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Wednesday, November 30, 1994

Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Wednesday, November 30, 1994

The House met at 2 p.m.

Prayers

STATEMENTS BY MEMBERS

[English]

WORLD AIDS DAY

Mr. Bill Graham (Rosedale, Lib.): Mr. Speaker, tomorrow is World AIDS Day.

The presence of HIV and AIDS in our communities is a constant reminder of our vulnerability as individuals and as members of the human race. Many members of this House, and far too many Canadians, many of whom live in my riding of Rosedale, will be familiar with the human tragedy associated with living with HIV and of grieving for the loss of friends and loved ones.

The effects of HIV and AIDS are suffered by individuals and families now estimated worldwide at 17 million men, women and children. Measures to reduce the vulnerability of women to HIV/AIDS, the need to strengthen AIDS associations, and the need to address related human rights and ethical issues are now of paramount concern to us all.

These issues, as well as the cure and immunization against AIDS, can only be effectively dealt with by co-ordinated, intensive, national and international efforts which Canada must not only support but lead.

Therefore we should all welcome the Prime Minister's attendance at the Paris summit on AIDS.

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[Translation]

PEARSON AIRPORT

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, hon. members are familiar with the scandal around the attempt to privatize Pearson Airport. However, despite a long debate on Bill C-22, the government has refused to reveal all the information on this patronage horror story.

Today we heard that the Pearson Development Corporation is asking for compensation totalling \$440 million. The consortium's demands include two million dollars for lobbying expenses, contributions to the Conservative Party in 1993 and baseball tickets for the Blue Jays.

To eliminate any possibility that the consortium's outrageous demands would be successful before the courts and to avoid any recurrence of such events, the Prime Minister must realize he has a responsibility to provide all the information available on the Pearson affair and to appoint a royal commission of inquiry that will consider all the ramifications.

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[English]

GUN CONTROL

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, I would like to read a few sentences from a speech given by Mrs. Deborah L. Ure whose 19-year old son Wes and his friend Santo were shot and killed in 1992:

Wes and Santo are dead. It doesn't matter to me that they were killed by a gunshot wound. They could just as easily have been stabbed, beaten or mutilated. The end result is the same. Our children are dead. The gun didn't kill them. Two poor excuses for human beings did. Now, when these men came into possession of this gun, the murder weapon, did they have an FAC? Did they register it? Did they store it safely? Of course not. Criminals or wanna-be criminals don't respect our country's gun laws. Safe storage to them is having the gun stuck down the back of their pants or inside a boot until they need to use it. This is the problem that our justice minister should be addressing. We need criminal control, not gun control.

In response to the pleas of this mother of a murdered teenager, Reform does not support the registration of rifles and shotguns unless it can be shown to be an effective control for reducing the criminal—

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[Translation]

BLOC QUEBECOIS

Mr. Nick Discepolo (Vaudreuil, Lib.): Mr. Speaker, this House recently witnessed a scene that was more like theatre than parliamentary debate.

The hon. member for Rimouski—Témiscouata protested against a statement made by the Minister of Canadian Heritage, in which he indirectly associated the House of Commons with theatre.

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The member of the Bloc said that the minister's comments "cast discredit on an institution such as Parliament, implying that what goes on in this place has more to do with play acting than real life".

Would the hon. member feel more comfortable with what was said by her own colleague, the Leader of the Bloc Québécois? In an article in the *Journal de Montréal*, he stated: "We consider both the question and the tone we want to use. Sometimes, all we want to do is get the information. Occasionally, the question is intended to embarrass the minister".

Quebecers and Canadians expect Bloc Québécois members to take their parliamentary responsibilities more seriously.

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[English]

CHRISTMAS MIRACLE PROGRAM

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, as the holiday season approaches, we see many acts of caring and sharing by thousands of Canadian organizations and individuals.

This past Sunday, the Woodstock and Florenceville, New Brunswick, Kinsmen and Kinette Clubs hosted their 18th annual Christmas Miracle Program displaying an abundance of excellent local talent and raising thousands of dollars to assist those in need. Having had the opportunity to personally take part again this year, I was pleased to see the pledges of sharing and caring that are prevalent among Canadians.

Congratulations to the Woodstock and Florenceville Kinsmen and Kinettes for their worthy efforts to help others. Congratulations to all Canadian clubs, organizations and individuals who volunteer their time and talent in order to assist others during this season. They truly represent the holiday spirit and make us all proud to be Canadians.

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(1405)

FORUM 94

Ms. Albina Guarnieri (Mississauga East, Lib.): Mr. Speaker, last Friday, November 25, I had the privilege to participate in Forum 94 in Charlottetown, P.E.I.

[Translation]

This conference was an affirmation of the important place official language communities should have within Canada. Forum 94 has demonstrated that provincial governments can play a vital role in promoting official languages in Canada.

[English]

The Acadian community and the Government of Prince Edward Island have shown leadership at a time when the birthplace of Confederation is contributing more than ever to our sense of national identity.

[Translation]

Participants were able to prove that the vision of a united Canada that respects regional, linguistic and cultural differences is still firmly rooted in the birthplace of our nation.

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CHILD POVERTY

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, five years ago, this House took the solemn undertaking to fight against and eradicate child poverty by the year 2000. Since then, the number of children living in poverty has grown from a little under one million to nearly 1.3 million.

In its most recent report, the Canadian Council on Social Development criticized the reform the Minister of Human Resources Development is conducting. The Council considers that the minister's reform plan may well make child poverty worse because of cuts in assistance programs for poor families. Single-parent families, in which 41 per cent of poor children in Canada live, would be particularly hard hit by this reform.

The council has now joined the ranks of those who, like the Bloc Québécois, object to any reform that cuts blindly into social programs. In his inaugural speech yesterday, the new Premier of Quebec expressed concern for the difficulties facing women and youth in particular, and we hope that the actions he will undertake will be aimed directly at fighting poverty.

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[English]

REFUGEE DETERMINATION

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, the current turmoil at the IRB is only a symptom of a greater disease. Members of the IRB have approached me saying that there is no cure for the lack of accountability in that institution. They have told me that the IRB was a gross overreaction to a court decision and should be scrapped.

