerships to have a fiscal year end of December 31. This proposal, however, came in for considerable criticism from many business people who are affected by the change and from members of this House.

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The government has listened to them. It recognizes that some of the comments made to us were valid. Many businesses are of a seasonal nature and a fiscal year end of December 31 imposes hardships on them. Operators of a ski hill, for example, would prefer to focus on their business in the winter months, not on their accounting.

Second, a uniform year end would see much of the demand for accounting services concentrated in December and the few following months. In contrast, the variation of year ends allowed by the current system spreads the work more evenly throughout the year to the benefit of small businesses as well as their accountants.

The response has been to provide an alternative method of calculating income, one that addresses the goal of treating taxpayers as consistently as possible and at the same time allowing small business to retain a fiscal year end that reflects their needs.

Under this method taxpayers with a year end other than December 31 will have to adjust their income to take account of earnings between their fiscal year end and the end of the calendar year. There will be, of course, a transitional provision so taxpayers can allocate additional income from 1995 to future tax years. This alternative method will be available to individuals carrying on a business and to partnerships where all members of that partnership are individuals.

Let me also mention in passing that the decision to allow individuals to retain a fiscal year that does not end on December 31 has implications for their remittance of collected GST amounts. Individuals will continue to have the option of adopting their fiscal year for GST purposes.

The third area I wish to discuss is changes to the budget made to corporate income tax rates. The government announced an increase in the large corporation tax by 12.5 per cent. As well, it proposes to raise the corporate surtax on profits from 3 per cent to 4 per cent. Taken together, these two measures will generate an extra \$260 million annually.

The goal is to ensure that big companies contribute a more equitable share of the burden required to bring the deficit down. A temporary tax is being imposed on the capital of large deposit taking institutions, including banks. From February 27, 1995 to October 31, 1996 the budget anticipated this would raise \$100 million over the covered intended period. Life insurance companies, which already pay an additional capital tax, would not be subject to this temporary surcharge.

Finally, let me mention one amendment that is not targeted at the fiscal environment but is targeted at the natural environment. The legislation acts to eliminate the current limit on the charitable donations credit for the donation of ecologically sensitive land. The current limit is 20 per cent of income, a level that may be a

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disincentive in some cases where the value of the land is high relative to the donor's income.

• (1340)

This measure reflects the fact that the government appreciates not only the vital importance of environmental action, but also the growing importance of the charitable sector in Canadian society. In this year's budget, for example, a number of additional measures were announced that will be introduced in the months ahead.

[*Translation*]

The tax changes we are proposing in this bill are fair and equitable. They are totally in accordance with the principles we have set for ourselves to give direction to the tax policy. These principles, as I am sure members are well aware, reflect the values and expectations of Canadians.

As elected representatives of the Canadian people, we would fail in our duty if we departed from these principles. That is why I urge my colleagues to join me in supporting this important bill.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I am happy to participate in the debate at second reading of Bill C-36, an act to implement certain provisions of the budget—not the last one tabled by the Minister of Finance, but the 1995 budget.

First of all, regarding the government's behaviour, it is quite remarkable that, more than one year after tabling a budget, the government reintroduces provisions that had been announced at that time while focusing on beneficial measures from the 1995 budget, which may appear small but which are in fact magnified a thousand times. This amounts to doing the same thing twice so as to heap praise on the government and the Minister of Finance. I think the secretary of state has become an expert on this.

In the next few minutes, I will go over four of the measures in this bill which are especially important. I will talk about two positive measures on which the official opposition agrees with the government, and about two measures which, in our opinion, are highly detrimental.

I will first approach Bill C-36 in a general way. When one compares the measures in this bill with the responses given by the Minister of Finance since the 1995 budget, it is like water and fire, like night and day.

Since the 1995 budget and again recently, the Minister of Finance has often told us: "Since the 1995 budget, and even since the 1994 budget, I have put in place tax reform measures to make the Canadian tax system more effective, to correct the inequity, the imbalance between businesses that pay no taxes and those that pay taxes every year. Since my 1995 budget in particular, I have taken steps to correct inequities between individuals who pay too much tax and some businesses that do not pay any".

We in the official opposition say again to the Minister of Finance that he has done nothing to make the Canadian tax system more equitable. He has done nothing to make global or specific improvements to the Canadian tax system since taking office, since his first budget in 1994 even. He has done nothing to close tax loopholes, and this lack of action, this laissez-faire attitude is apparent in Bill C-36.

Since this bill contains measures relating to tax deferral and corporate income tax, why did the minister not take the opportunity, in preparing to table his budget, to truly reform our tax system, as we have been requesting ever since we were elected to this place?

If those are the measures on the basis of which he boasts day in day out to have "plugged the tax loopholes", it is clear—plain as day, as we would say back home—that it makes no sense whatsoever. Referring to tax deferral measures, he claimed to have fixed the problem, rectified the inequity in situations where a corporation could defer tax, perhaps indefinitely, in combination with accelerated depreciation for instance, so that it never paid a cent in taxes. He claims to have resolved the problem. He keeps referring to the 1995 budget.

• (1345)

What does the 1995 budget provide for on the particular matter of tax deferral? According to this budget, any corporation that is not a business corporation must end its financial year on December 31 instead of carrying income forward 18 or 24 months.

That is not it. If that is the finance minister's basis for stating: "Indeed, we have managed to ensure that all corporations pay the tax they owe", it is skimpy. Very skimpy in fact, as it does not even meet one tenth of the target the Minister of Finance claims to have met.

This is so remote from the actual objective that recently, when the issue of the capital gains tax was raised, the *Toronto Star* showed the weaknesses of the Canadian tax system, including loopholes that were in no way eliminated by the finance minister, whether through Bill C-36 or even the February 1994 budget. The *Toronto Star* wrote that "a Revenue Canada report"—not a Bloc Québécois report, a Revenue Canada report—"released last month indicated that, in 1991, assets worth some \$60 billion—that is a lot of money, a lot of wealth—left Canada without the department being able to identify the origin and destination of this money".

The *Toronto Star* suspected that these \$60 billion worth of Canadian assets had been secretly transferred to tax havens, thanks to the permissiveness and flexibility of the Canadian tax system. Mr. Speaker, we are talking about \$60 billion worth of assets.

If this was the case in 1991, if no corrective measures were taken, if the Minister of Finance only kept telling us that we were wrong, that the Canadian tax system was good, that it was airtight and that we could rely on it to prevent capital flight and outright tax

evasion schemes such as the ones mentioned in the *Toronto Star*, then we have a problem.

A number of parties, including the major Canadian banks, were identified as having taken part in this massive tax evasion scheme.

We keep repeating to the Minister of Finance, the Prime Minister and the former and current revenue ministers that it is not normal that major Canadian banks have some 46 branches in Caribbean countries alone, which are considered to be tax havens. It is not normal that these banks have twice as many branches in the Caribbean as in the rest of the world.

Now, we learn that, as regards the tax evasion scheme whereby \$60 billion worth of assets left Canada, a finger could be pointed at the major Canadian banks.

Everyone in Quebec and in Canada knows that the official opposition energetically accused the government of being too soft and decried the tax loopholes, by pointing out the opportunities for the businesses and the banks, as well as some of the richer families in Canada, to avoid paying their share to Revenue Canada. Even if the Minister of Finance said: "You are exaggerating. It all amounts to a few dozens of millions of dollars", we now know that billions of dollars, as stated in a Revenue Canada report, could leave the country and dodge income tax, that is evade the Canadian tax system.

We now have the evidence. The Minister of Finance was proud of his 1995 budget as reflected in Bill C-36. He even told us that there were no problems.

The government has made quite a few blunders, Mr. Speaker. An unkept promise about the GST; what amounts even to the most federalist of Canadians to a \$1 billion partisan agreement to buy the maritime provinces; the many more blunders on constitutional issues. Now, with flights of capital of such magnitude, we realize that the Minister of Finance did not improve the tax system. This all adds up to a lot of bad points for the government.

So much for the overall approach. Let us now examine the more specific measures.

• (1350)

Bill C-36 deals in part with family trusts. The Minister of Finance is not a fast worker, since it took him more than a year to implement last year's budget. In 1995, the Bloc Québécois called the Minister of Finance a "stand-up comic" and said that the minister was putting up smoke screens.

The Minister of Finance pretended to address an issue that is close to the hearts of the official opposition members, because it is quite a scandal, and said: "We have taken some measures concern-

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ing family trusts". You can take any measure on any possible issue and still not do your work, and that is exactly what the Minister of Finance did in 1995.

He said he was going to amend the rule allowing taxes on assets held in family trusts to be deferred, a rule that had been amended by the previous government and that allowed a taxpayer to defer taxes up to 80 years. Under the provisions of this rule, it was possible to defer tax on capital gains until the death of the last exempted beneficiary.

The Minister of Finance told us this would be corrected and we would go back to the old rules. We were happy, because under the old rules you had 21 years, which, while not perfect, was better than 80. At least after 21 years, taxes were paid on billions of dollars worth of assets that were accumulating in family trusts.

But the Minister of Finance immediately followed this up with the announcement that the 21 year rule would not take effect until 1999. If you were a trustee, if you had billions, tens of millions, even hundreds of thousands of dollars in a trust, what would you do? I ask the question and I will give the answer. I think you would investigate all the fiscal options open to you with a view to minimizing the tax you had to pay to Revenue Canada.

The Minister of Finance has given very rich Canadian families and large businesses, which also use trusts, an opportunity to analyse all the financial and fiscal vehicles available, and he has given them four years to transfer their money from family trusts to other vehicles, or worse yet, outside Canada.

When we voiced our objections, the Minister of Finance said: "Well, what do you expect, the official opposition is just a bunch of separatists". The usual attack, and the usual rhetoric we have come to expect from this government. There always has to be a scandal somewhere, something has to happen. Even though we have been saying and shouting for two and a half years that the government is losing hundreds of millions if not billions of dollars in taxes, it always takes a bombshell for the government to finally see the light.

This bombshell came three weeks ago when the auditor general said that two family trusts had transferred \$2 billion worth of assets to the United States without paying any taxes on these assets. The finance minister said that family trusts were not a problem, that he would deal with that but we had to give him four years to do it. That meant we had to give Canada's richest families, like the ones that transferred \$2 billion worth of assets to the United States, four years to find ways not to lose money.

But the ordinary Canadian taxpayers will pay. They are the ones who will pay for those \$2 billion that were transferred to the United

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States tax free because of this government's laxness. Taxpayers will pay, consumers will pay, unemployed people who are the victims of this government's cuts in the unemployment insurance fund will pay. It is outrageous.

Considering the sacrifices that ordinary Quebecers and Canadians are being asked to make, that the real taxpayers who are supposed to be represented by the members of this government are being forced to make, we will continue to ask not only that the issue of the 21 year rule be dealt with, but also that the appropriateness of maintaining an instrument such as family trusts at the expense of Quebec's and Canada's real taxpayers be looked at.

• (1355)

A second aspect of Bill C-36 which has something indecent about it. The Secretary of State was saying this morning "As a government, we have met our responsibilities. We have taxed the major chartered banks. We have levied a special renewable \$160 million tax".

There is a special tax of \$160 million on the chartered banks, banks which have amassed some \$5 billion in profits. Yet those banks, if we can believe a *Toronto Star* article which reports on the contents of a Revenue Canada report on tax evasion and refers to the \$60 billion in assets siphoned off to the U.S. and just about everywhere else, are not paying the federal government, Revenue Canada, its just dues. They are taking advantage of tax loopholes to transfer part of their untaxed funds into branch operations, particularly in the Caribbean. As I have said, there are 46 of these. It is easy for them to plan their affairs so as to pay the minimum in taxes.

Mr. Speaker, since you are indicating that I have two minutes left, I will end with this measure and continue after question period. The banks are being hit with \$160 millions in taxes—a temporary measure—when, at the other end, there is \$60 billion in tax evasion and \$2 billion that went to the United States untaxed through family trusts.

We should compare the \$160 in special tax on the banks to the billions it is costing Quebecers and Canadians with the restrictions in unemployment insurance, for example, and with the cuts to social assistance, post-secondary education and health. I think Quebec and Canadian taxpayers will realize that this government is working, but not necessarily in their best interest. It is working more for big business; for the powerful families, like those that succeeded in transferring \$2 billion through family trusts without paying tax; and for certain financial institutions, including the banks. I will return to this in my analysis of Bill C-36.

The Speaker: My dear colleagues, it being nearly 2.00 p.m., we will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

WESTFORT

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, in my riding the residents of Westfort are renowned for their friendliness and fierce loyalty to their community. In order to further build on this positive sense of community, Westfort was chosen for a recent federal-provincial project aimed at increasing neighbourly ties in small communities.

The three year Neighbourhood Outreach Development Project wound up recently. As far as the project organizers are concerned, there is no such thing as too much community goodwill.

A key outcome of this initiative was the construction of the West Thunder Community Centre. At this centre one will find people of different ethnic origins and linguistic groups, mingling and interacting together in harmony. What a model for community living.

This model demonstrates that our differences are no reason for division. Instead, diversity can serve to bind us closer together in peace and harmony.

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[Translation]

MAJOR JUNIOR HOCKEY

Mr. Bernard Deshaies (Abitibi, BQ): Mr. Speaker, as reported in the *Journal de Montréal*, the victory of the Granby Prédateurs means that Quebec major junior hockey has gained respectability and credibility. People will no longer say that Quebec teams do not measure up to western or Ontario teams. People will no longer say that they are unable to go all the way to the top.

The Bloc Québécois salutes the Granby Prédateurs on the occasion of their victory. The obvious support people gave the club is proof of the pride they felt and the gratitude they wanted to express after such an amazing season.

As the coach of the team, Michel Therrien, said, this victory is good for the whole of Quebec.

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[English]

BRITISH COLUMBIA ELECTION

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, one of the parties running in the B.C. election is calling for an end to the gold plated MLA pension plan, for victims rights to be put ahead of the rights of criminals, for dangerous young offenders to be upgraded to adult court, for free votes in the legislature on everything but budget bills, initiative, referendum and recall, for two year balanced budget legislation, for pay cuts for politicians

who overspend, for opposition to gun control Bill C-68 and for the reworking of the Nisga'a land claim deal.

• (1400)

These certainly sound like Reform policies, and they are, but they are also listed in the B.C. Liberal campaign literature. No wonder the member for Halifax and many of her caucus colleagues have been so critical of B.C. Liberals. They are the most un-liberal Liberals in the country. They are actually promising what the people want.

The last decaying bastion of tax and spend liberalism is the one in this House. For the sake of taxpayers let us hope its passing is swift.

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WINDS OF CHANGE CONFERENCE

Mr. Chris Axworthy (Saskatoon—Clark's Crossing, NDP): Mr. Speaker, as the winds of change conference wrapped up its efforts to unite the right this weekend in Calgary, it seemed shameful to me that the Prime Minister and his Liberal colleagues were not invited to the party. Surely their slash and trash approach to social and fiscal policy over the past three years is more than equal to the price of admission.

If anything, the Prime Minister's relentless march to the right should have earned him the role of guest of honour at that winded exchange conference and neo-conservative fun fest.

While Tories and Reformers spent the weekend only talking about tearing the country apart, the Prime Minister has been actually doing it. He has gutted social programs, health care and UI. He has broken promises on GST and the NAFTA. Last week at a Liberal fundraiser he admitted there was no hope in sight for the million Canadians who are unemployed.

Do not despair, Mr. Prime Minister, Canadians recognize that you belonged at that conference. I am sure your invitation got lost in the mail.

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GASOLINE PRICES

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, there is widespread belief in Ontario at present that the oil companies are gouging consumers through exorbitantly high gas prices. Prices in our communities go up and down, mainly up, all at the same time. Why, people ask, if each service station has different amounts of already paid for gas in its tanks do prices change at the same time?

In Peterborough there have been demonstrations at gas stations to no avail.

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It is time something was done about this. I am a great believer in keeping government interference in business to a minimum. However, it seems my constituents are being manipulated by huge corporations.

I call on all members to support Bill C-267 which will control the way companies can change gas prices. I also support the MPs' appeal to the competition bureau.

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TEACHING EXCELLENCE

Mr. Ron Fewchuk (Selkirk—Red River, Lib.): Mr. Speaker, it was an honour and a pleasure for me to present the Prime Minister's awards for teaching excellence in science, technology and mathematics to the Edward Schreyer School in Beausejour, Manitoba, and to teacher Judith Hattie.

This award recognizes her for the hard work she did which had a major impact on her students' performance in the fields of science, technology and mathematics.

Excellence in these areas is essential to building a better Canadian economy. Teachers like Judith play a critical role in shaping the attitudes of students and in preparing them for the career opportunities in the global economy of the future.

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[*Translation*]

TAXATION

Mr. Mark Assad (Gatineau—La Lièvre, Lib.): Mr. Speaker, some time ago, the auditor general drew the attention of lawmakers to decisions regarding the transfer to the United States of funds worth at least \$2 billion which were held in family trusts in Canada.

These 1991 decisions did not reflect the legislator's intent. The legislator's intent is first and foremost to protect the tax basis against possible erosion. This was not the case. Regardless of diverging opinions and decisions, the fundamental principle which is the protection of Canadian taxpayers was clearly set aside.

The operation which frustrated the legislator's intent and the lack of documentation and analysis regarding the adoption of such significant positions fly in the face of the principle of tax fairness. We are concerned and perplexed by the non-publication of these decisions over at least the past four years, and this will have to be looked into.

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[*English*]

FISHERIES

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, crab fishermen in New Brunswick were justifiably outraged when they learned the fisheries minister planned to reallocate a portion of their quota to

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groundfishermen. This is a classic case of robbing Peter to pay Paul. More to the point, the minister has graphically demonstrated why fisheries in Canada are in trouble. Political decisions override sound management of the resource and political reallocation on both coasts undermines industry viability.

Does the minister not realize his half baked make work program at the expense of crab fishermen just creates instability? How long will it be before Canadian taxpayers are asked to bail out another failed fishery?

• (1405)

It is long past time that politics and fisheries management were surgically separated in Canada. Canada's commercial fishery is not some elaborate social program; it is a business and it ought to run like a business.

As long as politics overrides science and drives management decisions, the biological integrity of the resource is threatened and economic failures will continue to be the hallmark of the federal government.

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[Translation]

BURMA

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, on behalf of the Bloc Québécois, I want to emphasize the outstanding courage displayed by the 8,000 or so people who met yesterday in Burma to attend the congress of the leading opposition party against the ruling junta, the National League for Democracy, led by Aung San Suu Kyi, who won the 1991 Nobel Peace Prize.

At least 238 of the 300 delegates who were to attend the congress are said to have been detained by military authorities in an attempt to prevent the meeting from taking place. Note that Ms. Suu Kyi was imprisoned and put under house arrest for nearly six years after winning the 1990 democratic election.

We salute the extraordinary determination of this woman and encourage her to carry on her fight for democracy, freedom and human rights.

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CKSB RADIO STATION

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, I wish to congratulate CKSB, Manitoba's French language radio station, on its 50th anniversary.

On May 27, 1946, at 6 p.m., CKSB, a radio station financed by the generous donations of francophones in Manitoba, went on air for the very first time. In 1973, CKSB joined the CBC network. After 50 years of existence, CKSB remains an indispensable part of our community, a tool that unites us and helps us to know one another better.

I applaud CKSB and all the members of its team, past and current, for their dedication and their contribution to the Francophonie in Manitoba and Canada.

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[English]

ABORIGINAL AWARENESS WEEK

Mr. Ovid L. Jackson (Bruce—Grey, Lib.): Mr. Speaker, I am pleased to inform the House that last week was aboriginal awareness week.

Aboriginal awareness week was developed by the human resources employment equity section of Agriculture and Agri-Food Canada in November of 1991. It was first celebrated in May 1992 with the participation of 12 other federal departments in the National Capital Region, in part to highlight the contribution aboriginal peoples played within the Canadian federal public service.

This year the Treasury Board secretariat and the Public Service Commission collaborated on two events in recognition of this week. The first was a panel discussion on May 21 where two aboriginal speakers presented their perspectives on how aboriginal peoples view themselves as members of and contributors to Canadian and western society in retaining their traditional heritage.

The second was a presentation by the White Eye Singers from Walpole Island on Friday, May 24 where the audience in the lobby of L'Esplanade Laurier in Ottawa were treated to both traditional and more contemporary aboriginal dances.

Aboriginal awareness week provides us with an excellent opportunity to increase our—

The Speaker: The hon. member for Etobicoke North.

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SOUTH AFRICA

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, the Canadian International Development Agency has concluded a five-year agreement with McGill University's faculty of education.

The purpose of this agreement is to assist the national and provincial governments of South Africa to develop an improved capacity for management and governance in education. Spearheading this initiative is a South African task team on education management development which is currently visiting Canada. Its members will be meeting with relevant Canadian institutes and individuals in order to develop a national strategy for sustainable and responsible education management in South Africa.

I take this opportunity to wish the task team members every success in their efforts and to commend McGill University, the University of Toronto, OISE, the Learning Consortium and the many other institutes involved for their assistance in this important venture.

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[Translation]

JACKIE ROBINSON

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, of all the cities in North America, Montreal is the one that allowed the talented Jackie Robinson to become the first black player in the history of major league baseball. In 1946, Jackie Robinson signed a contract as a star player with the Montreal Royals.

Fifty years ago, the people of Montreal gave a warm welcome to the Robinson family. Rachel Robinson, the widow of the famous player, remembers. Last weekend, she said she was happy to be back home in Montreal, that Montreal "was a city where one felt safe, a city that has always treated us with respect and welcomed us with open arms".

• (1410)

She added: "The fight against racism has made some progress but there is still a way to go. I am 73 years old and I have not lost confidence in the human race".

Thank you, Jackie and Rachel Robinson, for your contribution to the history of mankind.

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[English]

CANADIAN WHEAT BOARD

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, Canadian farmers get \$2,500 more for a truckload of grain in the United States than they get in Canada. Unfortunately the government through the Canadian Wheat Board prevents them from taking advantage of this higher price.

Working for farmers, the Alberta government is proposing to buy farmers grain for \$1 a load in Alberta and sell it back to farmers for \$1 a load across the border in the United States, all this to get around the Canadian Wheat Board monopoly.

The Prime Minister and the minister of agriculture both promised during the election campaign to hold a farmer plebiscite on ending the wheat board monopoly. The government still has not honoured this election promise.

First Sheila Copps, then the finance minister, then the Prime Minister and now the minister of agriculture all say read the fine print in the red book but forget what we said out on the campaign trail. Are Canadians supposed to believe the red book promises or the promises made during election campaigns? Canadians are starting to believe the answer is neither.

CANADIAN BROADCASTING COMPANY

Mr. George Proud (Hillsborough, Lib.): Mr. Speaker, late last week a tragedy was narrowly averted. It would have affected each and every Canadian from coast to coast. I am not talking about a natural disaster or a horrific accident, but to some the effects would have been far worse.

Such a tragedy would have meant no televised hockey playoffs and likely no televised summer Olympics. To sports fans nationwide it would have been devastating. Thanks to the courage and goodwill of everyone involved a strike at the CBC was avoided.

To hon. members of the House I suggest we stand to thank the negotiators of the CBC, the three unions involved, the Canadian Media Guild, the National Association of Broadcast Employees and Technicians, the Canadian Broadcasting Employees Union, and finally, lest we forget, the ever important and unrelenting efforts by the Federal Mediation and Conciliation Service, especially its director, Warren Edmondson, for providing the bridge between the CBC and its unions.

Well done, folks.

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[Translation]

GOVERNMENT OF QUEBEC

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, the people of Quebec are increasingly concerned about the PQ government's recent policies relating to the collection of money owed to the government.

The many mechanisms and procedures recently announced by PQ ministers and members in order to quash the underground economy and stop tax evasion clearly show that, to the PQ government, all taxpayers are potential cheats.

Because of their obsession with the underground economy and with tax evasion, the separatist ministers are taking steps that seriously undermine the basic principles of privacy and confidentiality prevailing in this country.

The men and women of Quebec are honest citizens who deserve greater respect and regard than the kind of inquisition regime the PQ is trying to set up in Quebec.

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[English]

PARKS CANADA

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, on April Fool's Day of this year Parks Canada announced that residents living in parks would pay a \$38 a year fee so their families could live in the parks.

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Banff mayor Ted Hart said the town participated in almost two years of federally initiated meetings, round table sessions aimed at developing a common vision for Banff's future, in the hopes that Parks Canada was adopting a more open consultative approach with the residents, "but this fees thing indicates just the opposite".

Now Parks Canada has changed its mind and will not collect fees this year. This fee mix-up does not stop here. Parks Canada also instituted a \$70 annual fee for families April 1 and persists in trying to collect it. However, it is making deals with bus companies and tour groups, which clearly indicates Parks Canada does not have a clue what it is doing or where it is going with the collection of park entry fees.

Access to Canada's parks must be affordable for all Canadians. Clear up this fee mishmash now.

* * *

HURON COUNTY MUSEUM

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, it is with great pleasure that I rise in the House today to recognize the recent efforts and the accomplishment of the Royal Canadian Legion, Harry B. Miner, Branch 140 in Clinton, and of the Huron County Museum which is also in my riding.

Recently my colleague, the Parliamentary Secretary to the Minister of National Defence, and I were in Goderich for the official opening of a new display at the Huron County Museum.

• (1415)

The display is a result of an arrangement made between the museum and the Legion whereby two medals, the Victoria Cross and the Croix de Guerre, awarded during the first world war to Corporal Harry B. Miner and currently owned by the Legion, will be placed on permanent public display.

I acknowledge the hard work and commitment invested in this endeavour by the members of the Clinton Legion. Their efforts have brought about the recognition that late Corporal Miner's ultimate sacrifice truly deserves. They have also taken an important step toward better educating local residents and visitors alike of the rich history of the county of Huron.

ORAL QUESTION PERIOD

[Translation]

FIRST MINISTERS' CONFERENCE

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, in his throne speech the Prime Minister clearly announced

his government's intention to bring down specific proposals for renewing Canadian federalism, and those commitments have been repeated by government ministers on various occasions.

In keeping with the commitments made in the throne speech, what proposals does the government intend to submit to the provincial first ministers at the June 20 meeting?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, the agenda is not yet set, but it will be shortly.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, the minister's reply is again evidence of the government's great talent for improvisation, particularly as regards meeting promises made before the referendum and in the throne speech. I will just point out that in this case, rather a long time later, six months, they are still trying to set an agenda.

Since the Minister of Intergovernmental Affairs' travels to the various provincial capitals have not resulted in any consensus whatsoever for the June 20 meeting, what basis is the government planning to use for its proposals?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I do not understand why the Leader of the Opposition is jumping to conclusions. The agenda will be known shortly and can then be debated.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, will the minister admit on behalf of the government that, as long as the government is not clear in what it is saying, and as long as they use improvisation as their strategy, any meeting with the first ministers aimed at trying to reach agreement is doomed to failure, because unfortunately the federal government does not know where it is headed?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, the throne speech clearly established the direction the Government of Canada intends to propose to Canadians. It is the direction of a more modern federation, one which works even better than at present, although it will be hard to better a country that is one of the best run countries in the world.

It can be improved, however, by building on its strengths, the strengths of a federation which will clarify the roles between levels of government, a federation which will work even better for all Canadians. And that is the orientation clearly set in the throne speech, which the Leader of the Opposition is welcome to reread.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, this government continues to speak double talk. A few years ago, the Prime Minister wrote that he was betting on democracy and that, if he lost, he would abide by the verdict of the people of Quebec. But here we have his Minister of Intergovern-

mental Affairs talking of using other legal means, such as recourse to the Supreme Court, to oppose the will of the people of Quebec.

How does the Minister of Intergovernmental Affairs explain this double strategy: on the one hand, a cloying speech to announce the upcoming first ministers' conference, and on the other, the threat of recourse to the Supreme Court in order to restrict Quebecers and limit their right to determine their future even more?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):

Mr. Speaker, there has never been any question of preventing the people of Quebec from deciding whether they want to stay in Canada, as we would like, or leave it. At issue is Quebec's claim that it can act unilaterally, set and change at will the way the law is applied.

The basic issue is whether they are acting within the law.

• (1420)

I have a quote for the hon. member: "We are a country in law. Canada and Quebec are not banana republics. There is the Constitution, there is international law, and we have all been elected to defend the law". This quote is taken from a debate in the National Assembly on May 19, 1994 and was made by the Leader of the Opposition at the time, Jacques Parizeau.

My question for the member is this: "Does he want to turn Quebec and Canada into banana republics?"

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, I would ask the minister to answer our questions and not to ask us questions. Things might be more clear.

The Minister of Intergovernmental Affairs even raised the possibility of terminating the Churchill Falls contract between Newfoundland and Quebec, by throwing the switch, as he put it so well.

Will the Minister of Intergovernmental Affairs acknowledge that his own irresponsible, antagonistic and in fact banana-republic style remarks, form a very poor backdrop to the proposed constitutional conference where the Prime Minister says he wants to discuss harmony in Canada's future?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):

Mr. Speaker, see how the opposition twists words. I wanted to make the point that the only way for a government to ensure that order, justice and law are respected is to respect them itself. Anyone outside the law is not in a good position to insist others respect it.

This is why I gave the example of one province that, as compensation for the huge prejudice it considered it had suffered from being cut off from the rest of the country, could ask a

government it considered outside the law to comply with it, otherwise it would consider contracts signed with this government null and void.

* * *

[English]

EMPLOYMENT

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, in the 1993 election this Prime Minister said about Kim Campbell and the Tories: "Their priority is clear. They want to create jobs for the year 2000. For us, the priority is to create jobs in 1993, right now. We will start in November".

During his trip out west last week, the Prime Minister said that Canadians are probably going to have to live with high unemployment and less job security. Did the Prime Minister ever intend to keep his election promise of jobs, jobs, jobs, or was it like the GST, just more Liberal rhetoric designed only to get them elected?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it may well be the hon. member is not aware of the job creation numbers in which case she might want to look at them before she asks questions. Since October 1993 there have been 336,000 new jobs created in this country, all of them in the private sector and mostly full time jobs. There will be further statistics to come in the answer to the supplementary question.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, it is one thing to talk about jobs created. I wonder how many were lost to balance that out.

The finance minister can spout off all he likes but Canadians know the real numbers in terms of unemployment: 1.4 million Canadians are unemployed; 30 per cent of Canadian workers are underemployed; and one in four Canadians are living in fear of losing their jobs.

The Prime Minister's statement about perpetually high underemployment and unemployment is simply an admission of failure. That should sound familiar because that is exactly what he told Kim Campbell when she said underemployment and unemployment will live with us until the year 2000.

I ask the Prime Minister and the finance minister, in this latest flip-flop, is such high unemployment the flip or just the flop?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there has been a decline in the unemployment rate. It has come down 1.8 per cent since we have taken office. This is despite the job losses that have occurred at the federal, provincial and municipal government levels. There has been substantial job creation in the private sector. The government's policies are working. If anybody needs any further proof, it is that in the five months since the turn of the year, over 170,000 new jobs have been created.

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• (1425)

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, the truth is that this government has broken one promise after another since it was elected. The GST was supposed to be scrapped but oops, that was a mistake. It is still with us. Jobs, jobs, jobs were supposed to be created but the reality of the numbers are that 1.4 million Canadians are still unemployed. The Prime Minister says Canadians are simply going to have to learn to live with it.

Will the finance minister admit that he has failed and unfortunately Canadians are just going to have to learn to live with it?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there is nobody on either side of the House who takes joy in the fact that the unemployment rate in this country as in many other industrial countries is too high.

The fact is the hon. member has been given numbers which clearly demonstrate that what she should really do is ask her questions spontaneously and not prepare her supplementaries before she comes into the House.

The real question is what would have happened if the Reform Party policies had been put in place? We would have had the decimation of the social safety net and the decimation virtually of every positive government program. What would the unemployment rate have been with the policies of the Reform Party which would eviscerate this government's capacity to create jobs and give Canadians a chance?

We are very proud of our record. On the weekend the Reform Party once again called for massive cutbacks in social assistance and massive cutbacks in the government's ability to help Canadians. One hesitates to think of what kind of country we would have if that bunch ever came into power.

* * *

[Translation]

GOODS AND SERVICES TAX

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, since the federal government announced the \$1 billion agreement reached with the three maritime provinces concerning the GST, protest has been growing stronger, particularly in Quebec, Ontario and Alberta. While federal-provincial relations are deteriorating over this issue, and many others, the Minister of Finance stubbornly refuses to make the details of the agreement public.

My question is for the Minister of Finance. Will he lift the veil of secrecy surrounding the details of the agreement with the maritime

provinces, so that, at last, we can all know how and at what price he managed to reach this partisan agreement regarding the GST?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the details of the agreement are well known. We released a statement explaining all the major points of the agreement.

We are now negotiating the final agreement, which is not yet ready. I can assure you that, as soon as the agreement is ready, it will be submitted to the House.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, it is not right for the federal government to pay almost \$1 billion to the maritime provinces, with taxpayers' money, without providing details on anticipated revenues, harmonizing costs and the impact of expanding the tax base to include services. It does not make sense. This is the information that the Quebec government has been asking since the very beginning.

I think the Minister of Finance made a mistake. He may have a chance to correct it. Why does he not delay any decision on the GST until the next finance ministers' meeting, on June 18? He will then be able to make, in concert with the provinces, a good, transparent and fair decision on the harmonization of the GST, at no cost for Canadians.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the details of the impact to which the hon. member is referring were submitted by the Atlantic provinces. If the member wants to know these details, I am sure he can ask the provinces. I also want to say that, the other day, I confirmed that the whole issue of tax and sales tax harmonization will be on the agenda when finance ministers meet in June.

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[English]

EMPLOYMENT

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, my question is for the Minister of Human Resources Development.

Last week in Calgary the Prime Minister said that high unemployment was systemic and it is the result of the global economy.

On behalf of the Prime Minister, would the Minister of Human Resources Development tell the House why high unemployment is the result of the global economy?

• (1430)

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, I thank the member for his question and I welcome him into his new role. I want to say with all humility that if I were able to answer that question I probably would be in a place other than this and it would be a lot higher up than this altitude.

Oral Questions

I have just come back from the OECD where countries like the United Kingdom, France and Italy wondered about the very same question. We in Canada are faced with a rate of unemployment of 9.6 per cent. It is far too high. We all agree on that. Other countries in the G-7 for example suffer from higher rates of unemployment and are faced with even greater challenges as they try to respond to the global environment we all have to operate in.

We must all work together. I want to give credit to the provinces as well as the Minister of Finance. The direction we are going in Canada has certainly taken us to a point where we can now say that we have reduced the unemployment rate by some 2 per cent or more in the last couple of years. We still have a long way to go but unlike a lot of other countries, we are going in the right direction.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, that is all well and good but it begs the question: How can the global economy be the saviour of our future on the one hand and the destroyer of our future on the other? The Prime Minister is going to have to get his answer straight because there is a lack of confidence in our economy when the Prime Minister makes half-baked statements that he does not have a clue about. It endangers the prospects of the country.

During the 1993 election the Prime Minister ridiculed Kim Campbell because she said that high unemployment was systemic and would stick around until the year 2000. In Calgary last week the Prime Minister agreed with Kim Campbell's assessment. Which Prime Minister should Canadians believe: the election candidate for Prime Minister or today's Prime Minister who is admitting that he does not know what to do either?

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, if the hon. member would just think about what he said, the Prime Minister everyone should listen to is the Prime Minister who ran for that office in 1993 and the Prime Minister who is in office now. If the hon. member would check he would know that when those statements were made the unemployment rate was in double digits. In fact, since we came to office in October 1993 there has been a substantial reduction in the unemployment rate.

No one anywhere in the world is not going to have to face the global challenges. The difficulty with facing those challenges is that choices have to be made. We as a government have made those choices. I am afraid the hon. member and his party do not even recognize the challenges yet.

* * *

[Translation]

IMMIGRATION

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, my question is for the Minister of Citizenship and Immigration.

In a document made public this morning, Quebec's minister of immigration and cultural communities revealed that Montreal had become the main port of entry in Canada for refugees. In the last 12 years, over 120,000 refugees have entered through Montreal. In the last two years, the number of refugee claimants was even higher in Montreal than in Toronto.

How does the minister explain that 56 per cent of claimants arriving in Ontario obtain refugee status, while the proportion in Quebec is 70 per cent?

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, and Acting Minister of Canadian Heritage, Lib.): Mr. Speaker, you will forgive me if I am a little taken aback by the question from the member for Bourassa. Am I to understand that he is asking that more refugee status claimants be turned down in the Montreal area? Is that what I am to understand? Am I to understand that he is asking that the minister intervene with the quasi judicial tribunal responsible for making these decisions? If so, I cannot share his opinion.

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, at least the minister should recognize that Quebec is much more generous than the other provinces when it comes to refugees.

Can the minister tell us whether her government would give favourable consideration to future proposals from the Government of Quebec regarding a new cost sharing to help with the social benefits provided to those seeking asylum, in light of the very recent statement by the Quebec minister responsible for relations with the public?

• (1435)

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, and Acting Minister of Canadian Heritage, Lib.): Mr. Speaker, I must inform the members of this House that I have never received written or verbal requests from Quebec's minister of immigration.

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[English]

GOVERNMENT CONTRACTS

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, when in opposition the Liberals railed against Mulroney for lining the pockets of his buddies at taxpayers' expense. Now Canadians learn that the defence minister has handed out at

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least seven contracts of over \$150,000. All the money has gone into the pockets of his campaign pals.

Why did the Prime Minister think it was unacceptable for Brian Mulroney to award his friends with lucrative contracts but he thinks it is acceptable for the Minister of National Defence?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, the Treasury Board has checked the various contracts that have been mentioned. These contracts have been for work carried out to give personal advice to the Minister of National Defence on a very difficult and complex subject. All the rules of Treasury Board have been respected in allocating these contracts.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, the facts speak for themselves. The Minister of National Defence has abused his special ministerial discretionary budget to reward campaign pals in his very own riding. This budget is intended to benefit all Canadians, not political friends of the minister.

Will the Prime Minister restore some integrity to his government and order his Minister of National Defence to pay back the \$150,000 taxpayers' dollars of money that he has siphoned to the pockets of his campaign pals?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, once again we have looked at these various contracts to give advice on a difficult subject. The work was performed by a trained economist who could speak English and Greek and was aware of the various problems that existed in the area of veterans and veterans allowances. All the rules of Treasury Board have been satisfied.

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[Translation]

ATOMIC ENERGY OF CANADA LIMITED

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, to make the closing of the tokamak research centre in Varennes easier for Quebecers to swallow, the Minister of Natural Resources has tried to convince them that the government's new priorities favour Quebec. In fact, the minister has disguised the facts. First, the sale of Candu reactors benefits mostly Ontario and, second, Atomic Energy of Canada is even thinking of closing its operations in Quebec. Can the Minister of Finance, who has just signed with Quebec a memorandum of understanding on the economic development of Montreal, confirm the rumours that the offices of Atomic Energy of Canada in Montreal would move to Toronto, thus causing the loss of 130 direct jobs in Montreal?

[English]

Mrs. Marlene Cowling (Parliamentary Secretary to Minister of Natural Resources, Lib.): Mr. Speaker, AECL has not announced a decision with respect to the sites of those regional offices.

[Translation]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, could the Minister of Finance, who is talking about the economic development of Montreal, promise as part of this memorandum of agreement that Atomic Energy of Canada will continue to operate in Quebec, as requested by the Ordre des ingénieurs du Québec, the Chambre de commerce du Québec and the Chambre de commerce de Montréal?

If he is so concerned about Montreal, I imagine he could give us a short answer and elaborate a little more than he does about family trusts.

[English]

Mrs. Marlene Cowling (Parliamentary Secretary to Minister of Natural Resources, Lib.): Mr. Speaker, let me say again that a decision has not been made.

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NATIONAL DEFENCE

Mr. Glen McKinnon (Brandon—Souris, Lib.): Mr. Speaker, the Minister of National Defence recently announced that the government is ready to move ahead on the vast majority of recommendations from the special commission on the restructuring of the reserves.

What assurance can the minister give this House that the reserves community across Canada will be involved in this restructuring process?

Mr. John Richardson (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, it is a pleasure for me to announce that the government has accepted most of the recommendations of the special commission on the restructuring of the reserves and coincidentally those of the House committee and the subcommittee of the Senate.

• (1440)

The paid ceiling of the primary reserve will be raised to a level which will increase efficiencies, will allow an actual primary reserve strength of around 30,000 and a supplementary ready reserve will be re-invigorated to provide an estimated strength of 20,000. That will mean that Canada will have an effective reserve of 50,000 persons.

The reserves community has been and will continue to be closely involved in planning the implementation and restructuring of reserves. These reserve units be given more authority for the management—

Oral Questions

The Speaker: The hon. member for Kindersley—Lloydminster.

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CANADIAN WHEAT BOARD

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, the Minister of Agriculture and Agri-Food has been dragging his feet on making substantial changes to the way western grain is marketed. Meanwhile, the recent threat to the status quo Canadian Wheat Board monopoly powers resulted in immediate and swift action by the minister within one hour.

The prairie economy is being cheated out of hundreds of millions of dollars by the minister's failure to reform western grain marketing.

Will the minister act immediately to require the Canadian Wheat Board's buy back prices be based on the projected final Canadian price rather than significantly higher U.S. prices, thereby allowing producers with legal export permits to realize the benefit of better prices when they find them?

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the hon. gentleman knows that the purpose of the buy back policy as practised by the Canadian Wheat Board is to ensure that all western Canadian grain farmers can share in the value of the pooling process rather than that value being reserved for the limited few.

With respect to the general operations of the Canadian Wheat Board, that subject is being examined very closely by the Western Grain Marketing Panel. The panel is looking at a variety of methods by which the board's operations can be made more flexible, more responsive and can be enhanced in the very best interests of all western Canadian farmers.

It is fundamentally important for all of us in this House to recognize that we must act in the interests of all of those whom we seek to represent. That would refer to all western Canadian farmers and not just a select few.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, I do not think that the minister of agriculture understands that all prairie farmers are getting less money than they should right now. Prairie grain farmers are paid two to three dollars less for their wheat than American farmers.

The minister might have avoided the problem if he had acted promptly to correct it. He continues to tell farmers to wait for the Western Grain Marketing Panel report. We have heard it hundreds of times. We are missing opportunities for these premium prices.

Will the minister of agriculture give his word in this House that he will act decisively to correct the problems in the marketing system rather than make cosmetic changes or delay decisions that

will continue to hurt all prairie farmers, hurt the prairie economy and kill jobs on the prairies?

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the question contains within it some fundamental fallacies.

If, for example, there were a whole flood of individual sales across the U.S. border aimed at certain specific spot prices that might exist for the temporary time being at certain specific delivery points, within a very few days those spot prices would disappear, the price would be depressed overall and all western Canadian farmers would suffer as a consequence.

I have indicated repeatedly that the Western Grain Marketing Panel process is one that is fully credible and legitimate. I expect the panel to produce a very valuable report. I expect that report to be available toward the end of June and it is the government's intention to respond to that report very quickly.

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[*Translation*]

SOCIAL HOUSING

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, my question is for the minister responsible for the Canada Mortgage and Housing Corporation.

Three months ago, the minister responsible for the Canada Mortgage and Housing Corporation told us she was about to negotiate with the provinces the transfer of all federal social housing programs.

Can the minister tell us what is the status of these negotiations and whether the federal withdrawal will come with fair and realistic financial compensation?

● (1445)

Hon. Diane Marleau (Minister of Public Works and Government Services, Lib.): Mr. Speaker, talks are under way with the provinces. We have already announced that the amounts currently spent would be transferred to the various provinces. That is what is on the table.

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, during the election campaign, the Minister of Finance promised housing co-operatives that there would be secure, stable funding for social housing.

Can the minister give us a guarantee that her government will continue to honour its financial commitments to existing social housing by transferring the amounts that were promised to the provinces?

[*English*]

Hon. Diane Marleau (Minister of Public Works and Government Services, Lib.): Mr. Speaker, we have been very clear that we are proposing to transfer the administration of social housing to the provinces.

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At this point the federal government spends approximately \$2 billion a year on social housing. Our proposal is to continue to spend that amount. All contracts are binding whether they are with the federal government now and transferred to the provinces as they are today.

It is important to note that we hope the provinces will have considerable savings and therefore will have dollars to devote to social housing if there is only one administration. We think it is very important to work together on this.

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CANADIAN BROADCASTING CORPORATION

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, let us put an end to the myth about the Liberals protecting programs. In 1993 the Liberal Party vilified Reformers because we proposed a \$365 million cut in CBC funding. However, once in power the Liberals cut \$377 million.

The Liberals say one thing and do another. They stand for nothing, they believe in nothing. It is no wonder their CBC policy amounts to nothing.

Who is to blame for the mess over at the CBC? Is it the Prime Minister for another broken promise, or Sheila Copps for not keeping her promises either?

[Translation]

Hon. Lucienne Robillard (Minister of Citizenship and Immigration and Acting Minister of Canadian Heritage, Lib.): Mr. Speaker, perhaps the hon. member did not hear the latest news about an agreement having been reached at the CBC and programing continuing undisturbed on our national network.

It is very clear that, like any other government agency, the CBC has undergone budget cuts, but it is very capable of managing cuts of this extent while continuing to offer quality programming to the Canadian public.

[English]

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, that was a great answer, too bad it did not relate to the question.