Our current refugee system is out of touch with internationally accepted norms of refugee determination. It costs a horrendous amount of money and is ignoring the desperate needs of tens of thousands of genuine refugees overseas.

It is time to rethink our refugee determination system and the Reform Party has. Very soon we will be releasing our proposals for change to the system, changes that are going to be in the

interests of not only refugees but of taxpayers as well. Our proposals will balance the needs of refugees against the needs of Canadians.

We have the guts to restore a little common sense to the system. Once again the Reform Party leads the way. We will be setting the agenda in refugee determination the way that we have set the agenda in immigration policy.

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GASOLINE PRICES

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, last spring gas prices jumped seven cents per litre across Canada without justification. Only after I publicly called for the government to investigate this industry for price fixing and gouging did gas prices drop about three cents per litre. Public protest followed and it dropped one or two cents more per litre around the country leaving a two or three cent a litre increase intact.

The Bureau of Competition Policy today said it does not see price fixing. This is a bizarre conclusion with unanswered questions. Why this conclusion? Could it be because the oil companies and the Liberal government are in bed together?

For example, the Liberal Party received political donations from Husky Oil of \$14,000, from Amoco Oil of \$27,000, and from Imperial Oil of \$47,000 last year alone. He who pays the piper calls the tune. As far as Canadian consumers are concerned the Bureau of Competition Policy and the Liberal government are more like lapdogs than watchdogs when it comes to gas price fixing.

The oil companies' donations in this case to the Liberal Party are paying off.

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CROHN'S AND COLITIS MONTH

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I wish to inform the House that November has been designated Crohn's and Colitis Month.

Crohn's disease and ulcerative colitis are chronic digestive disorders of the small and large intestines. Often referred to as inflammatory bowel disease their cause is unknown although stress can precipitate attacks. There is currently no cure, however specific diets may control the symptoms. Crohn's disease and colitis may affect as many as 200,000 Canadians of all ages.

The Crohn's and Colitis Foundation of Canada is a non-profit voluntary medical research foundation dedicated to the finding of a cure for this disease by raising funds for medical research. The foundation with the financial support of Health Canada also provides education programs for individuals with this disease as

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well as for their families, health professionals and the general public.

(1410)

To the foundation and its many volunteers we extend our best wishes and hope for future success.

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BOSANQUET

Mrs. Rose-Marie Ur (Lambton—Middlesex, Lib.): Mr. Speaker, it gives me a great deal of pleasure today to congratulate the residents and the council of the township of Bosanquet in my riding of Lambton—Middlesex.

On December 1, 1994 by order of the Ontario Municipal Board the township of Bosanquet will be elevated to the town of Bosanquet and its new town council will be sworn in.

The province of Ontario's newest town has a very storied history commencing in 1821 with a 390 acre land grant to its first settler, Mr. Asa Townsend. In 1850 electors met to elect the township's first council. One of the first motions passed by the council was the proviso that there was no qualification necessary with respect to property for the several officers appointed at that meeting.

It is not hard to deduce that the first councillors of the township of Bosanquet displayed the highest democratic principle. Their spirit lives on with the current mayor, Mr. Fred Thomas, and the town's six councillors.

My heartiest congratulations to the town of Bosanquet.

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[Translation]

GOVERNMENT OF QUEBEC

Mrs. Eleni Bakopanos (Saint-Denis, Lib.): Mr. Speaker, the linguistic and cultural communities of Quebec are worried. In recent weeks, statements by certain Quebec government ministers and their officials have been increasing and have given rise to speculation and suspicion.

We were apprised yesterday of what Yves Michaud, Quebec chargé de mission in Paris, had written his boss and friend, Deputy Prime Minister Bernard Landry. Referring to an article, he said it was refreshing compared to the claims of cultural communities, adding that we will have to do away with such nonsense reminiscent of Trudeau, cooked up to make us disappear in a sea of Canadian multiculturalism.

Louise Beaudoin, Quebec minister responsible for Canadian Affairs, was quoted as saying: "Why could I not live in my country as I wish, instead of as English Canadians want me to? They are the ones who want a multicultural society, not me".

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This attitude of distrust toward ethno-cultural communities goes against every aspect of our international reputation for hospitality, openness and tolerance.

The Parti Quebecois government must quickly put an end to—

The Speaker: I am sorry to interrupt the hon. member. The hon. member for Beauharnois—Salaberry has the floor.

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GOVERNMENT OF QUEBEC

Mr. Laurent Lavigne (Beauharnois—Salaberry, BQ): Mr. Speaker, yesterday, Quebec Premier Jacques Parizeau delivered his first inaugural address.

Calling upon Quebecers' solidarity, the Premier launched a major campaign to fight unemployment, revive the economy and start thinking about our collective future.

Painting a positive picture of his government's first few weeks in office, Mr. Parizeau outlined encouraging prospects for Quebecers in the future.

Things will not happen overnight, of course, but Quebec now has a real government with projects, resources and an ideal.

After several gloomy years, Quebecers are urged to take charge of their lives, make choices and adopt a real plan for their society.

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[English]

MULTICULTURALISM

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, this government and the Secretary of State for Multiculturalism continue to deny Canadians their fundamental right to choose, to choose for themselves how to protect and promote their heritage and culture.

I will continue to ask questions that challenge the way we spend our money while at the same time encouraging ethnocultural communities to fully participate in Canadian life adding to it their unique diversities.

We in the Reform Party reject a big brother, paternalistic approach to cultural imperialism that the minister continues to preach. Instead we believe we should provide jobs for Canadians. We should tax them less. We should allow them the freedom to develop and pay for those cultural programs that interest them.

This government should realize the importance of empowering ethnocultural communities to be themselves. Then truly it will have abandoned its culturally imperialistic and arrogant multiculturalism policies.

ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Mr. John English (Kitchener, Lib.): Mr. Speaker, I rise today to welcome the decision by the Organization for Economic Co-operation and Development to appoint Donald Johnston as the secretary general.

Mr. Johnston's five year appointment will represent the first time in the OECD's history in which a non-European has been chosen to lead this major policy forum for the world's industrialized countries. Candidates from around the world were vying for this position and yet in the end it was a Canadian who was chosen.