The Liberals vilified the Reform Party for wanting to cut \$365 million from CBC funding. We were honest with Canadians. Our position was consistent. We said the CBC should be privatized. Why does the minister go along with the fact that her predecessor slugged the CBC by \$377 million? Why will she not admit that the government has no idea of what the program for the CBC is going to be? She has no concept.

[Translation]

Hon. Lucienne Robillard (Minister of Citizenship and Immigration and Acting Minister of Canadian Heritage, Lib.): Mr. Speaker, clearly the Reform Party and the Liberal Party of

Canada fundamentally differ in their view of what Canada's public television policy should be.

While the Reform Party may be intent on privatizing—its electoral platform calls for privatizing Canadian television—neither the Liberal Party of Canada nor the Government of Canada have any such intentions. We will maintain a public television network from coast to coast.

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[English]

AGRICULTURE

Mr. John O'Reilly (Victoria—Haliburton, Lib.): Mr. Speaker, Canadians in the agriculture and agri-food section are concerned with jobs and the economy overall.

Can the Minister of Agriculture and Agri-Food give the House any assurance that this vital section of our economy will meet the target of \$20 billion in exports by the year 2000?

• (1450)

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, when the Canadian agri-food sector established that target of \$20 billion in agri-food sales by the year 2000, the trade amounted to about \$13.5 billion per year. That was in 1992-93.

All of the trade figures are in for 1995 and they are \$17.4 billion. That is up 12.6 per cent from the previous year and nearly 30 per cent over that period of 1992-93. The figures are up in the United States, in Asia and in many markets around the world for Canadian agri-food products.

The good news is that every \$1 billion increase in our agri-food sales abroad translates into at least 7,500 jobs for Canadians.

* * *

[Translation]

CUBA

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): My question is for the Minister for International Trade.

The 1984 Foreign Extraterritorial Measures Act enables the federal government to force Canadian companies and American subsidiaries operating in Canada to disregard any foreign government measure adversely affecting our economic interests.

Could the minister tell us whether or not he intends to use this legislation to counter the implementation of the Helms-Burton law in the U.S.?

[English]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, we have indicated in the House on several occasions that when we see exactly what the United States does to implement the Helms-Burton law, which is simply a law that has not been given

regulations, we will then take a look at all the appropriate and necessary measures to ensure that Canadian interests are fully and adequately protected.

[*Translation*]

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, I will ask another question to try to get the specific information we are looking for.

Does the minister intend to use the Foreign Extraterritorial Measures Act in support of those Canadian companies doing business in Cuba, which, like Redpath Sugars for instance, may wish to maintain business relations with that country?

[*English*]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, we would certainly apply any Canadian law to any Canadian company that deals with extraterritorial measures.

I should point out to the hon. member that sugar was exempted under the Helms-Burton law because of strong Canadian pressure and lobbying. That part of the Helms-Burton law does not apply to sugar at all and, therefore, it does not apply in this case.

* * *

HAITI

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, this weekend the UN Secretary-General asked Canada to extend its peacekeeping mission in Haiti to the end of the year. The Prime Minister's office indicated that there would have to be significantly wider international support for the mission and that the UN would have to pick up the tab for this to be considered.

The minister and I both know from personal experience how much it would cost to fulfil the mission to Haiti to really make a difference. Will the Minister of Foreign Affairs state clearly to the House that Canada will not consider renewing the Haiti mission unless these two criteria are met?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, to begin with I would like to thank the hon. member, along with several other members of the House, who accompanied me to Haiti last week on a fact finding mission to determine what the future of the mission should be. I very much appreciate the involvement of members of Parliament in that very important task.

In saying that, it is not possible to answer the question because at this point we do not know specifically what will be recommended. Options are being considered to substantially reduce the size of the force. Before that happens the Haitian government has to make a request to the United Nations security council. Until we know what

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the request is and what the security council decides it is not our position to say what our responsibility will be.

What I can say to the hon. member—and he knows this—is that part of my mission to Haiti and other Latin American countries was to ensure that they understood that Canada does not participate in missions such as this by itself. We want the full participation of other countries and the full mandate of international organizations.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, this is the exact point. Our peacekeeping missions seem to be made up with knee-jerk reactions at the last minute.

• (1455)

This option is up at the end of June. Boutros Boutros-Ghali visited the Prime Minister on the weekend. He definitely said he would like Canada to participate in extending this mission.

The Prime Minister then said that we need two things. Can the minister not assure the House that at least we will have an answer to those two questions: international involvement and the UN finds a way to pay the bill.

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, it is hardly fair to say it is an ad hoc reaction when I spent five days last week travelling to a number of countries in Latin America to talk to them specifically about what would be required.

We asked a parliamentary delegation to come along with us. I invited the UN special representative to come to Ottawa in early June to brief Parliament on what might be required. We have undertaken a wide variety of consultations with countries around the world in order to determine what will be required.

Canada is taking a lead in helping to define what the UN will be recommending. We are putting together a consensus of other countries to make it happen. What we need to have before we can make a formal response is a request. One cannot stay if one is not asked. Until they ask, we cannot give the right answer.

* * *

EMPLOYMENT

Mr. Chris Axworthy (Saskatoon—Clark's Crossing, NDP): Mr. Speaker, my question is for whomever is speaking for the Prime Minister today.

The Liberal government was elected on the promise of creating jobs, jobs, jobs and offering hope to unemployed Canadians. Last week the Prime Minister said that Canadians will have to accept and get used to high unemployment, another broken promise.

Today the Minister of Human Resources Development says he does not really know why Canada's unemployment levels are so high. Will the government please explain to all Canadians, espe-

Point of Order

cially to those who are out of work, why this government has broken yet another promise?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, a couple of times today people have cited the Prime Minister. I would like to read what the Prime Minister said in a speech within the past week. "The Canadian economy has managed to create more than 600,000 jobs since the time we were elected". This is very significant.

The Minister of Human Resources Development talked about the problems of the global economy and the problems that other countries have creating jobs.

The Prime Minister went on to say: "Believe it or not, Canada, not the government, but mainly the private sector has created more jobs in Canada than in Germany and France together". That is an indication of what this government has done. Those countries have four times our population and we are creating far more jobs than they are.

* * *

[Translation]

FIRST MINISTERS' CONFERENCE

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, my question is for the Minister of Intergovernmental Affairs and concerns the first ministers' conference that will take place at the end of June.

It is the fourth time I put a question in the House regarding the agenda of the conference. The minister says that the throne speech alludes to some elements, but the provinces were consulted and we can only presume that this consultation process resulted in decisions being made regarding the agenda.

I would like to know what are at least the starting points of this discussion, this federal-provincial conference, if the official agenda is still not available.

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I thank the hon. member for his question. However, I can only give him the answer I gave to the Leader of the Opposition, namely that the agenda has still not been drawn up and that the major points of the process to reform our federation are outlined in the throne speech.

* * *

[English]

JASWANT KHALRA

Mr. Harbance Singh Dhaliwal (Vancouver South, Lib.): Mr. Speaker, my question is for the Secretary of State for Asia-Pacific.

On September 6, 1995, Mr. Jaswant Khalra, a prominent human rights activist, disappeared from his home in Amritsar, India.

When Mr. Khalra visited Parliament Hill last year, he expressed fear for his life to many parliamentarians. Mr. Khalra's family believe that he was forcibly taken by the police.

Could the secretary of state give the House an update on Mr. Khalra's fate and what action the Canadian government is taking on this issue?

Hon. Raymond Chan (Secretary of State (Asia-Pacific), Lib.): Mr. Speaker, the government has made repeated representations to the Government of India on the disappearance of Mr. Khalra.

During the recent visit of the Team Canada mission to India, both the Prime Minister and I discussed the case with our Indian counterparts.

• (1500)

The high profile of the case has led to an order by the Supreme Court of India to the powerful Central Bureau of Investigation to begin its own investigation of the disappearance. Pending the conclusion of the CBI's investigation, the National Commission of Human Rights has suspended its own inquiry.

In the meantime, officials of NCHR are in regular contact with the CBI. They are confident the latter is doing the right thing and heading in the right direction.

Today, however, there is no news concerning the whereabouts of Mr. Khalra. Rest assured Canada is putting a high priority on this case and will continue to monitor the whereabouts of Mr. Khalra.

* * *

PRESENCE IN GALLERY

The Speaker: I draw to the attention of the House the presence in the gallery of His Excellency Dariusz Rosati, Foreign Minister of the Republic of Poland.

Some hon. members: Hear, hear.

* * *

[Translation]

POINT OF ORDER

ORAL QUESTION PERIOD

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, I would ask that the Minister of Human Resources Development not leave the House. Can we ask the Minister of Human Resources Development to remain here? I have a question of privilege that concerns him. He has escaped again. How characteristic.

Some hon. members: Oh, oh.

The Speaker: The member for Laurier—Sainte-Marie has the floor.

Mr. Duceppe: Mr. Speaker, during the period—

Point of Order

The Speaker: I would like to ask you whether this question of privilege arises from something that took place during the period for oral questions.

Mr. Duceppe: Yes, Mr. Speaker.

The Speaker: Very well. Please proceed.

Mr. Duceppe: Mr. Speaker, during the period for oral questions, my colleague, the hon. member for Bourassa, asked a question of the immigration minister. The Minister for Human Resources Development made unacceptable, unparliamentary remarks to my colleague, the hon. member for Bourassa.

The hon. member for Bourassa is of Latin American origin. He is also a Canadian citizen. He is a sovereignist, and was elected as a sovereignist. He is entitled to his opinions, whether or not they are to the liking of the Minister of Human Resources Development. However, the Minister of Human Resources Development, who has a rather odd understanding of democracy, shouted at my colleague from Bourassa: "If you are not happy, get yourself another country".

That is unacceptable.

Some hon. members: Oh, oh.

The Speaker: My colleagues, the Chair did not hear what was said. I am not certain that this is a question of privilege. But we have the minister with us today and it was he who was referred to in these allegations. If he wishes to clarify the situation, he may have the floor.

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, I would like to clarify exactly what I did say. The hon. member stood up in this House to ask questions on immigration and refugees.

What I said in this House, and repeat now, was that he ought to decide which country he respects. While it was Canada which gave him citizenship, here he is now seated in this House preaching separatism. Enough is enough, Mr. Speaker.

• (1505)

[*English*]

The Speaker: The hon. member for Laurier—Sainte-Marie rose on a question of privilege. If words were exchanged between members of Parliament I can see that these words might not be acceptable to one side or the other.

However, because it was raised as a question of privilege, I judge this not to be a question of privilege. It might have been a question for clarification or of order, but my ruling is this is not a question of privilege.

[*Translation*]

Mr. Duceppe: I rise on a point of order, Mr. Speaker.

The Speaker: Is this a question of privilege or a point of order?

Mr. Duceppe: A point of order.

The Speaker: Is this a new point of order?

Mr. Duceppe: After what the minister just said—

The Speaker: Dear colleagues, I have ruled on the question of privilege, and it is my opinion that we are now moving on to the debates. I do not believe it was a point of order. Sometimes things are said in this House, on one side or the other, that are not acceptable. In my opinion, this is debate. I would like to close the incident here.

It is not, in my opinion, a question of privilege. If the comments are on my ruling on the question of privilege, I do not wish to hear any more about it at this time.

Mr. Duceppe: Mr. Speaker, I would a clarification.

The Speaker: Very well.

Mr. Duceppe: Mr. Speaker, I would like to understand properly. I raised a question of privilege on something said during question period, and you declare it is not a question of privilege. I would like some clarification. I cannot therefore address the unacceptable things said by the Minister of Human Resources Development without—

The Speaker: Absolutely.

[*English*]

We can get into a debate with any member of the House at any time. I have ruled this is not a question of privilege and at this point it is not a point of order. There may be a debate on this issue.

[*Translation*]

Of course, all members have their opinions on what was said and what is said; that is why we have debates here in this House.

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I do not want to get into a debate with the hon. member who has just spoken or on the Speaker's ruling. It is clear that the Chair has settled the matter.

• (1510)

Once the Speaker has made a ruling, I think it is inconsistent with our parliamentary traditions to question or otherwise comment on the quality of this ruling. The Speaker presides over this House and I think he does a good job.

From time to time, members on both sides of the House are not always complimentary toward one another. A few moments ago, I heard a member across the way accuse my colleague, the Minister of Human Resources Development, an Acadian, of being assimilated. I do not think he appreciated these comments either. The hon. member has just left the room.

Routine Proceedings

A few days ago, similar charges were levelled against me. Nonetheless, Mr. Speaker, whenever we as parliamentarians are involved in a dispute, we should come to you for a ruling. You did settle this matter and I think it is unacceptable for members to question your judgment.

[English]

The Speaker: I understand that in the heat of debate on what goes on in the House certain expressions and words are sometimes used. As your Speaker, in debate I give you all the leeway possible.

However, when a decision is made by your Speaker it is made with the House in mind. I hope hon. members would accept these decisions in the spirit with which they are made in the hope that true debate can occur.

I hope any remarks after I made my decision were not directed at the Chair. In my view this would be unacceptable. I ask members that after a decision has been made it be accepted as such and that we move on.

We have debates in front of us today and I propose we move to the debates at this time. If there is reason for me to come back to the House after I review what has been said in *Hansard* and on television, I will do so.

However, like members, I hold the office of the Speaker in the highest regard. We must if we are to operate in the House.

At this point at least, until I have information to the contrary, I believe we should get on with the work of the House which is debate.

ROUTINE PROCEEDINGS

[English]

ORDER IN COUNCIL APPOINTMENTS

Mr. Paul Zed (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 which 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.

* * *

GOVERNMENT RESPONSE TO PETITIONS

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

[Translation]

PETITIONS

BELL CANADA

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I am pleased to table in this House a petition signed by 2,000 residents of Saint-Pie-de-Bagot and Saint-Damase, or half the households of these two municipalities.

• (1515)

The people of Saint-Pie and Saint-Damase are asking Bell Canada to modernize its network, which is totally obsolete in terms of security and competitiveness. The petitioners are asking the Canadian Parliament to intercede on their behalf with the CRTC to urge Bell Canada to modernize the Saint-Pie and Saint-Damase telephone networks so that citizens can enjoy adequate service.

I therefore table this petition and thank the mayors of the municipalities and parishes concerned as well as the economic development corporation for their support in this large scale operation.

[English]

MINORITY RIGHTS

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, these petitioners seek no change to the constitutionally acquired rights of minorities in Newfoundland without the consent of those minorities.

They point out that if an amendment is needed it should be one that meets the hopes, aspirations and dreams of all of those minorities. They ask that the changes to education be tried and if subsequent to that an amendment is required, then one could be brought forward. They fear the impact of this amendment on other sectors of education and perhaps other rights such as minority language rights.

HUMAN RIGHTS

Mrs. Beryl Gaffney (Nepean, Lib.): Mr. Speaker, I have two sets of petitions with 211 signatures dealing with amendments to the Canadian Human Rights Act.

The petitioners oppose any amendment to federal legislation that would provide for the inclusion of the phrase sexual orientation. As we know, that amendment passed last week.

IMPAIRED DRIVING

Mrs. Beryl Gaffney (Nepean, Lib.): Mr. Speaker, I have a petition with 50 signatures which deals with zero tolerance.

These petitioners call on Parliament to proceed immediately with amendments to the Criminal Code that would ensure that the sentence given to anyone convicted of causing death by driving while impaired is a minimum of seven years and a maximum of

fourteen years, as outlined in private member's Bill C-201, sponsored by the member for Prince George—Bulkley Valley.

HUMAN RIGHTS

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I have three petitions, two of which are on the same issue.

The first two petitions ask that Parliament not amend the Canadian Human Rights Act or the charter of rights and freedoms in any way which would tend to indicate societal approval of same sex relationships or of homosexuality, including amending the Canadian Human Rights Act to include in the prohibited grounds for discrimination the undefined phrase sexual orientation.

So much for that request.

VICTIM RIGHTS

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, the third petition asks Parliament to support the development of a victims bill of rights.

ABORTION

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, it is an honour and privilege for me to rise today to present 45 petitions signed by 1,233 concerned Canadians primarily from the provinces of Saskatchewan and Ontario.

The petitioners draw to the attention of Parliament that over 100,000 therapeutic abortions are performed each year in Canada at a cost of over \$50 million per year. Since Canadians deserve a say in how scarce health dollars are spent and which health care procedures they consider essential, these petitioners call on Parliament to support a binding national referendum to be held at the time of the next general election to determine whether or not Canadians are in favour of federal government funding for abortion on demand.

IMPAIRED DRIVING

Mr. Morris Bodnar (Saskatoon—Dundurn, Lib.): Mr. Speaker, I have a petition asking that Parliament amend the Criminal Code so that sentences given to individuals who drive while impaired or who cause injury or death while impaired will be reflected by the severity of the crime and that there be zero tolerance in Canada toward this crime.

HUMAN RIGHTS

Mr. Ovid L. Jackson (Bruce—Grey, Lib.): Mr. Speaker, I have the honour to table a petition on behalf of my constituents.

The petitioners pray and request that Parliament not amend the human rights code and the Canadian Human Rights Act or the charter of rights and freedoms in any way which would tend to indicate societal approval of same sex relationships or of homosexuality, including amending the human rights code to include in

Routine Proceedings

the prohibited grounds of discrimination the undefined phrase sexual orientation.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I am pleased to present two petitions today. The first deals with a concern of 48 of my constituents who wish Parliament to refrain from passing into law any bill extending family status or spousal benefits to same sex partners and specifically prohibiting amendments to the Canadian Human Rights Act or the Canadian Charter of Rights and Freedoms to include the undefined phrase sexual orientation.

• (1520)

QUEBEC

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, the second petition is from 52 of my constituents who are concerned that the Government of Quebec, the Parti Quebécois, which has the intention of separating the province of Quebec from Canada, threatens the citizenship, livelihoods and properties of all Canadians living in that province by denying their constitutional and basic human rights and by promising to reject any move by those Canadians to remain in Canada after a unilateral declaration of independence by Quebec.

The petitioners request that Parliament take the necessary measures to guarantee that their properties and territories will remain within the Canadian confederation, and make its intention to do so known to the PQ government prior to any unilateral declaration of independence and/or the next referendum on separation.

HUMAN RIGHTS

Mrs. Sharon Hayes (Port Moody—Coquitlam, Ref.): Mr. Speaker, it is an honour to present two petitions from Canadians opposing the recent amendments to the Canadian Human Rights Act.

I believe it is an insult to these Canadians and to the concerns of many others the way the government shut down debate in the recent treatment of Bill C-33.

MINORITY RIGHTS

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, I am pleased and honoured on behalf of constituents in Terrace, British Columbia to present the following petition. Whereas the legislature of Newfoundland passed a resolution calling for a constitutional amendment to remove the rights of denominational classes of persons to operate their own schools following a provincial referendum, and whereas if the Parliament of Canada accedes to the proposal to amend the Constitution at the request of one provincial government, it would set a precedent for permitting any provincial government to suppress the rights of a minority.

Therefore the petitioners pray and request that Parliament not amend the Constitution as requested by the Government of Newfoundland and refer the problem of education reform in that province to the Government of Newfoundland for a resolution by other non-constitutional procedures.

Routine Proceedings

IMPAIRED DRIVING

Mr. John O'Reilly (Victoria—Haliburton, Lib.): Mr. Speaker, I rise under Standing Order 36 to present a petition from people in the Bobcaygeon Dunsford area of Ontario calling on Parliament to embrace a zero tolerance to the sentencing of impaired drivers and that sentencing must reflect the severity of the crime.

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, pursuant to Standing Order 36, I present two petitions which have been circulating all across Canada.

The first petition has been signed by a number of Canadians from Nepean, Ontario. The petitioners draw to the attention of the House that managing the family home and caring for preschool children is an honourable profession which has not been recognized for its values to our society.

The petitioners therefore pray and call on Parliament to pursue initiatives to eliminate tax discrimination against families that decide to provide care in the home for preschool children, the disabled, the chronically ill or the aged.

ALCOHOL CONSUMPTION

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the second petition comes from Canadians from Brampton, Ontario. The petitioners bring to the attention of the House that consumption of alcoholic beverages may cause health problems or impair one's ability, and specifically that fetal alcohol syndrome and other alcohol related birth defects are 100 per cent preventable by avoiding alcohol consumption during pregnancy.

The petitioners therefore pray and call on Parliament to enact legislation to require that health warning labels be placed on the containers of all alcoholic beverages to caution expectant mothers and others of the risks associated with alcohol consumption.

ABORTION

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I present a petition today which calling on Parliament to support a binding national referendum at the time of the next election on whether Canadians are in favour of the funding of abortion on demand.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the following questions will be answered today: Nos. 5 and 18.

[Text]

Question No. 5—Mr. White (North Vancouver):

With respect to the unemployment insurance program, for the calendar years of 1991, 1992, 1993, 1994 and 1995 (a) how many cases of fraud were reported each year (b) how many convictions for fraud were secured each year (c) how many frauds were there as a total of overall claims?

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, in so far as Human Resources Development Canada is concerned the reply is as follows:

	1991	1992	1993	1994	1995
a) the number of cases of fraud* reported** each year; i.e., number of administrative penalties imposed:	126,557	154,296	142,497	118,072	117,499
b) convictions*** in court for fraud secured each year:	1254	640	865	525	290
c) detected fraud as a percentage of overall claims:	3.24%	4.04%	4.24%	3.89%	3.77%

**“Fraud” occurs in the context of the Employment Insurance legislation when a person, by their action or even their inaction, intentionally makes, for example, false statements, fails to declare earnings, or cashes an unemployment insurance cheque for which they know they are not entitled.

***This refers to the number of administrative penalties imposed by UI staff on claimants for fraud under section 33 of the UI Act.

****This number refers to the number of cases successfully prosecuted in court rather than by an administrative penalty.

Question No. 18—**Mr. Duncan:**

Of the 633 Indian bands in Canada: (a) how many are covered by aboriginal policing agreements, (b) what is the total cost for aboriginal policing agreements for fiscal year 1993-94; fiscal year 1994-95; and the estimated final cost for fiscal year 1995-96, and (c) of these agreements in question (b), what is the federal government financial component of these aboriginal policing agreements for fiscal year 1993-94; fiscal year 1994-95; and the estimated final cost for fiscal year 1995-96?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, in so far as the Ministry of the Solicitor General of Canada is concerned the answer is as follows:

DEPARTMENT OF THE SOLICITOR GENERAL OF CANADA

Policing agreements signed under the First Nations policing policy (FNPP) covering Indian bands
(Excludes all pre-FNPP policing arrangements)

Year	Numbers of agreements (cumulative)	Number of Indian bands covered (excluding Inuits)	Total cost at 100% (Federal and Provincial/Territorial)	Federal Government financial component at 52%
1993-94	24	166	\$27,697,828	\$14,402,871
1994-95	39	217	\$41,606,748	\$21,635,509
1995-96*	63	232	\$56,975,782	\$29,627,407

1. Number of policing agreements signed as of March 15, 1996
2. Excludes the agreement signed with Kativic Regional Government in Quebec which covers 14 Inuit communities at a cost of \$2,104,440
3. Seven interim agreements in Yukon were included in 1994-95 but deducted for 1995-96 because they were not renewed.

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[English]

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

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

Some hon. members: Agreed.

[Translation]

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, there is a question standing in my name on the Order Paper since March 6, 1996. I am referring to Question Q-19. A little while ago, I asked the government whether an answer would be forthcoming. Since then, my question has remained unanswered. This is a very simple question. I would like to know whether or not the government will be answering this very simple question concerning the Privy Council. These things are easy to assess and there should be no problem in giving an answer on this.

• (1525)

Since March 6, no answer has been provided by the government to this very simple question. Is it trying to hide something? Are there things it does not want Quebec to know about? I do not know. But I am persistent and I will rise in this House every week to ask the government to answer my question.

[English]

Mr. Zed: Mr. Speaker, as my hon. colleague knows, we have nothing to hide. The question is in process and we are preparing an appropriate answer.

GOVERNMENT ORDERS

[Translation]

INCOME TAX BUDGET AMENDMENT ACT

The House resumed consideration of the motion that Bill C-36, an act to amend the Income Tax Act, the Excise Tax Act, the Office of the Superintendent of Financial Institutions Act, the Old Age Security Act and the Canada Shipping Act, be read the second time and passed.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I shall resume my demonstration where I left off when I was interrupted by question period. I was trying to make taxpayers in Quebec and Canada understand why we oppose Bill C-36 which is implementing certain measures announced not in the finance minister's latest budget but rather in the 1995 budget.

We were noting earlier that many of the measures contained in this bill and in the 1995 budget were merely ad hoc measures relating to some small and often insignificant aspects of corporate taxation. Let me give you an example.

Last year, the Minister of Finance told us: "I am pleased because my 1995 budget will ensure that corporations, and large corporations in particular, the big companies, pay more taxes. The relative amounts paid by taxpayers versus businesses—small, medium and big in particular—will be readjusted".

One of the measures announced with great pomp to restore equity and efficiency to the corporate taxation system was a special tax whereby \$160 million would be collected from Canadian banks.

Before going any further, I would have two remarks to make on this subject. First, this special tax of \$160 million is ridiculous, given that last year major Canadian banks made record profits of close to \$5 billion. Second, it is also ridiculous that, in Canada, major banks, financial institutions and corporations, as well as very rich families, can take advantage of the tax system's flaws, flexibility and loopholes, as shown by two recent scandals.

There always has to be a scandal somewhere. In the first part of my speech, I referred to two major scandals that were uncovered: one by the Auditor General of Canada, the other by the prestigious *Toronto Star*.

The auditor general was very clear. Through family trusts, a system which the Bloc Québécois, the official opposition, has been condemning since it arrived in this House, two family trusts were able to transfer \$2 billion to the United States, without paying one penny in taxes on capital gains, \$2 billion.

The second scandal, which involves, indirectly if not directly, major Canadian banks, was exposed on May 9 by the *Toronto Star*. The newspaper got hold of a Revenue Canada study which had been released shortly before to a select group and which stated that, in 1991, tax evasion amounted to no less than \$60 billion. In other words, no less than \$60 billion left Canada, possibly to be invested in countries deemed to be tax havens.

• (1530)

Since then, there has been no major change in the way capital gains are taxed, even though we have been asking the Minister of Finance for almost three years now to take action and to overhaul the tax system. We are not talking peanuts here. When you think that \$60 billion in assets in 1991 alone were moved out of the country tax free, as if by magic, and there was nothing that could be done because of weaknesses in Canadian tax law, and also because of weaknesses with respect to relations between Canada and the so-called tax havens. You know what that means. That means that taxes not collected on this wealth must be found somewhere else.

Since his first budget in 1994, and even more so since his 1995 and 1996 budgets, the finance minister has been trying to get this money from the taxpayer, through various means, first, by cutting transfers to the provinces for welfare, postsecondary education and health. It is always the same taxpayer getting hit. But because the minister has not taken a firm approach to tax reform, he must make up the shortfall through other cuts.

While these wealthy Canadian families and big businesses are taking advantage of tax loopholes, the Minister of Finance will be

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making up the shortfall by dipping into the unemployment insurance fund, in complicity with the Minister of Human Resources Development, who certainly showed us how little he cared today. He will use the contributions of workers and employers to make up for what others are not paying. That is Canada's so-called fair tax system.

The *Toronto Star* focussed on certain interesting points concerning this \$60 billion tax evasion, one of which was that the bulk of these transactions were linked to the major Canadian banks.

We in the official opposition are not surprised by this. We have nothing against the big banks, but they must behave like good corporate citizens as far as taxes are concerned. For the past two and a half years or so now, we have been criticizing the fact that Canadian banks have about 46 branches in the Caribbean alone, this area being considered the ideal tax haven. Why do they have these 43 or 46 Caribbean branches, twice as many as they have anywhere else outside of Canada? This is not right.

And now we see why. With branches in these countries which are considered tax havens, it is easy to take advantage of the weakness of the tax agreements signed with those countries and to ensure that profits are not taxed at the fair rate they ought to be.

As I recall, when the Minister of Finance tabled his budget in 1995, the one that has given rise to this Bill C-36, he said: "We have taken drastic measures against the major Canadian banks. We will be imposing a special tax of \$160 million on them". Do not make me laugh. The Minister of Finance should stop trying to be funny.

This concerns us, because it took two scandals, one involving \$2 billion and another involving \$60 in tax evasions, flights of capital abroad, for the Minister of Finance to decide finally to give the finance committee openly, not behind closed doors, the task of reviewing corporate taxation and particularly taxation of capital gains.

We on the other hand will continue to monitor very closely the Minister of Finance's accession to the demand we in the Bloc Québécois have been making since our arrival here. The experts who will be working with the finance committee, with the elected members on the committee, were appointed by the minister at the time of the latest budget. Some of them at least may be clearly in a conflict of interest.

Some of them work for firms advising major Canadian families, Canada's wealthy families, along with large companies on ways to take advantage of tax loopholes, on how to make transfers like the one we saw involving family trusts, where \$2 billion was moved to the United States without being taxed, or the \$60 billion in tax evasions reported by the *Toronto Star*. My feeling is that the official opposition, and all members of this Parliament, will have to be extremely vigilant.

• (1535)

As far as we are concerned, we are not prepared to take any chances with the review process; it is far too important to us. The well-being of taxpayers in Quebec and Canada is far too important to us to allow the continued protection of tax loopholes that benefit large corporations and wealthy Canadian families at the expense of Canadian taxpayers.

What we intend to do is to scrutinize the taxation system in order to be able to oppose arguments of our own—on behalf of the official opposition and on behalf of the people of Quebec and Canada—to the arguments put forward by these eight experts, a number of whom are in conflict of interest.

However, there are two positive measures contained in this bill. See how seriously we do our job in the opposition. The first one deals with business numbers and allows Revenue Canada to exchange business name and address information with other federal government departments and the provinces. As part of the effort to have corporations actually pay their fair share of taxes, I think that this measure may prove positive.

The second measure deals with interest rates applicable to unpaid taxes. It is a good idea to increase the rate of interest on taxes payable to encourage speedier payment, but we were hoping the government would take our advice. Ever since we were elected to the House of Commons, in 1994, we in the official opposition have been suggesting that resource levels should be increased at Revenue Canada to really go after those whose taxes are unpaid.

Since 1994, we have been told over and over again by the Minister of Finance that additional resources would be provided because, year after year, approximately \$6 billion in taxes payable to the Canadian government remain unpaid. That is a lot of money. For all the conviction shown by the Minister of Finance and the many promises made by the various revenue ministers, out of \$6.4 billion in unpaid taxes, \$200 million has been recovered on average every year for the past two years. That makes no sense.

Government must be streamlined. We in the official opposition were the first to say that downsizing is required across government. But the idea is not to blindly make cuts across the board, downsizing to the same extent everywhere. Some departments, including Revenue Canada, might benefit from additional resources to recover more revenue, to recover more than \$200 million out of \$6.4 billion in unpaid taxes. This does not make any sense. The money is not in dispute. Taxpayers—most of them rich people, since the average amount of taxes owed has increased considerably over the last eight years—do not dispute these amounts. They know they owe the money to Revenue Canada, but the federal government does not invest in the necessary resources to go and recover it.

It might not be a bad idea to do like the Government of Quebec did and to get the additional resources necessary to recover these

unpaid taxes. These initiatives are about the only two positive measures in the 1995 budget that I see in Bill C-36.

I can tell you, as we did in 1995 when the Minister of Finance brought down his budget, that we will oppose Bill C-36. First, it does not go far enough in terms of a true reform of corporate and capital gain taxes. Instead, this government condones, through its laxness, the loopholes, the tax evasion schemes, and the fact that very rich taxpayers or corporations do not pay their fair share to Revenue Canada.

We will also oppose the bill because, in spite of the two minor initiatives to which I referred, most of the measures, particularly those that concern family trusts, are just a joke.

• (1540)

The government tells very rich Canadian taxpayers: "You have four years to invest your assets in other financial vehicles that will allow you to save taxes". This is a rather cavalier way of dealing with the issue of family trusts, particularly since we learned, from the auditor general, that at least two trusts transferred \$2 billion to the United States without paying any taxes.

It shows an obvious lack of determination on the government's part to take action to make very rich Canadian families and major corporations pay their due to Revenue Canada, as do small businesses and individual taxpayers. This situation is totally unacceptable. For all these reasons, and for those mentioned before question period, I will ask members of the official opposition to vote against Bill C-36.

[English]

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, the title of Bill C-36 is an act to amend the Income Tax Act, the Excise Act, the Excise Tax Act, the Office of the Superintendent of Financial Institutions Act, the Old Age Security Act and the Canada Shipping Act. The title alone shows that this is just another typical case of Liberal tinkering. The Liberals are trying to adjust half a dozen different acts instead of addressing the real problems which are inherent in the tax system itself because of its complexity.

This bill in implementing aspects of the budget is finding more creative ways of taxing Canadians. The proof of that is in the size of the additional tax moneys that will be collected which were mentioned by the member from the government. All that additional taxes do is increase unemployment.

There was a lot of discussion today during question period about unemployment and the Prime Minister having said that we are going to have to live with high levels of unemployment past the turn of the century. The fact is that the Prime Minister and all of his

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employed for life government colleagues have no idea how jobs are actually created. If they did know they would be busy creating them.

Certainly members have heard me use the example from time to time of New Zealand, the country I originally came from. It had to face up to the problems of government overspending and debt which became unmanageable. The government in New Zealand gave up on acts like Bill C-36 because it realized it could not squeeze any more money out of the citizens of New Zealand. The entire system was overhauled to simplify it, to bring it down to much more of a flat style of taxation and to get control of government spending to reduce spending and begin paying down the debt.

As a result for example, just in the last week the New Zealand government has introduced a \$100 per month tax reduction for the average citizen. There is \$100 more per month in every New Zealand worker's pocket. Imagine what ordinary Canadians could do with \$100 more in their pockets every month. That is significant. That is not tinkering around the edges saying we will give Canadians half a per cent here or take half a per cent from over there. It is substantial tax reform which truly makes a difference to people's lives.

New Zealand has not done everything perfectly. I am not saying we should mimic everything that New Zealand does. Because I am very familiar with it I am using it as an example of ways we could learn methods which have worked to help create employment in other countries.

New Zealand's unemployment rate is below 6 per cent and has been for several years now, since about 1993. The economy is very buoyant. I have relatives in New Zealand who own companies. They have told me that the wage rates in New Zealand are rising quite dramatically because the competition among employers to get people to work for them is so high. There is so much competition in the marketplace that the workers are now starting to reap some benefits from it. A lot of the adjustments and other things being done in this bill by the government would not be necessary if it would only adopt a realistic approach to the idea of job creation.

• (1545)

In 1993, as part of the election campaign, the Reform Party had a document called zero in three, which we used as a campaign document. It was delivered all over the country. In it we detailed exactly how we would balance the budget in three years and begin showing surpluses. The step following that would be to begin reducing taxes. That would put more money in the pockets of the people. They would spend more, which creates consumption and job creation. Those were the steps. We laid them out.

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Here we are three years further downstream. If the government had adopted our zero in three program the day it came to office, today we would be arguing about what to do with the surpluses instead of arguing about which social program should be cut next.

It does not take very much common sense for Canadians to look at what is happening on that side of the House: erosion of social programs. We heard today how the CBC has actually had bigger cuts made by the government than were listed in Reform's zero in three program. Why would the government, which claimed that it supported the CBC, make bigger cuts to the budget of the CBC than were in Reform's supposedly slash and burn budget? The reason is that it waited too long to address the problems of overspending.

Every day that this type of bill comes forward which tinkers around with the system instead of truly addressing the problems makes it harder and much more difficult to deal with those problems. If the Liberals had only got to work the very day they took office they would be running surpluses today and we would not be discussing how to reduce contributions to RRSPs.

What a ridiculous thing to be doing. RRSPs are people's nest egg. It is the tool people use to be able to retire so that they are not a drain on taxpayers. It is all very well for the finance minister to bring in rules that cut RRSP contributions because he will not be around when other governments have to deal with the problems.

I watched a documentary on television last year where they were interviewing finance ministers of the past from this place. Every single one of them admitted they knew that all of these problems would come to a head some time in the 1990s and they did nothing. They knew it would be beyond their mandate. They would not have to worry about it.

A whole series of decisions were made in this place that have critically affected the future of our children and our grandchildren. Those former finance ministers did not care about the millstone of debt and deficits they were hanging around the necks of our children and grandchildren. They went ahead because it suited them to be dipping into the trough full of taxpayers' money when they should have been truly addressing the problems.

I feel embarrassed when I have to go into a high school as I did the other day in Bedford, Nova Scotia to talk about the debt. I wrote the debt figure on the chalk board, \$583 billion. In the one hour that I was in the school it went up \$2.5 million.

We were talking about the debt. I said to these students: "How long do you think it took to build this \$583 billion debt?" The answer is that most of it accrued during their lifetimes. In all the time that Canada has existed, most of that debt accrued in the last 20 years.

It was accrued by people who have worked in this place and did not consider what they were doing to their children and grandchildren. This bill, which tinkers with things like retirement savings,

reduces people's ability to plan for their futures. At the same time, the government sends delegations around the country to tell people the bad news about the CPP. Meanwhile the politicians in this place protect their gold plated pension plan that would be illegal in the private sector which they can collect after six years and retire for good.

What about the average person out there who relies on CPP that is now being eroded because the people who sat in this place in the past did not bother to invest the income for the future. What should be done as soon as possible, before it is too late and the whole plan disintegrates, is to adopt a plan similar to the one that is used in Chile. It gives people their own super RRSP style plan. It requires compulsory contributions just like the CPP. The employers deduct and remit to the individual plans but those plans belong to the individual worker. The money does not go into government coffers to be handed out to somebody else.

● (1550)

In the meantime, the Government of Chile guarantees to those people who are in their forties or fifties that there will be a top-up from the taxpayer to ensure they will have a minimum pension when they retire. For everybody else there are nest eggs building which are completely separate from government control to protect them when they retire.

That system has been in place in Chile for about 12 years. The first people collecting pensions doubled what the government is providing under the government scheme. It truly works. It takes pension planning out of the government sphere.

This ridiculous Bill C-36 is eroding people's ability to save for their futures. Chile is 10 years ahead of us in innovation and in taking care of those problems.

Further down on the list the government plays around with corporate tax rates. Has it not learned where jobs are created? The Prime Minister stands up and says he has given up. He has admitted failure in creating jobs. He is just like Kim Campbell because they come from the same political school with the same old, tired out, 30-year-old theories that do not work. They just will not let them go. They think the answer to all their problems is more taxes. They think that by taxing the corporations they will fix the problem.

What about all the jobs that have left Canada because they drove corporations out of Canada? What about the 20,000 people who work across the border from Vancouver in Bellingham? Every day they drive across the border to work at companies because their bosses moved the companies out of the Vancouver area into the United States to get away from high taxation.

This is not the policy of any party. I simply want to use it as an example. Just imagine if we had a zero corporate tax rate in Canada. Can you imagine the rush of companies from the United States that would establish in Canada? They would come from all

around the world by the thousands. We would have so many jobs, jobs, jobs we would not know what to do with them.

Obviously somewhere between a zero corporate tax rate and the punitive rates we have right now is a better rate that will re-establish those good jobs for Canadians. Bills such as this increase the irritation to business with higher taxes that reduce and kill jobs.

I am from the small business sector in the Vancouver area. I owned a company that had 10 employees. I sold that company shortly before becoming an MP. Because I am from the small business sector I have many friends in that sector. I cannot tell hon. members how many of them have scaled down and moved back into their homes to operate mom and pop type operations in order to get away from taxation and all of the various levies and fees that they had to pay when they had employees. When they had employees they had to pay the Workers' Compensation Board, CPP and UI premiums. They had to remit income taxes. They had to pay all the benefits which are legislated. It gets to the point where 30 per cent or 40 per cent of all the cheques which a small business person writes go to various levels of government.

Gas taxes affect business. There was a great foo-fa-raw a week or two ago about the price of gasoline across the country. A simple bit of analysis shows that about 55 per cent of the cost is taxation. If governments were not dipping their hands into everyone's gas tank the price of gasoline would be about 26 cents a litre. It is government greed at every level that has created the problem. Bill C-36 is just another case of that.

The Liberals claimed during the 1993 election that their \$6 billion infrastructure project would kick start the economy and create a job bonanza. The theory was that the people employed by this wonderful \$6 billion program, although it turned out to be a big boondoggle, would spend the money in their communities, boost consumption and then the good old days of full employment would come back.

• (1555)

However, anyone with business knowledge knew the plan could not work from day one. Why could it not work? It would not work because it did not create long term, meaningful jobs. It bought jobs using taxpayer and borrowed money, money that was borrowed against the future of our children and our grandchildren. It was money that we did not have to spend.

For at least two decades these old line governments have been throwing money into ineffective job creation plans, grants to special interest groups, regional development funds and government funded training programs without showing the slightest concern for the debt legacy and the crippling tax load that it has left for our children and grandchildren.

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If governments could create jobs through deficit spending and tax bills like Bill C-36, everyone would have three jobs each by now. Twenty-five years of \$30 billion deficits and a \$583 billion debt and what there is to show for it is chronic unemployment and terrible fiscal problems. Social programs are being cut and the government is scrambling to tax away every little last cent that it can get from taxpayers' pockets.

I had a call from a constituent last week who runs a yacht brokerage in my riding. He sells yachts. There has just been a change to the GST rules. Now he has to charge GST when he sells a second hand yacht. As he says, that is going to put his business out of business overnight. Why would people pay an extra 7 per cent to have a broker sell a yacht? It comes straight off the sales price for the person who is selling a yacht. They are now going to try to sell privately instead of putting it through a broker.

The government, in its enthusiasm to try to get that extra bit of tax out of yacht brokers, is actually going to put them out of business. This is so stupid. That same new tax rule is going to apply to auctioneers. Can anyone believe this? We will go to an auction to buy a used table and GST will be charged. It is just government greed. It has nothing to do with good management of the economy. It is typical of the type of thing this bill represents.

If the government truly wanted to make amends and get this country back on track it would not be passing things like Bill C-36. It would be creating meaningful, long term jobs if it could create a climate for job creation.

Every time the unemployment rate goes down the government likes to take credit for all the jobs that have been created. However, when unemployment rises it does not want anything to do with it. It says it is the global economy or somebody else made the wrong decision. It never wants to take credit for rising unemployment.

The fact is that the government neither creates jobs nor loses jobs but is responsible for the business environment that results in job creation or job loss. Therefore, governments should really concentrate on the business environment. Unfortunately reversing the effects of two decades of government meddling in the economy is not without its pain, as those who have ever watched the New Zealand situation would know.

About three or four years ago, Eric Malling, on the TV program "W5" did a program on New Zealand showing the sort of fiscal restraints that New Zealand was going through at the time as it adjusted to becoming a free market economy. When I left New Zealand in 1979 it was a socialist country. It was cradle to grave socialism. The government paid for everything.

By 1984 New Zealand had pretty well gone bankrupt. By 1993 adjustments had been made and New Zealand was on its way back to prosperity. Maybe members of this House saw the program on television last week where Eric Malling on his program "Maver-

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icks" updated the New Zealand situation and showed how private enterprise has created so many jobs and how buoyant the economy is there.

I actually visited New Zealand at Easter. I can confirm what Eric Malling showed on that program. The country is buoyant. One can feel how successful the country has become, and it has not done it with government subsidies, with extra taxes like this. It has not done it by suppressing the right to invest in RRSPs. It did it by the government getting out of the economy and letting business create the jobs. It created jobs by getting rid of marketing boards so that entrepreneurial farmers could sell new products.

• (1600)

For example, I went into a supermarket and there on the shelves were flavoured whipping creams. There was brandy flavoured whipping cream, Kahlua flavoured whipping cream for special occasions. There were specialty cheeses made by little cottage industries which operated a tiny cheese making facility that perhaps only made spreadable pepper cheese and sold it to a world market.

In the supermarket there were eggs from farm operations which specialized in low cholesterol eggs for which they charged premium prices. They were almost three times the price of regular eggs. There were eggs from guaranteed free range hens which were allowed to wander the fields. They cost two and a half times the price of eggs produced under the old marketing board battery hen type operations.

These are examples of government getting out of the meddling aspect of the economy and creating the environment for job creation. It is not necessary to pass more bills to grab more taxes.

The net result in New Zealand was that so much income came from all the prosperity, the government has been running surpluses in the range of \$3 billion to \$6 billion a year, paying down the debt. That was responsible for the latest announcement of \$100 more in the pocket of every working New Zealander's pocket every month, the result of a reduction in income taxes.

Imagine if we were able to announce in the last budget in the House that there was a \$100 tax reduction for every Canadian worker. We could have done it if we had adopted Reform's zero in three program the day we came to the House. The answer to job creation and getting around these tax problems is to adopt a proactive program of creating the environment for job creation.

My colleague, the member for Capilano—Howe Sound, introduced a private member's bill on March 4, the taxpayer protection act. The bill would have required it to be compulsory for the government to live within its income and not run deficits and

that there would be penalties for politicians if they overspent. They would actually lose pay.

At least one province has already introduced such legislation. The provinces are way ahead of us on this. They realize they cannot keep grabbing taxes the way Bill C-36 does. Before question period I was updating the House on the B.C. Liberal Party which is presently involved in an election. The provincial wing of the Liberal Party has promised a taxpayer protection act that would guarantee a balanced budget in two years and, if it does not make it, pay reductions for the politicians.

Look how out of touch the other side of the House is with the real world, people saying they have had enough. They do not want to pay any more taxes. They are sick of the government overspending. It is about time government got on top of the problem and do what the people want instead of following its own ideology constantly.