It should come as no surprise that this longstanding member of Parliament, former cabinet minister, Montrealer and resident of Quebec should be chosen as the new leader of the OECD. He is a highly respected lawyer with a strong background in economic issues. Mr. Johnston will bring to the organization a wealth of experience with a truly Canadian perspective.

By tradition the OECD leadership is a consensus decision. Given the outcome of this announcement—

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(1415)

[Translation]

BLOC QUEBECOIS

Mr. Benoît Serré (Timiskaming—French River, Lib.): Mr. Speaker, I rise today to warn the House and the Board of Internal Economy that some members of the Bloc Quebecois shamelessly use their privilege as members of the House of Commons by promoting Quebec's independence in their Christmas cards.

In addition to being in poor taste, this practice probably goes against parliamentary rules. Using taxpayers' money and the great Christmas holiday for political purposes is reprehensible and shameful.

Will Bloc members reimburse the Canadian government for these immoral expenditures? Will Bloc members include these expenditures in the "yes" campaign in order not to contravene Quebec's referendum act?

I therefore ask you, Mr. Speaker, to investigate and condemn this outrageous practice.

An hon. member: Come on.

An hon. member: You exaggerate.

The Speaker: It is Wednesday, what do you expect?

*Oral Questions***ORAL QUESTION PERIOD***[Translation]***MIL DAVIE SHIPYARD**

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, yesterday in this House, the Prime Minister agreed with the verdict of the Canada–Newfoundland board which denounced awarding a contract without tender to Saint John Shipbuilding. The Prime Minister instructed the Minister of Natural Resources to require the Hibernia consortium to review its decision that was unfair to MIL Davie, the only bidder able to carry out this contract which had been awarded to Saint John.

How can the minister explain the government's decision to hold another call for tenders on this contract, when MIL Davie was the only other shipyard that bid on it?

[English]

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, let me clarify that which the Prime Minister and I said yesterday.

In light of the Canada–Newfoundland offshore board decision which indicated all Canadian shipbuilding companies were not given a full and fair opportunity to bid or tender for the contract in question, we have asked through the president of the Hibernia Management Corporation that the owners review their decision.

I understand from Mr. Hull, the president, that he will be in contact with the other owners and seek that review. Pending the outcome of that review, I think it would be unfair or inappropriate for me to anticipate the outcome.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, since everyone admits that MIL Davie was wronged in this affair, why does the minister stubbornly refuse to recognize that the only way to correct the injustice done to the Quebec shipyard is to award it automatically and without delay this contract which it should have had from the beginning?

[English]

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, let me reiterate the position of the Prime Minister and myself. What we are concerned about in this situation is the process that was used by the Hibernia Management Corporation. It is clear based on the report of the offshore board that all Canadian companies were not treated fairly. We have asked the management board of Hibernia to review that decision. Our concern is with the process. We have never commented on the ability or lack thereof of any shipyard in this country to do the job in question. We are concerned that everyone get the opportunity to be treated fairly.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, we see how complicated and difficult it is to obtain justice when a Quebec company like MIL Davie is involved. Does the minister realize that by reopening the bidding, she is leaving MIL Davie vulnerable to its competitors since they will probably have access to the documents from the first bid and find out about their contents? Does she realize that?

(1420)

[English]

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, I simply reiterate the concern of this government. It is with the process that was followed. We are committed to ensuring that all Canadian shipbuilders have a fair and full opportunity to bid on contracts.

I think, for whatever reason, my learned friend across the way is having some difficulty comprehending the fact that our concern is always with fairness.

[Translation]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, my question is for the Minister of Natural Resources. If someone has problems in this House, that person is on the other side.

The MIL Davie shipyard, in Quebec, is on the verge of closure. The company needs new contracts to ensure its survival. If the Hibernia contract for a sub-module of electric equipment was transferred to MIL Davie, the company could immediately recall 400 of its recently laid off workers. It is still time to act, since the component housing the modules has not yet left Marystown, in Newfoundland.

How can the minister explain that, with over six billion dollars of economic spin-offs related to the Hibernia megaproject, the MIL Davie shipyard, the only one in Canada with the expertise to build drilling platforms, has so far been awarded only one contract representing a mere \$15 million?

[English]

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, let me reiterate that this government does not wish nor is it in any position to comment upon the relative merits of one shipyard over another in relation to this contract. What we are in a position to comment upon is fairness and full opportunity on the part of all shipbuilders to participate in this contract. That is what we will ensure.

[Translation]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, let us not forget that Quebecers invested \$800 million of their tax dollars in Hibernia, only to see MIL Davie get a small \$15-million contract. In the meantime, the Sorel–Tracy shipyard and the Montreal shipyard were closed and every attempt is being made to also close the one in Lévis, while

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shipyards in Newfoundland and New Brunswick are being subsidized and contracts are awarded without any tender to Saint John Shipbuilding. Is this all part of a scheme to kill MIL Davie? How can the government be proud of such an attitude?

How can the minister abdicate her responsibility regarding management of Hibernia by always telling us the same old story and hiding behind the private partners of the consortium, when the federal government guarantees close to 50 per cent of the funds for this megaproject, or some \$30 billion?

[English]

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, let me inform my hon. friends across the way that the Hibernia project has been of considerable benefit to the province of Quebec over the years that it has been in operation and will continue to be in the future. Over half a billion dollars worth of contracts for over 100 Quebec companies.

They do not want to listen, but let me assure my hon. friends that this government has no desire to hurt MIL Davie or any shipyard in this country. What we want to ensure is that every shipyard has the opportunity to be treated fairly.

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GUN CONTROL

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, over the past year we have repeatedly seen the government float proposals and legislative intentions without having the faintest idea of what the cost or the value received would be.

(1425)

This is evident in the human resources minister's policy paper. It has been evident in defence department commitments to peacekeeping and other areas. Today the Minister of Justice is once again putting forward legislative and policy proposals, this time for firearms control.

Can the minister assure the House that comprehensive cost estimates for the firearms control program exist and will be tabled prior to the introduction of his new gun control legislation?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I will be announcing this afternoon particulars of the decisions we have made in relation to the firearms control program.

I can assure the hon. leader of the third party that we have looked in detail at the costing of all the proposals we will put before the House.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, like the social policy reform, any proposed firearm

control program cannot hope to succeed without the enthusiastic support of the provinces.