I hope that when there is an opportunity to debate a little more on my colleague's taxpayer protection act members will seriously consider supporting it and get us out of this cycle of tax and spend that has been going on for so long.

In my opinion the bill we are spending time on today would not have been necessary if it had not been for the irresponsibility not only of current members on the other side of the House but also of the parliamentarians who sat here for the last 25 years spending \$30 billion more a year than they took in. They just did not care. They knew they would not be accountable for the end results. They were answering the short term demands of special interest groups at the expense of the next generation. It has been the most massive intergenerational transfer of wealth in the history of this country. It has to stop and the first step along that pathway is to defeat this bill.

• (1605)

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, I will be splitting my time with my colleague from Algoma.

My colleague from the Reform Party who made some negative remarks about the government's \$6 billion infrastructure program forgets the almost 100,000 jobs that were created. He forgets the large majority of municipal officials throughout Canada would love to have that program continue. He forgets business people who are aware of it would also like to have it continue.

I find it rather strange that all of these people want it and the Reform Party does not. It says something about being out of touch. If one wants to talk about being out of touch, I assure the House it is not this government. Reform has not been popular. It was not popular at election time and has been even less popular since then. It has been dismembering itself member by member.

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I am pleased to have the opportunity to address the House on Bill C-36, the income tax amendment act. I assure the House it is not tinkering. As the House is aware, these amendments implement certain measures announced in the budgets of February 27, 1995 and March 6, 1996 as well as Income Tax Act and Excise Tax Act amendments released on August 9, 1995 concerning the government's business under a number of programs.

The bill is very technical in nature and since there are those better qualified to address the technical aspects I take this opportunity to summarize points addressed by the bill. It talks about retirement savings. It reduces the limits on contributions to registered retirement savings plans, registered pension plans and deferred profit sharing plans and it reduces the allowance for RRSP over contributions.

[*Translation*]

On fiscal periods, it eliminates the opportunity to defer the taxation of business income by selecting an off-calendar fiscal period.

[*English*]

On family trusts, the bill eliminates the election to defer the 21-year deemed realization rule and the rules allowing the allocation of income to preferred beneficiaries.

[*Translation*]

The film tax credit replaces the capital cost allowance tax shelter incentive for certified Canadian productions with a new tax credit for Canadian film production companies.

[*English*]

On charitable donations, the bill eliminates the 20 per cent of income deduction limit for gifts of ecologically sensitive land.

[*Translation*]

On scientific research and experimental development, the bill eliminates inflation of SR&ED tax credits through non-arm's length contracts and introduces other measures improving the administration of the SR&ED tax incentives.

[*English*]

On corporate tax rates, the bill increases the refundable tax on investment income of Canadian controlled private corporations. It increases the rate of part IV tax on dividends received by private corporations and increases the capital taxes on large corporations and financial institutions.

[*Translation*]

On joint and several liability, the bill provides joint and several liability for unremitted source deductions and similar amounts

where a person has influential control and causes taxable payments to be made without remittance.

[*English*]

On the old age security benefit, the bill modifies the structure of the recovery of OAS benefits to provide for tax to be withheld from benefits as they are paid.

[*Translation*]

On business numbers, the bill allows Revenue Canada to exchange business name and address information with other federal government departments and the provinces when they adopt the business number. I note here that the Bloc Québécois' critic has commended the government for this initiative.

• (1610)

[*English*]

Interest rates provide for different rates of interest on amounts payable by the crown to taxpayers and amounts payable by taxpayers to the crown. How could one call that tinkering? If one had read that bill one would know it is not tinkering. It is dealing with affairs of the state in a substantial, meaningful and profound way.

More specifically, I would like to discuss the changes to taxation of family trusts.

[*Translation*]

Family trusts allow assets to be held for beneficiaries. Trusts are used for various purposes, particularly for business succession planning and for meeting the needs of beneficiaries in special cases such as old age and disabilities.

[*English*]

The 1995 budget proposed two changes to the taxation of family trusts: one, the existing election to defer the application of the 21-year rule eliminated effective January 1, 1999; two, to restrict income splitting, the preferred beneficiary election mechanism be repealed for taxation years of trusts that commence after 1995, except for elections with respect to persons with mental or physical disabilities.

On the 21-year deemed disposition rule, the existing provision relating to the taxation of trust generally require that assets are to be treated for tax purposes as if they were disposed of every 21 years. The measure accompanied the introduction of capital gains taxation in 1972 to prevent trusts from being used to void the taxation of capital gains on death.

[*Translation*]

The previous government passed a provision allowing a special election to defer the 21 year rule and the taxation of capital gains on trust assets until the last "exempt beneficiary" dies. An

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“exempt beneficiary” essentially means a relative who is removed by no more than one generation from the person who established the trust.

[*English*]

Effective January 1, 1999 the bill proposes to eliminate this special election. Those trusts which have at any time before that date elected to postpone capital gains taxation will be subject to a deemed realization of trust assets at fair market value on that date. This would not apply where all of the trust property has been distributed to beneficiaries before that date. Where properties are distributed from a trust to an exempt beneficiary, capital gains would be realized when the exempt beneficiary disposes of the property or when the exempt beneficiary dies.

[*Translation*]

On preferred beneficiary election, the bill provides that, before it is distributed among the beneficiaries, the income from a trust fund is calculated in the same way as for other taxpayers. The interest, dividends and capital gains realizable are all included in the calculation of the income from the trust. The taxable income of a testamentary trust, and of some trusts created before 1972, is subject to the same progressive tax rate structure as individual income. The taxable income of other trusts is taxed at the maximum rate applicable to individual income.

[*English*]

The preferred beneficiary election currently allows trust income to be allocated to preferred beneficiaries defined to include the spouse, children and grandchildren of the settlor of the trust and taxed in their hands rather than at the trust level. This allows trust income to accumulate without the need to pay the income to beneficiaries. There is no requirement that the income allocated to a beneficiary ultimately be paid to that beneficiary.

[*Translation*]

The selection made by a preferred beneficiary is an exception to the general rule that the income from a trust is taxable as a trustee's income, except where this income is payable to the beneficiaries and thus taxable as their personal income.

[*English*]

The flexibility of the preferred beneficiary election and the potential to split income among large numbers of preferred beneficiaries make it a significant tax planning tool. The preferred beneficiary election allows trust income to be split among family members for income tax purposes without regard to the amount the beneficiary would ultimately receive.

• (1615)

For example, where trust income in the form of dividends is allocated to a beneficiary such as a young child with little or no other income, substantial amounts can be accumulated on a tax free basis because of the dividend tax credit. In addition, the entitlement

to the \$500,000 lifetime capital gains exemption can be multiplied because of the preferred beneficiary election.

This bill proposes to eliminate the preferred beneficiary election except as it applies to those beneficiaries who are entitled to a tax credit for mental or physical impairment, or who would be so entitled if amounts paid for the remuneration of an attendant or for care in a nursing home were ignored. The measure eliminates a tax planning technique and seeks to ensure a level playing field between property held in trust and property held directly. This measure is to apply to taxation years of trusts that commence after 1995.

The recent auditor general's report cited examples of tax avoidance and raised concerns about the administration of the Income Tax Act involving the movement out of Canada of assets held in family trusts. The department is undertaking certain specific initiatives to combat and deter avoidance. The finance committee is about to begin a study of the administration of the Income Tax Act in this regard.

Changes such as those made in the 1995 budget discussed earlier and including terminating the election to postpone capital gains taxation under the 21-year rule will ensure that family trusts cannot be used to defer capital gains taxation and ending the preferred beneficiary election limits the opportunity for family trusts to be used for income tax splitting purposes. The changes will help to further close the loopholes.

Bill C-36 is an important part of this government's fiscal agenda. As my hon. colleague noted earlier, it is the heart and soul of our program. It is another step toward our goal of getting government right.

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, I have listened with a great deal of interest to the comments of the hon. member for St. Boniface.

He spoke at some length about family trusts. If there is a misconception in this country in terms of what is really taking place with family trusts it seems to be one of those things that seems to abound at least at election time if not at other times.

Perhaps the hon. member could assure Canadians that progress has been made, if indeed there has been progress made on this issue in ensuring that the abuse of family trusts is no longer ongoing or at least if it has been that things have been done to correct the inefficiencies in the system.

Mr. Duhamel: Mr. Speaker, my colleague's question is an appropriate and important one.

It was roughly a year ago that the Minister of Finance indicated we needed to review this whole area and to close some of the loopholes. Decisions have been made to do exactly that. As a result of a recent event where large sums of money were taken out of the country without, according to some individuals, appropriate levels of taxation or no taxation, there will be continued work done in that

area. Further loopholes will be closed. In fact this mandate has been given to the finance committee of which I am a member.

I agree that the matter often comes up at election time. I emphasize it is something that is not always well understood. I am told by very highly respected people that they can have some benefits but clearly they should not give advantages to people who have large sums of money to escape a fair rate of taxation. They too must contribute to the well-being of this nation.

Our objective at the end of this exercise is to make sure that all people who earn income are taxed in a fair and equitable way and that they make legitimate, reasonable, sensible and meaningful contributions to the welfare of this nation and to its people.

Mr. Brent St. Denis (Algoma, Lib.): Mr. Speaker, I am pleased to join my hon. colleagues, in particular the member for St. Boniface, a colleague of mine on the finance committee, in discussing and debating Bill C-36 which implements the 1995 budget measures.

The details of this legislation should not be overlooked but the big picture is also very important. In that regard I draw to the attention of the House an article in today's *Globe and Mail*. The headline is: "Bond buyers give Canada new respect". Let me cite the opening paragraphs:

Something remarkable has happened in the Canadian bond market in recent weeks—and Canada's finance ministers can take most of the credit.

When interest rates on U.S. bonds charged upwards, Canadian rates followed, but at a lesser clip. When U.S. rates levelled off two weeks ago, Canadian rates fell sharply.

The result? The spread between Canadian and U.S. rates—a key measure of how the world's investors feel about Canada—has plummeted, indicating that bond buyers believe Canada is a lovely spot to put their money these days.

• (1620)

There is another paragraph I wish to set on the record:

Bond buyers who shunned Canada as a high debt, high deficit, fiscally irresponsible country for most of the 1990s have done an about-face. And it takes only a quick look at what Canada's federal and provincial finance ministers have done to understand why.

The article makes clear that fiscal restraint has become an embedded aspect of the Canadian political landscape. It is this government and this government's finance minister who have played a key role in this transformation. The legislation before us helps demonstrate a central aspect of that national sea change. It does so in a most interesting way, not only by what is in the legislation, but by what is not.

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It will be noted that the 1995 budget did not include any increases in personal income tax rates, nor did the 1994 budget before it. That was again the case in the 1996 budget which contained no tax increases of any kind.

The point here is that deficit reduction and debt control are made in government problems and it is government that must be the source of the solution. I am convinced that in the years to come Canadians will look back at the 1995 budget, the source of Bill C-36, as the turning point in our fiscal history.

The actions that budget introduced totalled \$29 billion over three years, more than in any budget since post-war demobilization. It set a course so that by the end of the current fiscal year, program spending will be \$10.4 billion lower than when we started.

Just as important, this budget also changed the very structure of how government operates. Through focusing on structural change, not tax and revenue measures, this government made sure that spending will be restrained beyond the two-year target period. The deficit will continue to fall, reflecting our commitment to eliminating it completely.

To achieve these results, the 1995 budget took fundamental action across government programs and operations. It implemented the results of program review, a comprehensive examination of departmental spending. The budget also acted on a new vision of the federal government's role in the economy, one that includes substantial reductions in business subsidies. Subsidies will drop from \$3.8 billion to \$1.5 billion per year by 1997-98. The 1995 budget reformed major transfers to the provinces, modernizing the federal-provincial fiscal regime, making it more effective, flexible and affordable.

Today's *Globe and Mail* article shows that the commitments we have made and the fiscal actions we have taken are being recognized in real bottom line terms. They have brought lower interest rates and greater confidence in Canada. That is being translated into growing employment.

The inflation rate remains at a very nice low level in Canada. What has added resonance to our commitments, what has helped win over the world markets is the way we have approached our fiscal dilemma. Our action has been dramatically weighted toward the spending side, not added to the high tax burden of Canadians. That is why the 1995 budget did not increase personal income tax rates. However, it did propose measures to improve tax system fairness, many of which we see in Bill C-36 today.

The budget proposed eliminating the deferral of taxes on the investment income earned by private holding companies. We are also eliminating tax advantages for family trusts. We are temporarily reducing the upper limit on RRSP contributions to \$13,500

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per year so that extra benefits do not go to people who earn more than two and one-half times the average wage in Canada.

• (1625)

Even with these measures we would fall short of our deficit targets. That is why the 1995 budget moved to increase the large corporations tax and the corporate surtax. The budget also introduced a temporary tax on the capital of large deposit taking corporations, including banks.

Clearly, the 1995 budget was still a budget that placed an absolute priority on expenditure reduction. It delivered nearly \$7 in spending cuts for each dollar of new tax revenue.

Again let me underscore our fiscal philosophy and the philosophy that guides our tax measures, such as those found in Bill C-36. We are tackling Canada's fiscal problem not as a narrow goal in and of itself, but rather because it is a fundamental component for national growth, new jobs, economic security and sovereignty. As the *Globe and Mail* article highlights, our fiscal progress and other actions are paying off. Canada's economic fundamentals are strong.

With our first two budgets we established rock hard foundations. With these measures our 1995-96 and 1996-97 deficit targets which will bring the deficit down to 3 per cent of GDP are secure.

The steps in this year's budget consolidate and extend our first two budgets and further contribute to our economic and financial objectives. We have maintained our focus on reducing program spending. Because the debt is a problem created by government, the solution should focus on cutting in our own backyard. The government has shown great leadership in handling public service cuts. That is why of the cumulative fiscal actions we will have taken from 1994-95 to 1998-99, a full 87 per cent have been expenditure savings, not tax measures.

Together the three budgets will contribute \$26.1 billion in savings by 1997-98. This action, together with the reform of the employment insurance program, will ensure that we hit our new deficit target of 2 per cent of GDP by 1997-98. Our combined budget plans will deliver a further \$28.9 billion in savings in fiscal year 1998-99. This means the deficit will continue to drop and the debt to GDP ratio will continue to fall.

I have had numerous town hall meetings in my riding of Algoma over the last number of weeks and I plan to hold several more. I have already had meetings in towns like Espanola, Thessalon, Hilton Beach, Little Current and Gore Bay. I plan to hold others in Elliot Lake and Goulais River.

When people attend the meetings, while they have concerns about one issue or another as is appropriate in this day when governments are under close scrutiny, they also express confidence

in the way in which the country's fiscal affairs are being managed by the government. There is evidence of it every day. The Canadian dollar is remaining stable relative to the U.S. dollar. Interest rates are remaining at a very credible level. Inflation is well in hand. The economy is producing jobs.

We all agree that when unemployment reaches 9.5 per cent it is too high. However, our economy is producing jobs. In the months and years ahead we will see the unemployment rate decrease by many more percentage points because the fundamentals are very strong.

Bill C-36 expresses the philosophy of the government. It focuses on the credibility this government has been able to achieve compared to the past government. This legislation will help to sustain the successes we have experienced. It will only add to our credibility. It will add to the confidence investors have in our country, both domestically and abroad. It will improve the equity of our tax system and ensure that affluent Canadians and corporations do not escape paying their fair share of the Canadian tax burden.

• (1630)

For these reasons, I hope we have the co-operation of the majority of members in the House in supporting Bill C-36. The government is securing the financial future of the country. We are trying to get government right and in so doing we are preserving the social programs that are a hallmark of our society. These are social programs that Canadians have come to count on, health care, social services and pension plans. These are elements of our society which make us very special and unique.

Those of my colleagues who have had a chance to do any travelling outside this country will know we look quite wonderful from outside. Sometimes we tend to take it for granted what we have here. However, we are the envy of the world. As the Prime Minister has often reminded us, the UN has for a number of years in a row declared Canada to be the number one nation in the world in which to live. We know that in our hearts but we forget it sometimes.

I urge members to look carefully at how much we have and at what the government is doing to make the country an even better place not only for our children but for our grandchildren.

With that I call on the House, in a majority way, to place its trust again in the government.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I am very pleased today to speak to Bill C-36, a sort of omnibus bill amending several aspects of the Income Tax Act, the Excise Act and various similar pieces of legislation.

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What particularly attracts my attention, and what I would like to address in my speech, is the whole question of measures related to family trusts. I think it is very important that the public be very well informed of where things stand on this issue. I would like to give a brief run through of the background. In the 1993 election campaign, the Bloc Québécois raised many questions about the amounts of money held in these family trusts. At the time, the deficit was growing, as it continues to do, and we were also wondering how we could ensure that we really received all the tax revenues that we thought appropriate.

Thanks to information it had gleaned from one source and another, the Bloc Québécois knew that family trusts could contain money that the government was missing. Following the election, we kept telling the government: "Before pronouncing on the effectiveness of family trusts, let us at least find out the amounts of money involved, what information we could obtain".

As a young newly elected MP, I came here in all good faith, thinking that, during our work in committee, we could actually examine the figures, see what was possible and take appropriate action accordingly.

But that was my first disappointment with the work of an MP, because examining these matters in committee brought us up against a wall of indifference, and even a wall of missing information from senior public servants. Time after time, they told us: "The figures are not available. That would require giving personal information. Most trusts involve families in which there is a mentally or physically disabled person who cannot look after his own needs. That is how it operates, so there is no reason to go poking about in it".

But our representations did get the government to decide to make some modifications. For example, allowing families to free up the assets they held in family trusts until 1999. We are, of course, against that measure. It is like finding a burglar in your house and telling him: "You have an hour and half and then I am going to start running after you". He would have time to empty the house before you would have been able to find out just what he had taken.

There have been examples of this situation in recent weeks, reference to trusts containing more than \$2 billion which have been able to send their assets, their investments, out of the country without having to pay any tax on them.

● (1635)

This is a really negative side of the government's action. The fact of voluntarily acting slower than it should have a year or two ago leads to situations like this. At a time when we need all the tax revenues we can get, the message sent to workers in particular, low or middle income earners, is that there are 500 rich families, from what it says there, that may have family trusts.

There is talk of a tax shortfall of possibly \$400 million. Four hundred million dollars will not settle Canada's deficit problems, but at least in terms of tax equity, Canadians and Quebecers will get the message that the government is going after the rich as much as it is going after the poor.

When unemployment insurance reforms like we have seen recently occur in the same days and weeks as we learn that some \$2 billion invested in family trusts has left Canada without being duly taxed, people consider this situation clearly unacceptable.

Finally, we consider what is in Bill C-36 to be too little, too late. It is too little, because the people who have invested in family trusts will have had all the time they need to diversify their assets and transfer them to other tax evasion possibilities. The Canadian government thus does not collect as much tax as it could have. It is too little and too late because of the time allowed for recovery.

I would like to remind the House of the recommendations made by the Bloc Québécois in December 1994, about one year after the election, as part of a committee study. If these recommendations had been carried out at the time, we would not have to deal with trusts taking their assets out of the country and trying to find legal ways to evade as much tax as possible; whether these tactics are legitimate is a different matter, but they are still legal according to the legislation put forward by the government.

The first recommendation made by the Bloc Québécois is that investigations be carried out to determine the exact value of assets managed by family trusts, the value of capital gains from assets under family trust management, the value of tax revenues whose collection was postponed by deferring capital gains taxes until the last trust beneficiary dies.

These studies could give us actual figures on the impact of the legislative measures taken with respect to family trusts. We must recall that family trusts were instituted in 1972 to help families facing special and rather unusual circumstances, such as caring for a child with a handicap, or even small business by allowing them to tax-shelter certain assets. But like in many other such instances, this measure is benefiting those who can afford the services of tax specialists who found in this measure a tax loophole for avoiding to pay taxes.

Since then, amendments made to the legislation have actually made the family trust loophole wider. Now, efforts are made to try to plug the hole, but the measures contained in Bill C-36 certainly do not ensure tax equity for families in these circumstances.

I would also like to remind you of another recommendation making it mandatory to pay taxes on capital gains on a trust paid out in favour of the beneficiary. This issue has been close to our hearts from day one, as it reflects the whole battle going on in Quebec and Canada around the share of tax revenue that every segment of society must pay to restore Canada's economy to health. This issue has become a symbol; it is an issue where, as a

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result of yesterday's measures and carelessness, we find ourselves today having to do without desperately needed resources.

On the one hand, they claim that the unemployment insurance reform will save \$2 billion through cuts to unemployment insurance recipients and those who make contributions to the unemployment insurance plan, employees and employers alike, but on the other hand, they are leaving the door open for those who should be paying up to \$400 million in taxes.

• (1640)

Imagine how much less pressure there would be on the unemployment insurance system if the government's financial statements showed additional revenues of \$400 million from family trusts. This would have taken pressure off of the unemployment insurance reform. This is significant when we are talking about fiscal balance. Sometimes, in debates like this one, we hear that the opposition is there to criticize, to find flaws in the legislation.

In this case, opposition parties are not the only ones making recommendations. The Auditor General of Canada also raised the issue of family trusts and asked the government to ensure that all the information be available, so that future legislative measures allow Revenue Canada to recover all the amounts that can be recovered. The auditor general is only fulfilling his mandate, which is to ensure that the amounts owed are collected and that the moneys are spent in the best possible way to meet the objectives set.

For a long time now family trusts have been used for purposes other than to help small and medium size businesses. It is said that someone with an annual income of \$100,000 or \$150,000 is unlikely to have any use for a family trust. Who benefits from family trusts? It is people whose income is very high. It is a fact that these trusts benefit the very rich and that they deprive the government of considerable revenues.

Family trusts are not the cure-all. Canada's fiscal problems would not all be solved if trusts paid their fair share of taxes. However, it would allow the government to tell taxpayers: "We made high income people pay their fair share. We asked them to contribute and we made sure they all did. We did not provide them with any means to avoid paying taxes. We kept a close watch on them. Now, we are asking you to also do your share".

That would make all the difference in the world in the situation we are facing now, where those receiving unemployment insurance, those with low incomes, are being asked to pay \$100, \$150 or \$200 in additional taxes on incomes of \$20,000, \$25,000 or \$30,000. In family trusts, we are talking about millions of dollars, \$400 million in unpaid taxes.

That would be seen as a gesture of fairness on the part of the government, a gesture not found in Bill C-36. This bill does not contain measures that would have made it possible to truly stem the flow. The government tells us that it is washing its hands of decisions concerning family trusts and capital shifted to the United States when the Conservatives were in power, that it is not responsible for what went on then.

But now, with the deadlines given, with the provisions in Bill C-36, with the fact that people will have until 1999 to transfer their money into other sectors, is the government not shirking its responsibility? It cannot blame the Conservative government for not doing its work. Now it is the Liberals who have decided to let matters take their own course and to allow people to continue to avoid paying taxes that they should be paying.

We must ask ourselves why they are doing this. Why, in these times when we are so in need of money, are they closing their eyes, not listening to reason and allowing wealthy families to continue not paying their taxes?

I think that one thing that needs to be looked at very closely is the question of party funding. Would there not be a link to be made—indeed, almost a bank reconciliation—between the contributions from these important families to parties which will accept money from anyone, whether a physical entity or a corporate entity?

In Quebec, for some years, nearly 20 in fact, only physical entities can donate to political parties. This has led to a complete change in political mores. The federal government has not yet reached this stage. Significant sums, \$50,000 or \$100,000, can still be received from companies, unions or other organizations.

• (1645)

You can well imagine, afterward, when the government is being lobbied, that the company or family which donated \$50,000 or \$100,000 to the coffers of the party in power is certainly going to be listened to because of that contribution.

All of the key points in this current situation are in place: a tax system that has not been revised, a government that is very timid about tax review. It talks about a technical committee. It is because the opposition has repeated the same arguments and attacks almost ad nauseam that it has managed to get some small changes of the type found in Bill C-36, to at least close the loophole in the medium term. But the government's measures are very timid, too timid, and do not make the restrictions that ought to have been on the family trusts.

In conclusion, I would say that the present government does not appear to be aware of the urgency of acting in this area. First of all, we have been aware for two years of the necessity of having all

available information on family trusts. We have asked for it repeatedly in committee, and senior officials have told us it was not available, often in a rather condescending way. Today we find out the reason for that reaction. It is because the transactions have already been made and some are perhaps being made so that certain taxpayers will avoid paying tax and, moreover, will take their investments abroad.

I think this is unacceptable even to federalist Canadians. So the government should have moved, legislated quickly on this. Today, moreover, it must turn off the taps in a hurry, because it is clear that there are many things that even Bill C-36 will not correct. There is no way with this bill to ensure that each of the great families pays the taxes it ought with respect to the funds it invests in family trusts.

This is an important point. There is nothing in this bill to force the legislator to act. This is why the Bloc Quebecois will vote against the bill. So long as we obtain no assurance that family trusts will no longer be a way to avoid paying taxes for people with the means to do so, we will continue to press for satisfactory amendments from the government. On this point, I hope the Standing Committee on Finance will act quickly, now that we have proof money is flowing out of Canada and being invested abroad without taxes being paid on it.

I think that the government should follow the auditor general's recommendations as quickly as possible and take appropriate action so that, in the next federal budget, the revenue side of the sheet will show the amounts that belong there, including taxes payable by wealthy families and by those who invest in family trusts, so that they pull their weight, and we do not see inadequate cuts that crack down harder in the wrong places, for example, through very stringent unemployment insurance legislation, on the one hand, and a laissez faire approach on the other.

This sort of situation must be corrected. I hope that, after hearing our arguments, the government will take corrective action and bring in tougher legislation, so that people can no longer evade taxes that they should be paying.

The Acting Speaker (Mr. Kilger): 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 Bourassa—Algerian nationals.

[English]

Is the House ready for the question?

Some hon. members: Question.

• (1650)

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

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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): Call in the members.

And the bells having rung:

The Acting Speaker (Mr. Kilger): The government whip has made us aware that the vote will take place at 6.30 p.m.

* * *

STANDARDS COUNCIL OF CANADA ACT

Hon. Lloyd Axworthy (for Minister of Industry, Lib.) moved that Bill C-4, an act to amend the Standards Council of Canada Act, be read the second time and referred to a committee.

Mr. Morris Bodnar (Parliamentary Secretary to Minister of Industry, Minister for the Atlantic Canada Opportunities Agency and Minister of Western Economic Diversification, Lib.): Mr. Speaker, when I was asked to participate in this debate about Bill C-4, an act to amend the Standards Council of Canada Act, I had to ask what stake my constituents would have in this legislation and its implementation.

This got me thinking about the role of standards in society and how they touch the day to day lives of Canadians. Clearly these legislative changes are meaningful to Canadian businesses and business because standards have an impact on business practices and Canada's capacity to compete in the international marketplace.

Standards also matter to Canadians because they contribute to consumer safety and health and to the utility of everyday products, be they industrial, domestic or recreational. Therefore today I direct my comments to the people side of the standards story.

In Canada standards setting is based largely on voluntary consultation and consensus among a wide group of public and private sector stakeholders. Individual citizens and volunteers from industry and special interest groups routinely sit on panels and committees that develop national standards. A variety of standards development organizations accredited by the Standards Council of

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Canada, the SCC, bring these groupings of people together to set standards affecting every sector in our society.

The SCC oversees the five key standards development organizations active in Canada and estimates that a further 14,000 people are involved in some capacity with establishing and maintaining standards in Canada. Together these experts and concerned consumers establish standards for everything from health care products to emergency planning.

Their deliberations and decisions set guidelines and standards for environmental management practices, the manufacturing and marketing of consumer products and electrical devices, occupational health and safety, building codes and quality assurance procedures. Standards which flow from a voluntary consensus based system like the one we have nurtured in Canada have the capacity to track the dramatic changes introduced by technological innovation.

This consultative approach also takes place at the international level, and often standards developed here in Canada lead the way and become universally accepted.

The federal government embarked on an extensive consultative exercise to examine standards and their growing importance for Canadian consumers and business. That consultation revealed significant interest in standards in Canada and support for an enhanced role for the SCC. Most stakeholders favoured a broader SCC mandate to include economic and environmental management issues while maintaining the core mandate which already included consumer protection. People told the SCC they were looking for leadership, effective management, accessibility and constructive Canadian action on the international stage. The bill we have before us today reflects those public wishes.

• (1655)

The bill also builds on our national record of achievement in creating responsive, consumer driven standards. Without the work of standards development organizations in Canada and their many volunteers and technical committees we would not be so sure about the safety of the light switches in our homes, that propane tank under the barbeque and our child's bright yellow bicycle helmet.

The Canadian Standards Association, the CSA, one of the agencies accredited by the SCC to develop Canadian standards, is possibly the standard organization Canadians are most aware of, although several other key standards development organizations are also at work in Canada.

For over 75 years in Canada the CSA has ensured that a plethora of electrical devices, chemical products and manufacturing processes meet stringent national safety codes. Of the nearly 1,500

standards the CSA has on its books, about one third have been incorporated into government regulation, and that trend continues.

On the high tech side Canada is playing a leadership role in co-ordinating the vast network of computer systems that span the world. As Canada builds its own information highway, committees are at work to match our infrastructure with others in the world. One initiative called open systems interconnection, OSI, involves the creation and standardization of the unique electronic addresses required by information highway users to send and receive information. Here good standards equal good human dialogue, not to mention technical innovation.

Let us talk about the air we breathe and the water we drink. Canada provides the secretariat for an international technical committee for environmental management which offers management systems for corporations that have an impact on the environment. As we speak, the committee is at work setting standards for environmental waste management, environmental audit practices, labelling and product design and safety. The aim is to encourage compliance around the world, making it easier for companies to plan for and monitor their environmental impacts.

On the horizon lie many more opportunities for Canadians to be involved in domestic and international standards activities. Growing emphasis is being placed on establishing standards for management systems, including quality and the environment. Canadians from all walks of life continue to participate on standards writing committees or consumer advisory panels.

Though seemingly complex and bureaucratic, standards setting mechanisms do affect our lives, and our powerful international alliances have the potential to deliver significant and long lasting benefits to the people of the world.

I also think these amendments, because they are based on so much consultation, set the stage for a standard setting system that engages and listens to Canadians. For that reason I think Canadians will support the emphasis the government is placing on standards.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, it is a pleasure for me this afternoon to speak on Bill C-4, an act to amend the Standards Council of Canada Act.

What are standards? Standards are measures of dimension, of quality, of exactness, serving as examples or principles to which others conform or should conform or by which the accuracy or quality of others is judged.

Many Canadian and international organizations strive to attain and maintain a certain level of standardization in fields relating to construction, manufacture, production, quality performance, and safety of buildings, structures, manufactured articles, products and other goods not expressly provided by law.

For example, electric plug manufacturers want their products to work safely and efficiently. Therefore they build their electrical plugs to fit into standardized wall sockets. These plugs must also conduct a standardized level of electricity and allow household appliances to work without sparking a fire.

• (1700)

As members can understand from this example, we need standards in the smallest details of our lives. Standards are critical in protecting the safety of Canadians and in ensuring their economic prosperity and the well-being of their children both now and in the future.

For instance, how do Canadians know that their children's bicycle helmets will protect them when they fall or collide? How do Canadians know that the windows in their houses will keep the heat in while keeping out the cold of the winter? How do Canadians know that their TV reception will not go fuzzy when they turn on their home computers? The answer is standards.

Standards are crucial in protecting Canadian people and in ensuring that goods and services will reach a level of quality on which Canadians can depend.

In addition, increasing global trade forces Canadian companies to agree on international standards. Canadian manufacturers know that their products must meet the requirements of various countries around the world or they will not be able to export and trade abroad.

Canada's trade agreements, NAFTA, GATT and the internal trade agreement, prohibit the use of standards as trade barriers. However, international co-operation relating to standards is crucial to Canada's economic growth.

The bill before us today deals with the Standards Council of Canada. The mandate of this crown corporation is to promote standardization with the hope "of advancing the national economy, benefiting the public, protecting consumers and facilitating trade and furthering international co-operation". These all relate to standards.

What are the main elements of Bill C-4? First, it expands the current mandate of the Standards Council to all areas where standardization is not already provided for by law.

Second, Bill C-4 involves more Canadian volunteers in standards activities and promotes communication between governments and the private sector.

Third, Bill C-4 reduces the number of council members from 57 to 15 and adds qualifications for private sector representatives.

Fourth, Bill C-4 changes in the English version the titles of the president and vice-president to chairperson and vice-chairperson respectively.

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Fifth, Bill C-4 specifies the duties of the chairperson.

Sixth, Bill C-4 establishes the provincial-territorial advisory committee and the standards development organizations advisory committee.

Finally, Bill C-4 specifies that meetings of the council and its committees may be held through electronic means.

These are amendments to the Standards Council of Canada Act that the Reform Party of Canada can support. I will only comment on a few elements of this bill.

The Standards Council of Canada membership would be reduced from 57 to 15. This is an important change. The council would be able to meet more often with fewer people. Presently the council only meets twice a year for a day each time. This is hardly enough time to co-ordinate, develop and administer efficient and effective standards, especially in today's electronic world with so many rapid changes occurring.

Telecommunications and computers are advancing so rapidly that it is difficult to develop standards quickly enough to keep up with these changes. It is common sense that a smaller membership, meeting more frequently, would be an improved means of dealing with the complexities of standards implementation in this fast changing world.

Using modern technology to hold electronic council meetings is also a bold step for a crown corporation to take to operate more effectively. These kinds of meetings can build efficiencies and save tax dollars. We encourage the council to continue to experiment with ideas of this kind.

The Standards Council of Canada membership would also change under Bill C-4. The number of public servant members on the council would decrease from six to one. This is a change that would hopefully make the Standards Council of Canada more representative of the Canadian people and the Canadian industry that depend on these standards.

• (1705)

Too often in the past government decisions have been made by an elitist and insensitive group of public servants in Ottawa who have no direct contact with the desires and needs of the Canadian people who are trying to make the economy work. This requires change, but it needs to change not only with the Standards Council of Canada but with all of government.

Public policy needs to be designed and implemented by the applicable level of government closest to the Canadians affected. Canadians must have a direct say in what government plans and what government brings into effect. When this happens, the government can in the words of Pericles be called "a democracy because power is in the hands not of the few but of the many".

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I am not suggesting a new idea. The private sector membership of the council would also change under Bill C-4. To make the council more open, accessible and accountable, members would be representative of a broad spectrum of interests and would have the experience necessary to assist the council in fulfilling its mandate. This change would hopefully allow those most affected by the council's resolutions to have a direct say in this decision making.

I will comment on the Standards Council of Canada's financial situation. Its operating expenses this year were estimated at \$9,847,000. Its revenues were estimated at \$4,663,000, but its budget for 1996-97 is estimated at \$5,184,000. That is quite a saving. I congratulate the council.

We commend the Standards Council of Canada for its efforts to reach full cost recovery, but it has not gone far enough. It needs to take further steps by being even more innovative in covering all of its operating costs. In doing this the Standards Council of Canada would be setting an example for all of government.

Therefore we challenge the government and we challenge all crown corporations to follow the standards council's lead. We challenge them to examine their operating budgets, to find areas where they can offer programs more efficiently and to find where costs can be fully recovered. More important, we challenge them to find ways to become more accessible and more accountable to the people they serve. They will be doing what is right for Canada and what is fair and necessary for all Canadians.

[Translation]

The Acting Speaker (Mrs. Ringuette-Maltais): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mrs. Ringuette-Maltais): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

The Acting Speaker (Mrs. Ringuette-Maltais): I declare the motion carried. Consequently the bill is referred to the Standing Committee on Industry.

(Motion agreed to, bill read the second time and referred to a committee.)

* * *

[English]

BANKRUPTCY AND INSOLVENCY ACT

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.) moved

that Bill C-5, an act to amend the Bankruptcy and Insolvency Act, the Companies' Creditors Arrangement Act and the Income Tax Act, be read the second time and referred to a committee.

• (1710)

Mr. Morris Bodnar (Parliamentary Secretary to Minister of Industry, Minister for the Atlantic Canada Opportunities Agency and Minister of Western Economic Diversification, Lib.): Madam Speaker, I am pleased to begin second reading of Bill C-5.

This legislation is a key part of the framework laws that provide the foundation for our economy. Marketplace framework laws provide the cornerstone of good government. They help government play a less intrusive role in the economy by establishing the rules that level the playing field for all concerned.

Modern, up to date framework laws protect consumers, small businesses and others against the abuses of economic power. They provide rights and impose obligations on marketplace participants, thereby providing certainty and reducing transaction costs. Framework laws are therefore essential for creating a climate for business that fosters jobs, innovation and growth. They help create the proper economic environment in which firms and consumers make their decisions.

The particular framework laws in the legislation before us involve bankruptcy and insolvency, an issue that few Canadians want to contemplate. However, when Canadian businesses or consumers find that they have need of insolvency protection, they want to be assured that Canada's laws help them make the necessary decisions to get their lives or their businesses back on track again.

Canada needs bankruptcy laws that encourage rather than deter risk taking and entrepreneurship. This is achieved by enacting bankruptcy laws that provide certainty and fairness to both debtors and creditors. The health of the Canadian marketplace depends on this balance. Lenders and borrowers need the assurance that their transactions are backed by framework laws that will treat all parties fairly and that will allow innovative solutions.

At stake are jobs that rely on a company's ability to carry on paying its debts. Good bankruptcy laws give firms and individuals in financial trouble greater opportunity to get back on their feet by reorganizing their affairs and allowing them to capitalize on emerging opportunities. We must also be mindful of the health of businesses that rely on the ability of its customers to pay. At stake are the interest rates and conditions of borrowing at institutions. They must always consider the risk of not getting their loans repaid and set the price of their loans accordingly.

In sum, this proposed legislation is dealing with the whole moral and ethical climate of the marketplace. Canadians want to be assured that no one is slipping away from financial obligations by

using bankruptcy as an easy way out. Canadians want assurances that the piper will be paid.

Over the years bankruptcy laws have been very difficult to reform and modernize. It proved to be difficult because so many different and often diverging interests must be taken into account in bankruptcy legislation. Consider for a moment the different points of view.

Consumers abhor bankruptcy. They want bankruptcy laws that offer a real and honourable alternative to bankruptcy and asset liquidation. Canadian consumers want to be responsible and honour their financial obligations but when there is no viable alternative, consumers do not want to be harassed or stigmatized. They want to turn the page quickly and be given another chance to start afresh.

Then there is the business community. Business women and men need insolvency laws that encourage rather than discourage them to be bold, innovative and to take risks, knowing that there will be a fair process to negotiate with creditors and reorganize their finances if their financial situation deteriorates to a state of insolvency. Corporate directors need incentives, not disincentives, to make the bold decisions that will save a business in financial difficulty.

What about lenders? No business, and for that matter very few consumers, could go on and contribute to the health of the economy without financing being available, and on reasonable terms. Without bankruptcy laws that recognize the market realities of security lending that treat different classes of creditors fairly and equitably, Canadian businesses and consumers would be at a competitive disadvantage compared to competitors in other countries.

• (1715)

Then there are the insolvency practitioners such as trustees and receivers. They need adequate protection against personal liability for claims that would otherwise lie against the debtor or estate. Without adequate protection against personal liability, trustees and receivers would either not deal with sensitive estates or would systemically opt for liquidation when they would have opted for trying to salvage the business and preserve the jobs that depend on it.

Then there are federal and provincial treasuries that are legitimate creditors. Where should they rank among other creditors? What priority, if any, should the crown legislatively grant itself?

There are many different and divergent interests. In the event of an insolvency, when it comes time to divide the assets of a company, like dividing a pie, each of these interests wants a piece of that pie which unfortunately is not large enough to cover all liabilities.

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Where is the balance? What is fair and equitable? Is what is fair for one class of creditor fair for another class of creditor, fair for the business debtor and its employees, suppliers and shareholders? These are the questions that insolvency laws grapple with.

At the same time, if the reorganization features of bankruptcy laws are effective, the insolvent company can be given breathing space to get its affairs back in order. It is as though the baker were to say to his creditors "back off for a bit, then you will all get your piece of the pie and there will be more pies to come in the future".

With so many conflicting interests is it any wonder that over the past decades bankruptcy and insolvency reform has been among the most difficult legislation to pass in the House?

The legislation includes more than 70 amendments which respond to the needs of the many and varied constituents it exists to serve, including the business community and consumer groups. The amendments cover a wide range of bankruptcy issues from consumer issues to commercial issues, to priorities and privileges and to amendments to the Companies' Creditors Arrangement Act.

I feel we are on solid ground with Bill C-5. I am confident the House will pass the legislation. I am confident for three reasons, first because of the wide range of input and advice that we have received from the whole spectrum of stakeholders.

In 1993, following passage of the Bankruptcy and Insolvency Act, Industry Canada set up the Bankruptcy and Insolvency Advisory Committee to review insolvency legislation, to identify priority issues and to formulate possible solutions to them. More than 100 private sector insolvency experts have participated in this process. They represented consumers, business, lenders, insolvency practitioners and governments. Their voluntary effort speaks well of the importance of the legislation as well as the desire of the private sector to participate in the process leading to legislative reform.

I was very impressed by the calibre of the advice the committee provided. The vast majority of the amendments before the House directly respond to the specific recommendations made by the committee.

I emphasize this legislation reflects the government's resolve to respond to the needs of our clients, those who need and use the legislation. Framework legislation must respond to the real needs of the marketplace by taking into consideration real situations.

By themselves governments do not have the expertise to anticipate the impact their regulations may have in the marketplace. However, by working as a facilitator to bring together the various interests and stakeholders, governments can play an effective role in helping to build modern, workable framework laws and policies. I am confident the House will recognize the quality of the advice

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we have received and see it reflected in the wisdom of the amendments before us.

The second reason I am very confident in the legislation before us is the exceptional co-operation and support received from cabinet colleagues. The amendments before us touch on a variety of issues and interests. The ministers responsible for those interests have provided their support and encouragement for this legislation.

• (1720)

For example, the Minister of Human Resources Development not only supports but has also been instrumental in crafting the measures to make student loan debts non-dischargeable for a period of 24 months after termination of studies.

Students who have received financial assistance from taxpayers owe it to society and to future generations of students to reimburse the loans they have received.

At the same time, however, governments and bankruptcy laws have to recognize that some students may find themselves in a hardship situation. This is reflected in the legislation by limiting the period during which student loan debt would be non-dischargeable.

The Minister of Justice and the Secretary of State for the Status of Women are both quite enthusiastic about the measures to prevent those who have been fined for sexual and other physical assault from declaring bankruptcy as a means of avoiding their obligations.

Under this legislation judgments for wilful damages will not be released by a discharge. My colleagues have also supported the measures in this legislation that would see spousal and child support payments become provable priority claims.

The Minister of the Environment has offered me great advice and collaboration in coming to grips with the important issue of environmental liability for insolvency practitioners as well as the no less important issue of the priority for environmental clean-up claims.

I am proud to report the provisions proposed in this legislation will not only assist business reorganizations but will for the first time in Canadian history formally and legally recognize the priority of a clean environment.

The third reason I am confident the legislation before us will obtain the support of Parliament is that Bill C-5 is part of work in progress. It is neither the beginning of the process of reforming Canada's bankruptcy laws nor the end.

Some members will recall the spirit with which the changes to the BIA were greeted three years ago. It was regarded as a necessary first step in the reform of the framework laws. Some

members wanted to go further but one of the compromises made back then was to commit the government to bringing bankruptcy law forward for a parliamentary review three years after royal assent.

The three-year review of the BIA was instrumental in obtaining stakeholder and parliamentary approval of the 1992 amendments. It provided some assurance to those whose concerns were not addressed in 1992 that their issues would be dealt with in phase two of the amendment process.

They were assured further modernization of the statute would be considered by Parliament. The time for that review has arrived. Members on both sides of the House will welcome the opportunity to address many of the issues that were left unresolved on the Bankruptcy and Insolvency Act was passed in 1992.

The legislation before us is very much intended to assist Parliament in a statutory three-year review. This legislation fine tunes and where warranted rectifies the reforms introduced in 1992.

It applies the spirit of the 1992 legislation and emphasizes giving time for reorganization of business and rehabilitation of consumers. From 1993 to 1995 over 48 per cent of the reorganizations started under the Bankruptcy and Insolvency Act are still alive. They are now under way with creditors and the court's approval.

The reorganization provisions have created a framework to facilitate discussion and negotiation between creditors and debtors. The clear benefit is that the framework has created an environment in which possibilities that would have been lost can be explored in a transparent manner.

In other respects this legislation adds new items to the bankruptcy reform agenda such as international insolvency and reform of the Company's Creditors Arrangement Act.

In 1992 the passage of bankruptcy reform legislation represented something of a breakthrough. Much had changed since the last reform legislation had been passed some 40 years before. The legislation before us represents very much a consolidation of some of the reforms passed three years ago.

• (1725)

The 1992 legislation addressed the heart of bankruptcy practices by reforming the rules surrounding reorganizations. The legislation before us takes these rules further by addressing many crucial issues that arise in bankruptcy, issues such as environmental liability and director liabilities, issues such as the treatment of off farm income and consumer rehabilitation.

Some of my colleagues will address these areas in more detail. In summary I emphasize the three strategic thrusts the legislation before us provides.

First, Canadian bankruptcy law will continue to provide a framework in which it is preferable for consumers or businesses to reorganize their affairs rather than declare bankruptcy.

Second, the legislation emphasizes the importance of measures to promote consumer rehabilitation. We want to create an environment in which consumers can act as responsible citizens.