The attorneys general of Saskatchewan, Alberta and Manitoba have already implied that the minister's draft proposals for a national firearm registration system are more likely to increase paperwork than they are to increase public safety.

Can the minister tell the House which provincial governments are supportive of the minister's legislative intentions in this area and which are not?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the announcement of our decisions will take place this afternoon.

As a matter of courtesy I have furnished copies to my provincial counterparts. In answer to the question put by the hon. member, let me express my own belief that when all the provincial attorneys general look at these proposals and decisions in their entirety, they will support these initiatives.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, time will tell.

With respect to consultation, first the justice department leaks its gun control proposals to the media with appropriate spin doctoring. Then it breeds the support of the interest groups and only then, five days later, does Parliament get to see the documents and the provinces are included almost as an afterthought.

The government puts public relations and interest groups ahead of Parliament every time. It has done this on social policy. It has done it on immigration, on finance and gun control.

Does this order of preference, media leaks first, interest groups second, Parliament third and provinces dead last, reflect the government's consultative priority?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, first, I make no apologies for the four months of personal consultation that I conducted across the country.

During the course of the last several months, I have been in continuous touch with senior officials and indeed with provincial counterparts, attorneys general and ministers of justice, exchanging views about the proposals that will be decided upon and announced this afternoon.

May I make it clear that any leaks to the media were entirely beyond the control of the Department of Justice. What steps we took were as a matter of courtesy to furnish representatives of the hon. member's party and of the official opposition with advance copies of the material so that they could see it before this afternoon.

Oral Questions

[Translation]

FERRIES

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, my question is directed to the Minister of Transport.

We heard the news that MIL Davie was treated unfairly by the Hibernia consortium in the matter of a contract that would have maintained several hundred jobs at the Lévis shipyard and, meanwhile, the federal government has yet to announce what it intends to do about the proposal by the Government of Quebec for the construction of a ferry for the Magdalen Islands.

When is the minister going to respond to the proposal made by the Government of Quebec on November 14, and how can he justify his government's slow response?

(1430)

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, Transport Canada is responsible for providing a safe and efficient service between the Magdalen Islands and Prince Edward Island, and we will do everything we can to ensure that the people of the Magdalen Islands have this service.

However, I want to point out to the hon. member that we have asked the operator who is now responsible for providing the service with the *Lucy Maud Montgomery* to advise us of his requirements, and then Transport Canada will award him a subsidy.

Acquiring, leasing or building a ship is the sole responsibility of the service operator, not of the Government of Canada.

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, when we started our first session a year ago, I asked the same question and today, the answer is still the same.

Considering how the government deals with matters that concern MIL Davie, how can the minister expect us to believe that the government is not making a concerted and deliberate attempt to close down MIL Davie?

[English]

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, we have made some progress in trying to determine exactly what is required to provide the service between Iles de la Madeleine and Prince Edward Island.

I want to say to my hon. colleague that we have made significant progress in this place since yesterday. One of the things that has been cleared up, I hope to the satisfaction of every one, particularly my friends who are concerned about the future of MIL Davie, is that in the future whenever the Government of Canada is concerned there will be no question of sole

sourcing ships. Any process for acquisition will be through a clear, transparent and competitive bidding process.

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GUN CONTROL

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, the Terence Wade report commissioned by the Department of Justice reveals that the handgun registration system is replete with confusion, inconsistencies, non-compliance and mismanagement. Most important, the report reveals how completely useless the handgun registration system has been as an aid to law enforcement agencies and in reducing the criminal use of handguns.

I ask the Minister of Justice why this report, which was available in July, was not tabled with the standing committee on justice, why it was not tabled in the House, and why I was denied access to the report by his officials when I requested it three weeks ago.

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I will get answers to those questions and I will put them in writing to my hon. friend. As I told him yesterday, he should have a copy of that report and I shall see to it that he does have one.

Let me make clear, before we lose the point the Terence Wade report made, that the manner in which the registration system for handguns was organized during the past two decades was flawed and needed improvement. It did not condemn the principle of registration nor the purpose of registration.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, right now there are firearm interest groups locked up pending the announcement of the Minister of Justice regarding gun control later today.

The minister has expounded upon his virtuous cross-country consultation process this summer. While in consultation with these various groups did the minister inform them of the findings contained within the Terence Wade report, or was the report concealed from them as well?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, in the course of those dozens of meetings I had across the country I took it as a given that the registration system in place at present in the country for handguns will not serve as a model for any future registration system. It is indeed flawed, without argument.

The point of the discussion in those consultations was how such an approach could be effected to serve the very important social goals that registration can and will achieve.

*Oral Questions**[Translation]***COLLÈGE MILITAIRE ROYAL DE SAINT-JEAN**

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, my question is for the Minister of Intergovernmental Affairs.

On the issue of the Collège militaire royal de Saint-Jean, the Quebec government is prepared to discuss with the federal government how the transition plan proposed by the mayor of Saint-Jean should be implemented. In Quebec's view, this is an interesting proposal, as it could ensure the survival of the college the long term.

Now that he has finally seen reason, or so it seems, can the minister who welcomed with interest this proposal by the mayor of Saint-Jean tell us if he intends to assign federal officials to resume talks with the Saint-Jean authorities and the government of Quebec?

(1435)

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, Minister Beaudoin should know that negotiations are not conducted through the media. I have received nothing official from the minister yet. I therefore have no answer to give, since no question has been asked in the first place.

It is essential however that any negotiations regarding the mayor's proposal be conducted on the basis of the two conditions the mayor and myself have agreed upon, that is to say, first, that the conversion of the military college to civilian use must take place and, second, that there must be a transition period. These two basic principles are part and parcel of the agreement proposed on July 19, which the government of Quebec has yet to comply with.

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, we are not negotiating through the media. I have put a question to the minister and I would like to get an answer.

How can this minister have the gall to parade about with the "Sauvons Saint-Jean" badge on his lapel when, once again, he is showing bad faith in refusing to resume talks?

The Speaker: Members must refrain from assigning to other members motives that are not honourable. Perhaps the hon. member could rephrase his question.

Mr. Bachand: Mr. Speaker, does the minister intend to resume talks, yes or no?