Third, the legislation is aimed at promoting fairness to both creditors and debtors.

The legislation helps minimize the social and economic costs that result from insolvencies. It provides framework laws that will help business debtors who want to become competitive once more and consumers who want to act responsibly.

I hope all members will join me in voting in favour of the bill at second reading.

Mr. Werner Schmidt (Okanagan Centre, Ref.): Madam Speaker, I have read with considerable interest the provisions of Bill C-5, an act to amend the Bankruptcy and Insolvency Act. While there are a number of elements in the bill we can support, there are a couple of things I want to address this afternoon which we cannot support.

To review briefly, the bill does provide some rather interesting remedies for some difficulties in the business of bankruptcy and insolvency. For example, it comes to grips with procedures in consumer bankruptcies and proposals. It deals with landlord compensation where leases are disclaimed in reorganizations. The liability of directors and stays of action against directors during reorganizations are dealt with. There is protection for trustees and receivers against personal liability for pre-appointment environmental damage and other claims. Worker's Compensation Board claims are dealt with, dischargeability of student loans and so on.

A number of these are rather significant. I will address a couple of these which are particularly worthwhile noting. First is the matter dealing with student loans. Students are responsible for their loans two years after they declare bankruptcy. That is significant because at the present time there is apparently an opportunity for students to escape paying their loan simply by declaring personal bankruptcy. This provision alone should save the federal government approximately \$60 million.

Another has to do with divorced spouses. The provision in the original draft of this bill was not acceptable, but the minister has agreed to accept one of our amendments. Therefore this area will be covered very well. It deals with divorced and separate spouses who will receive priority ranking among creditors for settlement of claims. Spouses are not now considered creditors under the bankruptcy laws. I think that new provision is a particularly good one and ought to be endorsed.

Government Orders

The business of company director liability is also addressed and directors are permitted to defend themselves against negligence if they can prove they acted with due diligence. They would also get a stay of proceedings against them during reorganization proceedings. This provides a certain element of protection missing in the previous legislation.

In the matter of environmental clean-ups, the act becomes clear as well. It says environmental clean-ups will get top priority over the claims of creditors. Bankruptcy trustees and receivers will have to report environmental hazards they notice after a company becomes bankrupt.

Finally, in securities firms a process is laid out for bankrupt securities firms, particularly with regard to securities and debts held in the name of their clients. This is particularly significant because there have been clients who have been left high and dry by a security firm that went bankrupt and the money which was held by the company in trust was lost.

• (1730)

I would now like to look at another area which has to do with bankruptcies more generally. While this bill begins to come to grips with the ways in which bankruptcies are dealt with, it does not come to grips with the causes of bankruptcy. This gives me the opportunity this afternoon to suggest that there is a far too high an incidence of bankruptcies in Canada.

Consumer bankruptcies have soared in the last 10 years from approximately 20,000 in 1986 to over 60,000 in 1995. This is a threefold increase. Consumer bankruptcies are a sign of the lack of jobs that exist and the failure of the government to adequately address the problem. As a result, this bill cannot address the issue that is really at the heart of what is causing bankruptcies in Canada.

The federal debt now stands at between \$580 billion and \$585 billion. It is becoming very close to the \$600 billion figure. It is all very nice for the Minister of Finance to talk about the wonderful way in which the deficit is being reduced each year, that the deficit this year will be a little less than last year and that it looks like eventually the government will get to the point where the deficit is reduced. However, he has not promised that he will eliminate the deficit.

Every Canadian knows that with each deficit the debt gets bigger. It does not help to say that the deficit is going down if the debt keeps on growing and the interest that has to be paid on the debt becomes greater. That is not the only one of the causes for bankruptcies. The taxes that are paid by taxpayers to pay the interest is constantly increasing and it is therefore more difficult for businesses to operate successfully.

When will the government recognize that as the debt increases, the predatory action of the interest on social programs and on businesses also increases. This bill, while it is a beautiful bill, does not go far enough. The reason we have the bill is because there are

Government Orders

too many bankruptcies. The time has come for us to realize that Canada must get its financial house in order so that it does not go bankrupt and become subject to something like the bankruptcy act in terms of the international monetary situation. I hope it never comes to that. Certainly it does not have to. I would encourage all of us to take the steps necessary to ensure that does not happen.

I draw the attention of the House to three areas where the bill is lacking. These are omissions. The first area deals with the lack of certain requirements of the Superintendent of Bankruptcies to report to the minister. The second area is the omission to provide for unpaid supplier accounts. The final area is the omission of payment of wages to workers whose employment is terminated because a firm went bankrupt.

I want to draw attention to the omission of certain requirements with regard to the superintendent to report to the minister. The role of the superintendent is described in section 5 of the act. It is very interesting what this bill does. I want to put this in the context of a certain management theory which is rather significant. I want to focus it from four perspectives: responsibility, accountability, delegation and power.

Responsibility is the clarity of tasks and lines of authority and communication so that everybody knows which responsibility and which outcome they are responsible for.

Accountability is who checks the work done, where does the final word come from and where does the buck stop. These areas have to be clearly identified.

Delegation is the assignment of tasks to others because no one person can do everything. We must ensure that the delegation is such that the whole operation works.

• (1735)

Finally, there is the matter of power; to effect the discipline necessary to enforce by placing sanctions or the issuance of a reward to those who should be rewarded for the work that they have done.

The principle that I wish to enunciate is that the elected persons are responsible to those who elected them. It is the absolute number one requirement. What has this got to do with the bill? I suggest that in order to accomplish the governing of a nation, a province, a municipality or the administration of a complex organization engaged in business or commercial activities, there are certain management principles which must be observed in order to assure that the goals, purposes and the mission of the organization can be accomplished.

The principles are the division of tasks to be formed into manageable components and to make sure that these tasks are carried out to the satisfaction of those in charge. How does this come into focus for Bill C-5?

Generally speaking, the bill does a reasonable job in meeting the requirements that would normally be associated with the implementation of these principles. However, it falls short in several areas. Two of them are accountability and responsibility.

As in several other pieces of legislation which have been presented to the 35th Parliament, this bill contains the provision of giving to the bureaucracy powers and the assignment of authority and responsibility without recognizing the role and the responsibility of Parliament and the elected representatives whose primary responsibility is to the people who have elected them to manage the affairs of this country in their best interest and to the advantage of all Canadians.

In Bill C-46, for example, which amended the Corporations Act, the minister was given in the initial presentation of the bill powers to determine the winners and losers by determining programs and special assistance in whatever industries, particular industries or commercial establishments, organizations or persons who are members of a particular category of persons defined by cabinet order. The minister changed that later and that is to his credit.

Bill C-99, which amended the Small Business Loans Act, contained provisions that the amount of liability of the government would be decided by cabinet, not Parliament. Again, it was an abrogation of the responsibility of Parliament and the members' responsibility to look after the best interests of the people who elected them.

Bill C-5 does not rectify that situation. Powers have been delegated to a bureaucrat, in this case the Superintendent of Bankruptcy. They should be in my opinion those of the minister.

What are some of these responsibilities? I will read from clause 5 of the bill we are considering:

5.(1) The Governor in Council shall appoint a Superintendent of Bankruptcy to hold office during pleasure who shall be paid such salary—

(2) The Superintendent shall supervise the administration of all the estates to which this Act applies

(3) The Superintendent shall, without limiting the authority conferred by subsection (2),

(a) receive applications for licences and renewals thereof to act as trustees under this Act, and, as authorized by the Minister, issue licences and renewals thereof to those persons whose applications have been approved;

(b) keep a record of all licences granted and of the renewals thereof as they are issued;

(c) where not otherwise provided for, require the deposit of one or more continuing guaranty bonds as security for the due accounting of all property

Government Orders

received by trustees and for the due and faithful performance by them of their duties in the administration of a estates to which they are appointed, in such amount as the Superintendent may determine, which amount may be increased or decreased as he may deem expedient, and the security shall be in a form satisfactory to the Superintendent and may be enforced by the Superintendent for the benefit of the creditors;

(d) keep such records as he may deem advisable of proceedings under this Act;

(e) from time to time make or cause to be made such inspection or investigation of estates as he may deem expedient and for the purpose of the inspection or investigation the Superintendent or any person appointed by him for the purpose shall have access to and the right to examine all books, records, documents and papers pertaining or relating to any estate;

(f) receive and keep a record of all complaints from any creditor or other person interested in any estate and make such specific investigations with regard to such complaints as the Superintendent may determine; and

(g) examine trustees' accounts of receipts and disbursements and final statements.

(4) The Superintendent may intervene in any matter or proceeding in court as he may deem expedient as though he were a party thereto.

● (1740)

It is a good set of duties but members will notice the number of times it says the superintendent "may". He may do this, he may do that and he may do something else.

Let me quote from another clause:

6.(1) The Superintendent may engage such accountants or other persons as he may deem advisable to conduct any inspection or investigation or to take any other necessary action outside the Office of the Superintendent, and the costs and expenses thereof shall, when certified by the Superintendent, be payable out of the appropriation for the Office of the Superintendent.

It continues down through the rest of that clause. Now comes the big, heavy duty clause, clause 7 of the bill which reads as follows:

7. When any investigation has been made by the Superintendent or any one on his behalf; and it appears that a licensee—

That is a person or group of persons or a company that is authorized to manage an estate.

—under this act has not performed his duties properly or has been guilty of any improper conduct or has not fully complied with the law with regard to the proper administration of any estate, the Superintendent may make a report to the Minister together with such recommendations to the Minister as the Superintendent may deem advisable.

Notice that there could be an unlawful conduct, or an omission, or not having done something, an omission of some kind. The superintendent is not obligated to report. He may report to the

minister. He may make a report to the minister together with such recommendations as the superintendent may deem advisable.

Huge estates could be at stake here. Big companies could be forced to reorganize their financial structures. Huge corporations could be forced to reorganize their international operations or indeed their national operations, affecting literally thousands of people's jobs. Perhaps the welfare of many other businesses depend on this larger organization to function.

If the trustee acts in a manner that is unlawful it is not a requirement of the Superintendent of Bankruptcy to cause that licensee to have his or her licence withdrawn or even a report to be made to the minister. Yet it is the minister who is responsible to look after the welfare of the people of Canada and was elected by those people to represent their interests.

The bill does not address this issue at all. It is silent on this matter. The difficulty is not in the range of responsibilities listed here, nor is it that the superintendent should not have substantial powers to enforce the fair and just administration of the estate of a person or corporation that is insolvent or bankrupt.

The difficulty is that the superintendent is not held to account to any elected official in the event of a licensee who "has not performed his duties properly or has been guilty of an improper conduct or has not fully complied with the law with regard to the proper administration of any estate". That is a serious and a very significant provision in current legislation and this bill does not address it at all.

The difficulty is that the application of the powers to assure fairness and veracity of trustee's reports is not subject to review by law. And it should be. Nor does it appear to be a requirement of the superintendent to make available trustee reports in the event that a civil litigation be launched and in that litigation perhaps charges of unfairness, perhaps bias or maybe even in some cases collusion by creditors against a particular bankruptcy. It is not a requirement of law that if such should be the case, the superintendent is required to present that kind of a report to the courts, and I think it ought to be.

The reason why this is so important is that information contained in bankruptcy reports can be crucial in the examination of the reasons for the bankruptcy or the reorganization requirement of a particular enterprise. Therefore it would appear imperative that amendments be introduced that would replace "may" with "shall". This would effect a shift in power from that of the superintendent to the minister.

● (1745)

The minister should have the final responsibility on matters such as the receiving of reports about the neglect of performance of

Government Orders

duties of licensees who are administering bankrupt estates instead of giving the superintendent absolute discretion in such matters.

The problem is exacerbated because it is the minister who issues and revokes licences. The minister does that but he does it on the advice of the superintendent. With those kinds of powers and with that kind of advice it is obvious what the minister will do. Such broad power is enough to determine the financial and economic success, or at least the viability, of a bankruptcy trustee.

In other words, a bankruptcy trustee may make a livelihood of administering bankrupt estates. If there are 60,000 of them in one year there is a lot of work to do. If the licence should be revoked the very welfare of that trustee could be at stake. If the superintendent of bankruptcies is the one who has that power, we can see how easy it would be for all kinds of things to go kind of funny in the background.

It also makes it possible for certain trustees to have a virtual monopoly on a set of estates or in doing work for a department. Determining the success or failure of a litigation, contesting the administration of the bankrupt estate, the causes which result in a bankruptcy, the fairness of assessing the claims properly and the priority of creditors are all related to the work of the trustee who is in charge of a particular bankruptcy.

Power to abuse is what we have here. There is power to abuse the system and that power needs to have checks and balances. I suggest those checks and balances rest with the minister and with cabinet, not with bureaucrats. Hence I suggest the minister consider the addition of the appropriate amendments to the Bankruptcy and Insolvency Act to remedy these shortcomings.

In matters of this kind there is always the possibility of being tempted to exercise power in a biased or discriminatory manner because of the money involved, thousands of dollars, hundreds of thousands or millions of dollars in some cases.

While there are strong provisions in the bankruptcy act to discourage this biased practice, such provisions are difficult to enforce if other provisions of the act permit certain matters to go unreported to those in positions to do something about them.

There are two other areas of the bill which suffer from inadequacy or from omission. There is the matter of unpaid supplier provisions. Suppliers of goods are frequently in situations in which a debtor has ordered a considerable amount of inventory before being placed into bankruptcy or receivership. The supplier is then left with an unsecured claim for the price of goods while their value benefits the secured creditors who have charges on the business' inventory.

This practice of stacking up an inventory for the benefit of secured creditors is detrimental to the interests of the supplier. There are provisions under the current act to give suppliers the

right to repossess merchandise delivered to a purchaser who becomes bankrupt or who goes into receivership.

Nevertheless, these provisions have received criticism from the financial community in which they say the availability of credit would be reduced because lenders would no longer be able to count on inventory as security for their loans. The matter is not dealt with here and probably at some future time it will be. It has been presented to the minister on more than one occasion. In each instance he has decided not to do anything about it.

The third omission is the bill does not provide for the payment of unpaid wages to workers whose employment was terminated as a result of a bankruptcy, receivership or liquidation of their employer. The matter was to have been the subject of a study by a special joint committee of the House of Commons and the Senate. That committee was to report in June 1993. That committee was never established.

Instead, the wage claim payment program of the Bankruptcy and Insolvency Act maintained a preferred creditor status for unpaid wages, for unpaid wage claims, and increased the amounts that could be claimed.

In the interests of the employees who are terminated as a result of bankruptcy the matter should be revisited to determine whether a fairer and more equitable provision for the affected employees can be achieved.

There are a number of provisions in the bill which we can support and there are a number of shortcomings which have been addressed. While in general we will support the bill, I believe the minister would be well advised to recognize there is a lot of work left to be done to deal with those issues which must be addressed.

I underscore again that the real reason bankruptcy is so rampant in the country today has to do with the financial situation, in particular the fiscal situation, in which the country finds itself.

I encourage the Minister of Industry, who is leading this bill, and the Minister of Finance together with the Prime Minister to put all their efforts into one thrust to eliminate the deficit and begin to control the debt so that our interest payments do not continue to rise and we can once again have a fair and level playing field in which private industry, private enterprise, can build a country where all of us will have the economic freedom to spend our money the way we want to, with a minimum of government interference, and be successful in our endeavours so we will not have to deal with bankruptcy.

The Acting Speaker (Mrs. Ringuette-Maltais): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mrs. Ringuette-Maltais): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Government Orders

Some hon. members: No.

The Acting Speaker (Mrs. Ringuette-Maltais): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mrs. Ringuette-Maltais): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mrs. Ringuette-Maltais): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mrs. Ringuette-Maltais): A recorded division on the proposed motion stands deferred until 6.30 p.m. [Translation]

SITTING SUSPENDED

Mr. Boudria: Madam Speaker, if you were to seek it, I believe the House would give unanimous consent to suspend until 6.30 p.m., when we will take the deferred divisions.

The Acting Speaker (Mrs. Ringuette-Maltais): Is there unanimous consent to suspend the sitting until 6.30 p.m.?

Some hon. members: Agreed.
(The sitting of the House was suspended at 5.52 p.m.)

—————
SITTING RESUMED

The House resumed at 6.30 p.m.

* * *

**CIVIL AIR NAVIGATION SERVICES
COMMERCIALIZATION ACT**

The House resumed from May 17, 1996, consideration of Bill C-20, an act respecting the commercialization of civil air navigation services, as reported (with amendments) from the committee.

The Acting Speaker (Mrs. Ringuette-Maltais): It being 6.30 p.m., the House will now proceed to the taking of the deferred divisions at the report stage and second reading of Bill C-20, an act respecting the commercialization of civil air navigation services.

Call in the members.

• (1845)

Before the taking of the vote:

The Acting Speaker (Mrs. Ringuette-Maltais): The question is on Motion No. 1. A vote on this motion also applies to Motions Nos. 2 and 3.

(Division No. 90)

YEAS

Members

Asselin
Bellehumeur
Blaikie

Axworthy (Saskatoon—Clark's Crossing)
Bernier (Gaspé)
Crête

Dalphon-DuGiral
Deshaies
Fillion
Godin
Jacob
Langlois
Loubier
Picard (Drummond)
Solomon
Tremblay (Rimouski—Témiscouata)

de Savoye
Duceppe
Gagnon (Québec)
Guimond
Lalonde
Lebel
Nunez
Plamondon
Taylor
Tremblay (Rosemont)—26

NAYS

Members

Abbott
Allmand
Anderson
Assad
Bélaïr
Benoit
Bethel
Bonin
Breitkreuz (Yorkton—Melville)
Brushett
Byrne
Cannis
Chan
Comuzzi
Culbert
Cummins
Dhaliwal
Dion
Dromisky
Duncan
Fewchuk
Fontana
Gaffney
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Gerrard
Godfrey
Gouk
Grubel
Harb
Hart
Hayes
Hopkins
Jackson
Jordan
Kirkby
Kraft Sloan
Lee
MacAulay
Malhi
Manley
Marchi
Martin (LaSalle—Énard)
Mayfield
McCormick
McWhinney
Mills (Red Deer)
Mitchell
Murray
O'Brien (Labrador)
O'Reilly
Paradis
Patry
Peric
Peterson
Pillitteri
Ramsay
Rideout
Robichaud
Schmidt
Shepherd
Simmons
Solberg
St. Denis
Stewart (Brant)
Strahl
Telegdi
Thompson
Verran

Adams
Anawak
Arseneault
Barnes
Bélanger
Bertrand
Bodnar
Boudria
Brown (Oakville—Milton)
Bryden
Campbell
Catterall
Cohen
Cowling
Cullen
DeVillers
Dingwall
Discepola
Duhamel
Epp
Finestone
Fry
Gagliano
Galloway
Gilmour
Goodale
Grey (Beaver River)
Guarnieri
Harper (Churchill)
Harvard
Hickey
Hubbard
Jennings
Keyes
Knutson
Lastewka
Loney
MacLellan (Cape/Cap-Breton—The Sydneys)
Maloney
Manning
Marleau
Massé
McClelland (Edmonton Southwest/Sud-Ouest)
McKinnon
Meredith
Minna
Murphy
Nault
O'Brien (London—Middlesex)
Pagtakhan
Parrish
Payne
Peters
Pettigrew
Proud
Regan
Ringma
Robillard
Scott (Fredericton—York—Sunbury)
Sheridan
Skoke
Speaker
Steckle
Stewart (Northumberland)
Szabo
Thalheimer
Valeri
Wells

Government Orders

Whelan
White (North Vancouver)
Wood
Zed—143

White (Fraser Valley West/Ouest)
Williams
Young

PAIRED MEMBERS

Alcock	Assadourian
Augustine	Bachand
Bakopanos	Beaumier
Bélisle	Bergeron
Bernier (Mégantic—Compton—Stanstead)	Bevilacqua
Brien	Calder
Canuel	Caron
Cauchon	Chrétien (Frontenac)
Clancy	Collenette
Collins	Crawford
Daviault	Debien
Dubé	Dumas
Dupuy	Easter
Eggleton	English
Fliis	Gauthier
Graham	Gray (Windsor West/Ouest)
Guay	Iftody
Landry	Laurin
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Leblanc (Longueuil)
Lefebvre	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Marchand
McLellan (Edmonton Northwest/Nord-Ouest)	Ménard
Mercier	Mifflin
Milliken	Paré
Pickard (Essex—Kent)	Pomerleau
Reed	Rocheleau
Rock	Sauvageau
Speller	St-Laurent
Tremblay (Lac-Saint-Jean)	Ur
Vanclief	Venne

• (1855)

The Acting Speaker (Mrs. Ringuette-Maltais): I declare Motion No. 1 lost. I therefore declare Motions Nos. 2 and 3 also lost.

The next question is on Motion No. 4. A vote on this motion also applies to Motions Nos. 5 to 12, and 16 to 24.

Mr. Boudria: Madam Speaker, if you were to seek unanimous consent, I believe the House would be disposed to taking the vote on Motion No. 1 and applying it to Motions No. 4 and 15.

The Acting Speaker (Mrs. Ringuette-Maltais): Is that agreed?

Some hon. members: Agreed.

[Editor's Note: See list under Division No. 90.]

The Acting Speaker (Mrs. Ringuette-Maltais): I declare Motions Nos. 4 and 15 lost. Consequently, Motions Nos. 5 to 12 and 16 to 24 are also lost.

[English]

The next question is on Motion No. 25. An affirmative vote on Motion No. 25 obviates the necessity of putting the question on Motion No. 26. A negative vote on Motion No. 25 necessitates the question being put on Motion No. 26.

Mr. Boudria: Madam Speaker, if you were to seek it I believe you would find unanimous consent that all hon. members who voted on the previous motion be deemed to have voted on the motion now before the House with Liberal members being recorded as voting yea.

[Translation]

Mrs. Dalphond-Guiral: Madam Speaker, the members of the official opposition will be voting nay.

[English]

Mr. Strahl: Madam Speaker, Reform Party members present will be voting no on this motion.

Mr. Solomon: Madam Speaker, as whip of the New Democratic Party caucus, NDP members present in the House today vote yea on Motion No. 25.