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and

Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, the opposition may be under the impression that using unparliamentary language will improve the negotiation climate, but that, of course, is wrong.

The reason I am wearing the "Sauvons Saint-Jean" badge is because we hold the key to the continuation of the college in Saint-Jean and this key is the July 19 agreement. I sent a letter to Mrs. Beaudoin two weeks ago, indicating that I was prepared to resume negotiations on the details of the agreement which is in effect under the terms of the agreement signed on July 19.

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*[English]***BOSNIA**

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, my question is for the Minister of National Defence.

Secretary-General Boutros Boutros-Ghali's mission to Sarajevo today has failed. The Bosnian Serbs refused to meet with him and the Bosnian government refused to agree to a ceasefire.

Should Canada not now take the position that unless all UN detainees are immediately released, there be no further aggression against UN personnel, the Sarajevo airport be reopened to humanitarian flights and convoys allowed to proceed and an effective ceasefire be put in place, Canada should call for the withdrawal of all UN forces from Bosnia?

Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the Prime Minister has been quite clear on Canada's participation in this very troubled mission and I do not propose to repeat it.

I subscribe to some of the points raised by the hon. member. We in Canada believe that obviously those detained should be released, that the hostilities should cease, that there should be a ceasefire, and that the Sarajevo airport should be reopened. We believe all of that and we believe that can be accomplished by negotiation.

We are very sorry that the Secretary-General of the UN was denied a meeting today. I would only hope that this is yet another bargaining ploy on the part of those who refused to meet with him and that they will get down to meaningful negotiations within the next few days.

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, I have a supplementary question.

The situation in Bosnia is increasingly hazardous and is causing great concern to all Canadians. All possible attempts should be pursued in attempting to find a resolution.

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The contact group, Britain, France, Germany, Russia and the U.S., was formed last April to use diplomacy to minimize tensions and to encourage agreements among the warring factions. Why is Canada not a member of that contact group?

(1440)

Hon. David Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, if I could answer that I would certainly be a wise person.

The Minister of Foreign Affairs and the Prime Minister have made the point that Canada should have been part of that group. We are among the top contributors of forces in the ex-Yugoslavia. It is a shame and a disgrace that we are not part of that group. I hope the Prime Minister makes that point this weekend in Budapest.

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*[Translation]***REPRODUCTIVE TECHNOLOGIES**

Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ): Mr. Speaker, my question is for the Minister of Justice. On November 30, 1993, exactly a year ago today, the Royal Commission on New Reproductive Technologies published its final report after studying the issue for four years and spending over \$28 million. We are still waiting patiently for the federal government to respond to the commission's recommendations.

How can the Minister of Justice explain that, one year after the Baird report was tabled, he still has not introduced a bill to regulate reproductive technologies, research on human embryos as well as the sale of ova and human foetal tissue in Canada?

[English]

Ms. Hedy Fry (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, the Minister of Health and the Ministry of Health have been working on the response to the royal commission for quite a while.

As the hon. member knows, the royal commission created far more controversy than it answered questions. We need to look at how we can deal with provinces and with special groups, to look at how we can set guidelines for recommendations and to follow the recommendations.

However, as far as taking our time, I bring to the hon. member's attention the fact that the royal commission was supposed to have reported in two years. It took four years to bring in its report.

Because the matter is so controversial I think it is quite acceptable that we have to deal with the same controversies in formulating our response.

[Translation]

Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ): Mr. Speaker, I think that blaming the government's delay in

introducing a bill on the commission's own two-year delay in tabling its report is a pretty poor excuse. Is the minister aware that by delaying the introduction of his bill, he makes it even more difficult, if not impossible, to counter abuses in research on human embryos and to prevent the sale of ova and foetal tissue on the black market?

[English]

Ms. Hedy Fry (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, I am glad the hon. member mentioned the fact that we must counter abuses. We are dealing with an extremely serious and extremely difficult and complicated issue.

This department and the Minister of Health want to ensure that we make the right choices that will ensure the safety of Canadians and will ensure that all medical, ethical, social and psychological issues are dealt with.

* * *

UNEMPLOYMENT INSURANCE

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, my question is for the Minister of Human Resources Development.

In northwestern Ontario companies frequently lay off employees due to seasonal and climatic factors. Through no fault of their own affected employees end up having to claim unemployment insurance frequently.

What is being done to ensure that this type of unemployment insurance claimant is not unfairly affected by the proposed UI reforms?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, as the hon. member knows, we are particularly sensitive to the importance of a wide variety of seasonal and cyclical work in the country. It is important for a variety of regions.

As the House probably knows, for that reason we established a special working group that represents different sectors and different regions of the economy. We are now specifically looking at the issue of seasonal work. We have established a series of bilateral discussions with construction trades and other affected sectors. We are working with them in a very co-operative way to make sure that any new design of unemployment insurance fits the requirements of Canadian industry and Canadian seasonal workers.

* * *

HIBERNIA

Mr. David Chatters (Athabasca, Ref.): Mr. Speaker, yesterday in the House the Prime Minister stated and today the

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Minister of Natural Resources reaffirmed that they would ask Canada's representative on the Hibernia holding company to ask for a review of the contract to Saint John Shipyards. I have been assured by the officials of the Hibernia holding company that the awarding of this contract to Saint John Shipyards was done as a fully justifiable decision in full accord with the provisions of the Canada–Newfoundland Atlantic Accord Implementation Act.

(1445)

My question is for the Minister of Natural Resources. How can she justify interfering politically in this matter when the Hibernia consortium clearly followed the rules contained in the offshore accord?

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, let me explain that in spite of whatever contacts the hon. member may have and what he may think about the processes that were followed, the Canada–Newfoundland Offshore Board which is seized with the regulation and determination of these issues, concluded late last week that Canadian shipyards were not given a fair and full opportunity to tender for the work in question.

Mr. David Chatters (Athabasca, Ref.): Mr. Speaker, clause 45 of the Canada–Newfoundland Atlantic accord states that in instances where the budget or the time restraints are in question the accord allows for contracts to be given without tender.

I would like to ask the minister why she would jeopardize the budget and the completion date of the entire project by demanding a review and/or tendering of the contract when it is clear that all the rules have been followed.

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, let me reiterate. In spite of what the hon. member has asserted, the Canada–Newfoundland Offshore Board, a board created to deal with these issues, has determined that the rules were not followed, that all Canadian shipyards were not given a full and fair opportunity to bid on the contract.

I do not think there is anything else I can say on the issue.

* * *

*[Translation]***SEVERANCE PAY**

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, yesterday, the Canadian press revealed how generous the Minister of Fisheries and Oceans is when it comes to pleasing his friends with money provided by Canadian taxpayers.

My question is for the fisheries minister. Can the minister explain to us how someone can work for four months in his

office, quit his job voluntarily and pocket a bonus of \$31,000, then be rehired by the minister in the same office at an annual salary of \$93,000, without having to pay back even a cent of his severance pay? How?

[English]

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the individual in question is the executive assistant to the minister of fisheries. Last February he was named in a matter that was under investigation in the Parliament of Newfoundland regarding fundraising practices in the province of Newfoundland.

The individual in question, my executive assistant, resigned his position in my office the next day until the matter had been cleared up. As it turned out the matter in question was subsequently referred to the RCMP because it involved a provincial cabinet minister.

Seven and a half months later the RCMP concluded that notwithstanding questions raised in the House initially by the opposition, subsequently referred to the RCMP for a thorough seven and a half months investigation, that individual was cleared of any question of wrongdoing whatsoever.

In that seven and a half months period the individual, Mr. Gary Anstey, sought no employment with any other operational organization, received no other income, in fact went without income for three and a half months.

After he was cleared of any wrongdoing he was restored to his job as executive assistant. He has done without three and a half months' salary in the process. How that can be described as a golden handshake boggles the imagination.

(1450)

[Translation]

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, as we well understand, the minister's answer shows that he cannot deny that the amount of severance pay was at his discretion.

How can the minister, who preached virtue when he was in opposition, take refuge behind Treasury Board's lax rules to explain such generosity to his friends when the government is not ashamed to cut unemployment insurance for those who quit their jobs voluntarily? That is what bothers us. How can he do it?

[English]

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I know the hon. member would want me to restate two points he made rather quickly.

First, the individual in question was away for seven and a half months and in that period received no salary for three and a half months.

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Second, Treasury Board rules provide in this kind of circumstance—and I would be glad to lay a copy on the table for the House—for up to six months' severance pay for an individual who leaves a job abruptly for these kinds of reasons.

The assistant deputy minister of corporate affairs, when I sought advice, recommended in writing four months' severance. I accepted the advice.

* * *

GOVERNMENT EXPENDITURES

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, first we learned about the limo service of the official language commissioner and Ottawa digs at taxpayers' expense. Now we hear that the part time chairman of Ports Canada has billed the government \$61,500 in extra pay on top of \$53,000 in expenses, \$12,000 for an Ottawa apartment that is used 24 days a year and \$34,500 in travel from his home in Vermont. Does this sound like fiscal restraint, Mr. Speaker?

My question is for the President of the Treasury Board. Will he undertake an immediate review of per diems, honoraria and expense accounts of all government appointees to federal agencies?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, the hon. member knows the government has already undertaken a review of all agencies and boards, and we are doing it very quickly.

I look forward to the assistance of members of the third party and other members of the House as we review in depth the operations on the maritime side of my responsibilities at Transport Canada. We have already announced that we are going to be looking at the structure of Ports Canada and how these arrangements are arrived at.

The case that the hon. member raises today is a result of an order in council appointment that I understand was made in 1987. It exemplifies the need to review all of these matters in depth, whether they have to do with the per diems of the chairman of Canada Ports Corporation or orders in council.

I can assure the hon. member that we are going to be doing it as quickly as we can. I look forward to their co-operation on this matter, unlike some of the things we have tried to correct where they have gotten into bed with whoever is convenient.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, I address my supplementary question to the Minister of the Treasury Board.

Reviewing is one thing, we want action after the review. The government is sending all the wrong signals to its federal officials. How can we expect the bureaucracy to spend more responsibly when the executive assistant to the minister of fisheries received a \$31,000 severance package for four

months—or seven months even, I could certainly live on that—and is not even required to repay a penny when he is rehired to the same position several months later?

My question is for the Minister of the Treasury Board. How can the government dare to ask Canadians to tighten their belts? What part of fiscal restraint does he not understand?

Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, the Minister of Fisheries and Oceans has made it quite clear that the employee involved resigned.

Until an investigation could be completed that person was without employment for some seven and a half months, which means that the \$31,000 covered only the first three and a half months. There was a considerable period of time when that person was not employed and yet that person had not done anything wrong, as the minister clearly said.

The government is dedicated to ensuring the cost efficiency of every taxpayers' dollar that comes into the revenues of the government. We are tightening up on many of these procedures which previous governments had put in place to make sure that happens.

* * *

(1455)

SALMON SPORT FISHERY

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

The Sport Fishing Institute of British Columbia has developed a proposal called Quickstart to rebuild stocks of coho and chinook salmon. All sectors of the industry in British Columbia, commercial, sport, and aboriginal fishers, will work together in rebuilding the stock and also restoring habitat with broad community involvement.

Has the government endorsed the Quickstart plan, and when will it come into effect?

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, receiving such a valuable, worthwhile and sensible question gives me a quick start today.

We have had many questions about the state of the coho salmon resource in British Columbia from members on all sides of the House. The proposal of which the member speaks is a private sector initiative that we welcome, one that will help rebuild weak stocks of coho and chinook salmon through a privately funded program of support of breeding and habitat restoration.

The program Quickstart represents a unique partnership between the private sector, the sport fishing sector and both levels

Point of Order

of government. It is a solid initiative. We intend to work fully and quickly with the proponents to make sure it is a success.

* * *

[Translation]

NATIVE PEOPLES

Mr. André Caron (Jonquière, BQ): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. We just learned from Statistics Canada that the tuberculosis rate among status Indians is 43 times higher than for non-native Canadians born in this country. In fact, the infection rate is higher than in some of the world's poorest countries.

Since this incredible rate reflects appalling living conditions, can the minister tell us which concrete proposal his colleague from Public Works made to native leaders who recently met with him, to improve the housing conditions which are at the root of these health problems?