(The House divided on Motion No. 25, which was agreed to on the following division:)

(Division No. 91)

YEAS

	Members
Adams	Allmand
Anawak	Anderson
Arseneault	Assad
Axworthy (Saskatoon—Clark's Crossing)	Barnes
Bélaïr	Bélangier
Bertrand	Bethel
Blaikie	Bodnar
Bonin	Boudria
Brown (Oakville—Milton)	Brushett
Bryden	Byrne
Campbell	Cannis
Catterall	Chan
Cohen	Comuzzi
Cowling	Culbert
Cullen	DeVillers
Dhaliwal	Dingwall
Dion	Discepolo
Dromisky	Duhamel
Fewchuk	Finestone
Fontana	Fry
Gaffney	Gagliano
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Galloway
Gerrard	Godfrey
Goodale	Guarnieri
Harb	Harper (Churchill)
Harvard	Hickey
Hopkins	Hubbard
Jackson	Jordan
Keyes	Kirkby
Knutson	Kraft Sloan
Lastewka	Lee
Loney	MacAulay
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Manley
Marchi	Marleau
Martin (LaSalle—Émard)	Massé
McCormick	McKinnon
McWhinney	Minna
Mitchell	Murphy
Murray	Nault
O'Brien (Labrador)	O'Brien (London—Middlesex)
O'Reilly	Pagtakhan
Paradis	Parrish
Patry	Payne
Peric	Peters
Peterson	Pettigrew
Pillitteri	Proud
Regan	Rideout
Robichaud	Robillard
Scott (Fredericton—York—Sunbury)	Shepherd
Sheridan	Simmons
Skoke	Solomon
St. Denis	Steckle
Stewart (Brant)	Stewart (Northumberland)

Government Orders

Szabo
Telegdi
Valeri
Wells
Wood
Zed —119

Taylor
Thalheimer
Verran
Whelan
Young

• (1900)

[*Translation*]

The Acting Speaker (Mrs. Ringuette-Maltais): I declare Motion No. 25 carried.

[*English*]

Hon. David Anderson (Minister of Transport, Lib.) moved that the bill, as amended, be concurred in.

The Acting Speaker (Mrs. Ringuette-Maltais): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mrs. Ringuette-Maltais): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mrs. Ringuette-Maltais): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mrs. Ringuette-Maltais): In my opinion the yeas have it.

Mr. Boudria Madam Speaker, I believe you would find unanimous consent to apply in reverse the results of report stage Motion No. 1.

The Acting Speaker (Mrs. Ringuette-Maltais): Is there unanimous consent for the motion?

Some hon. members: Agreed.

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

(*Division No. 92*)

NAYS

Members

Abbott
Bellehumeur
Bernier (Gaspé)
Crête
Dalphond-Guiral
Deshaies
Duncan
Fillion
Gilmour
Gouk
Grubel
Hart
Jacob
Lalonde
Lebel
Manning
McClelland (Edmonton Southwest/Sud-Ouest)
Mills (Red Deer)
Picard (Drummond)
Ramsay
Schmidt
Speaker
Thompson
Tremblay (Rosemont)
White (North Vancouver)

Asselin
Benoit
Breitkreuz (Yorkton—Melville)
Cummins
de Savoye
Duceppe
Epp
Gagnon (Québec)
Godin
Grey (Beaver River)
Guimond
Hayes
Jennings
Langlois
Loubier
Mayfield
Meredith
Nunez
Plamondon
Ringma
Solberg
Strahl
Tremblay (Rimouski—Témiscouata)
White (Fraser Valley West/Ouest)
Williams—50

PAIRED MEMBERS

Alcock
Augustine
Bakopanos
Bélisle
Bernier (Mégantic—Compton—Stanstead)
Brien
Canel
Cauchon
Clancy
Collins
Daviault
Dubé
Dupuy
Eggleton
Flis
Graham
Guay
Landry
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre
Leroux (Shefford)
McLellan (Edmonton Northwest/Nord-Ouest)
Mercier
Milliken
Pickard (Essex—Kent)
Reed
Rock
Speller
Tremblay (Lac-Saint-Jean)
Vanclief

Assadourian
Bachand
Beaumier
Bergeron
Bevilacqua
Calder
Caron
Chrétien (Frontenac)
Collenette
Crawford
Debien
Dumas
Easter
English
Gauthier
Gray (Windsor West/Ouest)
Ifody
Laurin
Leblanc (Longueuil)
Leroux (Richmond—Wolfe)
Marchand
Ménard
Mifflin
Paré
Pomerleau
Rocheleau
Sauvageau
St-Laurent
Ur
Venne

YEAS

Members

Abbott
Allmand
Anderson
Assad
Bélaïr
Benoit
Bethel
Bonin
Breitkreuz (Yorkton—Melville)
Brushett
Byrne
Cannis
Chan
Comuzzi
Culbert
Cummins
Dhaliwal
Dion
Dromisky
Duncan
Fewchuk
Fontana
Gaffney
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Gerrard
Godfrey
Gouk
Grubel
Harb
Hart
Hayes
Hopkins
Adams
Anawak
Arseneault
Barnes
Bélanger
Bertrand
Bodnar
Boudria
Brown (Oakville—Milton)
Bryden
Campbell
Catterall
Cohen
Cowling
Cullen
DeVillers
Dingwall
Discepola
Duhamel
Epp
Finestone
Fry
Gagliano
Galloway
Gilmour
Goodale
Grey (Beaver River)
Guarnieri
Harper (Churchill)
Harvard
Hickey
Hubbard

Government Orders

Jackson	Jennings
Jordan	Keyes
Kirkby	Knutson
Kraft Sloan	Lastewka
Lee	Loney
MacAulay	MacLellan (Cape/Cap-Breton—The Sydneys)
Malhi	Maloney
Manley	Manning
Marchi	Marleau
Martin (LaSalle—Émard)	Massé
Mayfield	McClelland (Edmonton Southwest/Sud-Ouest)
McCormick	McKinnon
McWhinney	Meredith
Mills (Red Deer)	Minna
Mitchell	Murphy
Murray	Nault
O'Brien (Labrador)	O'Brien (London—Middlesex)
O'Reilly	Pagtakhan
Paradis	Parrish
Patry	Payne
Peric	Peters
Peterson	Pettigrew
Pillitteri	Proud
Ramsay	Regan
Rideout	Ringma
Robichaud	Robillard
Schmidt	Scott (Fredericton—York—Sunbury)
Shepherd	Sheridan
Simmons	Skoke
Solberg	Speaker
St. Denis	Steckle
Stewart (Brant)	Stewart (Northumberland)
Strahl	Szabo
Telegdi	Thalheimer
Thompson	Valeri
Verran	Wells
Whelan	White (Fraser Valley West/Ouest)
White (North Vancouver)	Williams
Wood	Young
Zed—143	

NAYS

Members

Asselin	Axworthy (Saskatoon—Clark's Crossing)
Bellehumeur	Bernier (Gaspé)
Blaikie	Crête
Dalphond-Guiral	de Savoye
Deshaiés	Duceppe
Fillion	Gagnon (Québec)
Godin	Guimond
Jacob	Lalonde
Langlois	Lebel
Loubier	Nunez
Picard (Drummond)	Plamondon
Solomon	Taylor
Tremblay (Rimouski—Témiscouata)	Tremblay (Rosemont)—26

PAIRED MEMBERS

Alcock	Assadourian
Augustine	Bachand
Bakopanos	Beaumier
Bélisle	Bergeron
Bernier (Mégantic—Compton—Stanstead)	Bevilacqua
Brien	Calder
Canuel	Caron
Cauchon	Chrétien (Frontenac)
Clancy	Collenette
Collins	Crawford
Daviault	Debien
Dubé	Dumas
Dupuy	Easter
Eggleton	English

Flis	Gauthier
Graham	Gray (Windsor West/Ouest)
Guay	Ifody
Landry	Laurin
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Leblanc (Longueuil)
Lefebvre	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Marchand
McLellan (Edmonton Northwest/Nord-Ouest)	Ménard
Mercier	Mifflin
Milliken	Paré
Pickard (Essex—Kent)	Pomerleau
Reed	Rocheleau
Rock	Sauvageau
Speller	St-Laurent
Tremblay (Lac-Saint-Jean)	Ur
Vancief	Venne

The Acting Speaker (Mrs. Ringuette-Maltais): I declare the motion carried.

* * *

[Translation]

BUDGET IMPLEMENTATION ACT, 1996

The House resumed consideration of the motion that Bill C-31, an act to implement certain provisions of the budget tabled in Parliament on March 6, 1996, be read the third time and passed.

The Acting Speaker (Mrs. Ringuette-Maltais): The House will now proceed to the taking of the deferred division on the motion for third reading of Bill C-31.

[English]

Mr. Boudria: Madam Speaker, I believe you would find unanimous consent that members who voted on the previous motion be recorded as having voted on this motion, with Liberal members voting yes.

[Translation]

Mrs. Dalphond-Guiral: The members of the official opposition will be voting nay, Madam Speaker.

[English]

Mr. Strahl: Madam Speaker, Reform Party members present will be voting no on this motion.

Mr. Solomon: Madam Speaker, NDP members present will vote no on this matter.

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

(Division No. 93)

YEAS

Members

Adams	Allmand
Anawak	Anderson
Arseneault	Assad
Barnes	Bélaïr
Bélanger	Bertrand
Bethel	Bodnar
Bonin	Boudria
Brown (Oakville—Milton)	Brushett
Bryden	Byrne
Campbell	Cannis
Catterall	Chan
Cohen	Comuzzi
Cullen	Culbert
Dhaliwal	DeVillers
	Dingwall

Government Orders

PAIRED MEMBERS

Dion	Discepolo	Alcock	Assadourian
Dromisky	Duhamel	Augustine	Bachand
Fewchuk	Finestone	Bakopanos	Beaumur
Fontana	Fry	Bélisle	Bergeron
Gaffney	Gagliano	Bernier (Mégantic—Compton—Stanstead)	Bevilacqua
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Galloway	Brien	Calder
Gerrard	Godfrey	Canuel	Caron
Goodale	Guarnieri	Cauchon	Chrétien (Frontenac)
Harb	Harper (Churchill)	Clancy	Collenette
Harvard	Hickey	Collins	Crawford
Hopkins	Hubbard	Daviault	Debien
Jackson	Jordan	Dubé	Dumas
Keys	Kirkby	Dupuy	Easter
Knutson	Kraft Sloan	Eggleton	English
Lastewka	Lee	Fis	Gauthier
Loney	MacAulay	Graham	Gray (Windsor West/Ouest)
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi	Guay	Iftody
Maloney	Manley	Landry	Laurin
Marchi	Marleau	LeBlanc (Cape/Cap-Breton Highlands—Canso)	Leblanc (Longueuil)
Martin (LaSalle—Émard)	Massé	Lefebvre	Leroux (Richmond—Wolfe)
McCormick	McKinnon	Leroux (Shefford)	Marchand
McWhinney	Minna	McLellan (Edmonton Northwest/Nord-Ouest)	Ménard
Mitchell	Murphy	Mercier	Mifflin
Murray	Nault	Milliken	Paré
O'Brien (Labrador)	O'Brien (London—Middlesex)	Pickard (Essex—Kent)	Pomerleau
O'Reilly	Pagtakhan	Reed	Rocheleau
Paradis	Parrish	Rock	Sauvageau
Patry	Payne	Speller	St-Laurent
Peric	Peters	Tremblay (Lac-Saint-Jean)	Ur
Peterson	Pettigrew	Vanclief	Venne
Pillitteri	Proud		
Regan	Rideout		
Robichaud	Robillard		
Scott (Fredericton—York—Sunbury)	Shepherd		
Sheridan	Simmons		
Skoke	St. Denis		
Steckle	Stewart (Brant)		
Stewart (Northumberland)	Szabo		
Telegdi	Thalheimer		
Valeri	Verran		
Wells	Whelan		
Wood	Young		
Zed—115			

[Translation]

The Acting Speaker (Mrs. Ringuette-Maltais): I declare the motion carried.

(Motion agreed to, bill read the third time and passed.)

* * *

NAYS

Members

Abbott	Asselin
Axworthy (Saskatoon—Clark's Crossing)	Bellehumeur
Benoit	Bernier (Gaspé)
Blaikie	Breitkreuz (Yorkton—Melville)
Crête	Cummins
Dalphond-Guiral	de Savoye
Deshaies	Duceppe
Duncan	Epp
Fillion	Gagnon (Québec)
Gilmour	Godin
Gouk	Grey (Beaver River)
Grubel	Guimond
Hart	Hayes
Jacob	Jennings
Lalonde	Langlois
Lebel	Loubier
Manning	Mayfield
McClelland (Edmonton Southwest/Sud-Ouest)	Meredith
Mills (Red Deer)	Nunez
Picard (Drummond)	Plamondon
Ramsay	Ringma
Schmidt	Solberg
Solomon	Speaker
Strahl	Taylor
Thompson	Tremblay (Rimouski—Témiscouata)
Tremblay (Rosemont)	White (Fraser Valley West/Ouest)
White (North Vancouver)	Williams—54

INCOME TAX BUDGET AMENDMENT ACT

The House resumed consideration of the motion that Bill C-36, an act to amend the Income tax Act, the Excise Act, the Excise Tax Act, the Office of the Superintendent of Financial Institutions Act, the Old Age Security Act and the Canada Shipping Act be read the second time and passed.

The Acting Speaker (Mrs. Ringuette-Maltais): The House will now proceed to the taking of the deferred division on the motion at second reading stage of Bill C-36.

Mr. Boudria: Madam Speaker, I think if you were to ask it, you would find unanimous consent to apply the result of the vote taken on the previous motion, that is third reading of Bill C-31, except that the hon. Minister of Finance will not be recorded as having voted on the motion now before the House for reasons of interest.

● (1905)

Mrs. Dalphond-Guiral: The members of the official opposition will vote against, Madam Speaker.

Government Orders

[English]

Mr. Strahl: Madam Speaker, Reform Party members present will voting no unless some would like to do otherwise.

Mr. Solomon: Madam Speaker, New Democrat members in the House vote no on this motion.

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

(Division No. 94)

YEAS

Members

Adams	Allmand
Anawak	Anderson
Arseneault	Assad
Barnes	Bélaïr
Bélangier	Bertrand
Bethel	Bodnar
Bonin	Boudria
Brown (Oakville—Milton)	Brushett
Bryden	Byrne
Campbell	Cannis
Catterall	Chan
Cohen	Comuzzi
Cowling	Culbert
Cullen	De Villers
Dhaliwal	Dingwall
Dion	Discepola
Dromisky	Duhamel
Fewchuk	Finestone
Fontana	Fry
Gaffney	Gagliano
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Galloway
Gerrard	Godfrey
Goodale	Guarnieri
Harb	Harper (Churchill)
Harvard	Hickey
Hopkins	Hubbard
Jackson	Jordan
Keys	Kirkby
Knutson	Kraft Sloan
Lastewka	Lee
Loney	MacAulay
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Manley
Marchi	Marleau
Massé	McCormick
McKinnon	McWhinney
Minna	Mitchell
Murphy	Murray
Nault	O'Brien (Labrador)
O'Brien (London—Middlesex)	O'Reilly
Pagtakhan	Paradis
Parrish	Patry
Payne	Peric
Peters	Peterson
Pettigrew	Pillitteri
Proud	Regan
Rideout	Robichaud
Robillard	Scott (Fredericton—York—Sunbury)
Shepherd	Sheridan
Simmons	Skoke
St. Denis	Steckle
Stewart (Brant)	Stewart (Northumberland)
Szabo	Telegdi
Thalheimer	Valeri
Verran	Wells
Whelan	Wood
Young	Zed—114

NAYS

Members

Abbott	Asselin
Axworthy (Saskatoon—Clark's Crossing)	Bellehumeur
Benoit	Bernier (Gaspé)
Blaikie	Breitkreuz (Yorkton—Melville)
Crête	Cummins
Dalphond-Guiral	de Savoye
Deshaies	Duceppe
Duncan	Epp
Fillion	Gagnon (Québec)
Gilmour	Godin
Gouk	Grey (Beaver River)
Grubel	Guimond
Hart	Hayes
Jacob	Jennings
Lalonde	Langlois
Lebel	Loubier
Manning	Mayfield
McClelland (Edmonton Southwest/Sud-Ouest)	Meredith
Mills (Red Deer)	Nunez
Picard (Drummond)	Plamondon
Ramsay	Ringma
Schmidt	Solberg
Solomon	Speaker
Strahl	Taylor
Thompson	Tremblay (Rimouski—Témiscouata)
Tremblay (Rosemont)	White (Fraser Valley West/Ouest)
White (North Vancouver)	Williams—54

PAIRED MEMBERS

Alcock	Assadourian
Augustine	Bachand
Bakopanos	Beaumier
Bélisle	Bergeron
Bernier (Mégantic—Compton—Stanstead)	Bevilacqua
Brien	Calder
Canuel	Caron
Cauchon	Chrétien (Frontenac)
Clancy	Collenette
Collins	Crawford
Daviault	Debien
Dubé	Dumas
Dupuy	Easter
Eggleton	English
Flis	Gauthier
Graham	Gray (Windsor West/Ouest)
Guay	Ifody
Landry	Laurin
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Leblanc (Longueuil)
Lefebvre	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Marchand
McLellan (Edmonton Northwest/Nord-Ouest)	Ménard
Mercier	Mifflin
Milliken	Paré
Pickard (Essex—Kent)	Pomerleau
Reed	Rocheleau
Rock	Sauvageau
Speller	St-Laurent
Tremblay (Lac-Saint-Jean)	Ur
Vanclief	Venne

[Translation]

The Acting Speaker (Mrs. Ringuette-Maltais): I declare the motion carried.

(Motion agreed to, bill read the second time and referred to a committee.)

* * *

BANKRUPTCY AND INSOLVENCY ACT

The House resumed consideration of the motion that Bill C-5, an act to amend the Bankruptcy and Insolvency Act, the Companies' Creditors Arrangement Act and the Income Tax Act, be now read a second time and passed.

The Acting Speaker (Mrs. Ringuette-Maltais): The House will now proceed to the taking of the deferred division on the motion at second reading of Bill C-5.

[English]

Mr. Boudria: Madam Speaker, I believe you would find unanimous consent that members who voted on the main motion for third reading of Bill C-31 be recorded as having voted on the motion now before the House, with Liberal members voting yes.

[Translation]

Mrs. Dalphond-Guiral: The members of the official opposition will vote no, Madam Speaker.

[English]

Mr. Strahl: Madam Speaker, Reform Party members present will be voting yes unless some would like to do otherwise.

Mr. Solomon: Madam Speaker, New Democrat members this evening will vote no on this matter.

[Editor's Note: See list under Division No. 92.]

[Translation]

The Acting Speaker (Mrs. Ringuette-Maltais): I declare the motion carried, and the bill referred to the Standing Committee on Industry.

(Motion agreed to, bill read the second time and referred to a committee.)

ADJOURNMENT PROCEEDINGS

[Translation]

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

ALGERIAN NATIONALS

Mr. Osvaldo Nunez (Bourassa, BQ): Madam Speaker, I would like to start by commenting on the extraordinary work that has been done by the Canadian Council for Refugees. I salute the organizers and delegates who are this week, May 29 to June 1, attending a four-day conference in Winnipeg. At this conference, hands-on

Adjournment Debate

workers in the field will be exploring the various avenues and solutions to the problems experienced by refugee claimants in Canada. I hope that their reflections will help contribute to improving the cause of refugees in Canada and in the rest of the world.

• (1910)

This past April 29, I asked a question of the Minister of Citizenship and Immigration concerning the deportation of Algerians. For some months the Bloc Quebecois has been demanding the suspension of returns to Algeria, given the rise of fundamentalism and the atmosphere of violence in that country. A report published March 14 by the American Secretary of State is very clear on this.

In light of this explosive situation, I am seriously questioning why the minister and his employees insist on continuing to deport Algerian nationals. It is distressing to see that Canada has gone so far as to espouse such immigration policies. This lays open to question its international reputation as a country which welcomes those whose fundamental rights have been violated, including the rights relating to their very survival. In so doing, the leaders and the public servants of this country, a country that boasts of being a great defender of all humanitarian causes, is making a mockery of its international commitments.

I would like to take advantage of this opportunity to speak out vigorously against the methods being used by the Department of Citizenship and Immigration. The complaints against these agents of removal by those deported, by lawyers and organizations defending immigrants and refugees are endless and are of the highest concern to me.

I would like to illustrate these remarks with two examples. The first dates back to May 8, when Immigration Canada decided to deport Saadi Bouslimani, a 29-year old Algerian denied refugee status. Two days later, we learn that he was not deported. He ended up in the infirmary at the Parthenais detention centre in Montreal for treatment of wounds to his head, neck and feet. He had been struck by an immigration official.

The second example is that of a Zairian national, Biha Munsu, who was drugged in order to be deported on February 23, 1994, while she was pregnant. I criticized this practice in the House at the time.

I wonder who orders the use of drugs and unnecessary force in the deportation of a recalcitrant individual.

This brings me to the advisory committee looking at conditions in countries where people are deported. The aim of this committee is to advise the Minister of Citizenship and Immigration on countries at risk and on the dangers threatening the survival of people Canada is preparing to deport to their countries. Since the composition, role and power of this committee is totally nebulous in terms of the department's organization chart and in terms of its operations, we could describe it as a phantom committee.

Adjournment Debate

Because of the mystery surrounding this advisory committee, because of the aberrations and the arbitrary policies emanating from the Department of Citizenship and Immigration, I would ask the minister to affirm her leadership of this department she theoretically heads, to look more realistically and objectively at the Algerian situation and to review the \$500 cost to apply for residency on humanitarian grounds.

[English]

Ms. Maria Minna (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Madam Speaker, it does not help anyone for the member opposite to give misinformation. He knows full well specific cases cannot be discussed in detail in the House because of confidentiality. Also he knows full well it is not the policy of the government to drug people and to use violence. The hon. member knows full well that is not acceptable.

I also remind the hon. member that, as the minister has previously stated in the House, departmental policy concerning removals to different countries must be based on an individual case examination. Many countries are troubled by civil unrest and terrorist violence but few are so overwhelmed that it becomes necessary for the department to suspend removals to that country.

• (1915)

At present the department has temporarily suspended removals to only three countries: Rwanda, Burundi and Afghanistan. The citizens of these three countries have faced a level of violence and personal suffering so great that they have been forced to flee their homes and abandon their possessions. The situation in Algeria,

while regrettable and distressing, does not compare to that of these countries.

The decision to suspend removals is made upon the advice of an Advisory Committee on Country Conditions for Removals. This committee meets on a regular basis to review the overall conditions of countries. In making its recommendation, it considers materials produced by representatives of the department, the Immigration and Refugee Board documentation centre, respected international sources like the UNHCR and the International Organization for Migration as well as other documents forwarded by non-governmental organizations.

Removals are only carried out once all rights of appeal and due process have been exhausted. Before the department makes the decision to remove anyone from Canada, the circumstances of their case are carefully reviewed and all factors are considered. All people in our society have use of the full extent of the law of appeals.

In the case of Algeria, the advisory committee recognized that despite the obvious risk of living in the area, the majority of the population chooses to remain. Industry, commerce and agriculture continue. The country's transportation and communications systems function and people travel into and out of Algeria for various purposes, including family visits and business.

[Translation]

The Acting Speaker (Mrs. Ringuette-Maltais): The motion to adjourn the House is deemed to have been adopted. The House stands adjourned until 10 a.m. tomorrow.

(The House adjourned at 7.18 p.m.)

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