[English]

Ms. Hedy Fry (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, the hon. member has brought forward a question that is of great concern to public health and to the Ministry of Health.

We have been spending a million dollars a year so far to curb tuberculosis in aboriginal communities. We have now added \$2.8 million extra per year over the next three years to try to eradicate tuberculosis so that by the year 2000 there will only be 20 per 100,000 affected and by the year 2010 we will have eradicated it completely.

* * *

ELECTRONIC SURVEILLANCE

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, Canadian Press has reported that an interdepartmental working group co-ordinated by the PCO is studying the issue of electronic surveillance by federal authorities.

The group is concerned with the development of a clipper chip that would ensure that government agencies like CSIS, the RCMP and the CSE are able to intercept telephone, fax and computer transmissions despite attempts to encrypt them.

My question is for the Prime Minister. Will he confirm the existence of this working group and explain why, if CSE does not have a mandate to spy on Canadians, it is concerned about ensuring the ability of government agencies to spy on Canadians when the CSE is supposedly prohibited from doing so?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, one of the tasks of the CSE is to advise the government on the protection of the data in its computers because of the issue of cryptography.

It is quite normal that the CSE would be on a working group within the government where the working group is looking at developments in the United States and has been asked to give advice to government of what measures we may have to take to protect the privacy of information in our data banks from possible questionable intrusion.

* * *

TRADE

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, my question is for the Minister for International Trade.

It has to do with the stated intention of the government to expand NAFTA to include first Chile and perhaps other southern American countries. Recently the government opposed an attempt by the NDP to inject a social dimension into the legislation having to do with the Uruguay round.

I ask the Minister for International Trade whether in the Canadian negotiations leading to the expansion of NAFTA it is the intention of the government to continue to shy away from introducing a social clause or a social dimension into these treaties or whether he could say today that in those negotiations leading to the expansion of NAFTA the government does intend to insist on a social clause, charter, dimension, whatever you want to call it so that we have a truly level playing field in these agreements.

Hon. Roy MacLaren (Minister for International Trade, Lib.): Mr. Speaker, the NAFTA agreement includes two side accords, one on labour and one on the environment. Those will be an integral part of the negotiation with Chile with regard to its accession.

On the broader question of social policy and trade, that issue is being addressed in the International Labour Organization and indeed to a degree in the OECD. The recommendations and the findings of the ILO will come in time before the World Trade Organization.

The Speaker: It being 3 p.m., I have a point of order from the hon. member for Kindersley—Lloydminster.

* * *

POINTS OF ORDER**GUN CONTROL**

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, I will be brief and to the point.

When the leader of the Reform Party questioned the Minister of Justice regarding the leak of his statement on gun control, the Minister of Justice suggested that confidential material concerning his statement on gun control may have been leaked by the opposition.

This is not only entirely untrue but it is impossible because this material was broadcast on television last night and is in the

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Globe and Mail this morning. Our party and the Bloc received the information only after eight o'clock this morning.

I would ask that the minister retract this statement and clear the air so that there is no condemnation and no unfounded charges against this party.

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the record will show that I said no such thing.

I make it clear if there is any doubt that I was not suggesting that. Rather, I was responding to the statement that I was preferring interest groups and journalists to the House of Commons. I was making the point that I gave no information to journalists. I do not know who did. The people I gave it to were my colleagues in the House and in accordance with the time honoured practice on a lock-up basis for those who are particularly in the issue.

I did not suggest nor do I say that hon. members opposite breached the terms on which I gave them the documents. I make no such statement.

ROUTINE PROCEEDINGS

[Translation]

GOVERNMENT RESPONSE TO PETITIONS

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

* * *

[English]

GUN CONTROL

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, one of the defining characteristics of our country is its deep commitment to order and to civility. It has been that way from the beginning.

Ours is a nation created by consensus, not by revolution. Our domestic history is a chronology of quiet accommodation rather than dramatic conflict. We are known throughout the world for our distinctly peaceful character. Our proudest international symbol is the blue beret. Our most valued asset at home is the safety of our cities and of our streets.

(1505)

[Translation]

Canadians firmly intend to preserve and strengthen the outstanding civility that has always distinguished them. The political and legislative program on safety in public and private places shows this government's commitment in this regard.

[English]

It is in the context of that unconditional commitment to public safety that we undertook and have now completed a thorough review of Canada's laws in relation to firearms.

I rise in the House today to announce the decisions that we have arrived at and to table a document that sets them out in detail.

Let me first report to the House on the process that I followed in preparing the decisions that are being announced today. Since May of this year when the Prime Minister asked me to take on this challenge, I have worked with the caucus of the Liberal Party to meet with Canadians from all walks of life who are interested in this issue.

During the past five months I have visited for this purpose all 10 provinces and both territories. I have met with more than 150 national and regional groups of firearm owners and users: with farmers for whom the rifle is a tool in their daily work, with hunters, with gun collectors, and with sports shooters, some of whom have achieved international distinction in their sport.

I have visited aboriginal communities and I have spoken with families that hunt for sustenance. I have also met with police, doctors, nurses and victims organizations. I have reviewed the research relating to firearms safety and public health. I have listened and I have learned. I now wish to report on this extensive process of consultation.

In the first place there is of course no doubt that the entire subject of the regulation of firearms is controversial, but I can also report that there are broad areas of consensus. First, Canadians believe strongly that they do not want a country in which people feel they must own a firearm to protect themselves. That is simply not the way we wish to live.

Second, Canadians want above all to have a lawful and safe society in which the criminal misuse of firearms is dealt with severely. Canadians do not want to follow the approach taken to firearms by the United States. They want this government to chart a different course that will lead us to a different destination.

Third, I have learned that the firearms question is not a rural-urban issue. Canadians who live in the rural environment are just as concerned about their safety as are the rest of us. Indeed, they have reason to be concerned. Studies have shown that the homicide rate in rural areas is almost twice that in the urban environment.

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Fourth, Canadians want our firearms laws to acknowledge and respect the legitimate interests of hunters and of farmers. They too are an important part of the Canadian way of life. Hunting is a long and valued tradition in Canada. It is a pastime enjoyed by many Canadians and, of equal importance, it is a very significant economic activity for many regions of this country.

[Translation]

Therefore our goal must be to strengthen and safeguard our Canadian approach, which allows people to own and use a weapon only for purposes that we as a society consider to be justified. An approach that ensures a fair and reasonable control on the possession and use of firearms. An approach that provides safety standards for the use and storage of firearms throughout the country. An approach that severely punishes any criminally negligent use of firearms.

[English]

With the careful consultations now concluded, the time has arrived to act. I wish to table in the House a document which describes the approach that the federal government will take through legislation.

Let me be very clear in doing so. The process of consultation leading to legislation is now over. As I have said, we have listened and we have learned but now we will lead. We will lead with the support I hope of this House. We will continue to work with the provinces, the territories and the aboriginal communities to ensure that our proposals are implemented in the fairest manner possible.

The areas in which we will act follow the three broad categories: First, criminal sanctions for the use of firearms in crime; second, controls over firearms in private ownership; and, third, efforts to reduce firearms smuggling.

(1510)

Let me turn first to the question of criminal penalties. There is a disturbing trend particularly in urban areas toward violence with firearms. Five Canadians each week are victims of homicide by guns. The increased use of handguns in crime is particularly troubling. To strengthen the law and to provide real deterrents in sentencing we will introduce new strong penalties for 10 specific serious crimes.

Where firearms are used for robbery, attempted murder, manslaughter, sexual assault, and six other serious offences, there will be mandatory minimum penitentiary terms of four years together with a lifetime prohibition against the possession of restricted firearms.

[Translation]

Those who choose to use a firearm in such a way must know that they will surely incur severe consequences. We will also propose minimum mandatory prison sentences for the possession of a stolen firearms and the possession of handguns without

permits if they are loaded or if the owners have ready access to ammunition.

[English]

Our second theme deals with the controls over private ownership of firearms in Canada. There are two measures here. The first is our proposal to ban most handguns and a wide variety of military type weapons. The second is the proposal for a universal registration system for all firearms.

I will deal first with the banning of military type weapons and most handguns. I say at the outset that we start from the principle that only those firearms that we agree as a country are appropriate for legitimate purposes should be available for private ownership. Hunting rifles and shotguns of course are in that category.

[Translation]

But there are also several types of military and paramilitary firearms that are designed to imitate weapons used by the army and the police and are intended not for hunting or farming but for combat.

[English]

I am able to tell the House today that we will prohibit effective January 1, 1995, 21 types of such paramilitary firearms comprising more than 200 individual models. When the laws we propose are in place we will also ban, among others, the Ruger Mini-14 used in the murders at l'École polytechnique.

We will also ban the further sale of most handguns because we have determined they have no legitimate sporting purpose. Almost 60 per cent of the handguns currently registered to Canadians fall within that category, some 553,000 handguns. With respect to those handguns that remain, we will strengthen the controls over access and use and we will require their owners to prove each five years that they continue to qualify or they will lose the privilege of possession and use. We will also ban the import, the manufacture and the sale of replica firearms.

Let me turn to the subject of universal registration. We will introduce such a system for all firearms. Indeed such a system is the foundation for all three strategies that I am describing today, criminal sanctions, controls over private ownership and efforts to reduce smuggling.

[Translation]

For years, the chiefs of police and medical community in Canada have been asking the federal government to adopt such a system. They believe that such a registration system can contribute to greater public welfare without imposing excessive constraints on hunters, farmers and target shooters. Our government agrees with them.

[English]

During a reasonable period of transition a registration for all firearms will be introduced in order to identify the owners of firearms and to record all firearms they own. Registration will

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encourage compliance with safe storage requirements. It will allow police responding to emergency calls to know the firearms that are present before they arrive. It will allow police to seize all firearms owned by someone who is the subject of a prohibition order in the criminal court.

(1515)

I ask that the House not underestimate the importance of that last point, of enforcing prohibition orders in the context of domestic violence. The House must bear in mind that on average one woman every six days is shot to death in this country, almost always in the home, almost always by someone she knows. Almost all of the firearms used for that purpose are legally owned. Almost all of them are rifles and shotguns. The people who pull those triggers become criminals by that very act.

We must also not lose sight of the fact that 1,100 Canadians commit suicide with a firearm each year. Too many of them are young people who act on an impulse. We must also remember that in the years since 1970, 425 children have died because they were accidentally shot and killed in Canada.

Increased compliance with safe storage, encouraged by universal registration will make it more difficult for these young persons to get access to a firearm either in a moment of torment or by tragic accident.

Registration will also be the key to ammunition controls. Once the system is in place only those persons who are 18 years of age or over and who can produce proof of registration will be entitled to purchase ammunition.

May I pass now to the control of Canada's borders and emphasize at the outset how large a task that is. I need not tell anyone how vast the frontier is we share with the United States. In terms of preventing the illegal entry of firearms the challenge is extraordinary.

We share the border with a country where guns are readily accessible. There are 130 million border crossings a year. It is simply impossible to open every trunk and glove compartment, but there are ways in which we can and will do better.

[Translation]

Further to the vigorous measures already taken by the revenue minister, we are announcing additional strict measures today to control the importation of firearms and to reduce illegal imports and gun trafficking.

First, we will end the practice of using Canada as a transit point for deliveries of weapons to countries that would not allow their direct entry.

Second, all shipments of firearms arriving in Canada will therefore have to be accompanied with a permit issued in advance.

[English]

Third, inspections and enforcement at the borders will be enhanced.

Fourth, new criminal offences and stiff penalties for smuggling will strengthen our hand.

Fifth, every firearm entering Canada will be registered. This will allow guns that disappear from bulk shipments to be traced and will permit us to follow every firearm to the point of sale.

May I finish as I began by talking about the kind of country we want to live in. The laws we will introduce are for all of Canada. They are sensitive to the concerns and the lifestyles in both the rural and the urban environment but they are also designed to achieve a single national purpose: safety in our homes and in our streets.

It has been said that the best way to predict the future is to invent it. Today we propose a way to invent a Canadian future that will reflect the best about us and to preserve what matters most.

[Translation]

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, the Minister of Justice deceived us, fooled us, took us for a ride with the help of the Prime Minister himself. He had been promising a new gun control act for months, instead we get lip service from the minister.

In September, the minister said that he would table a bill in November and today he has the nerve to tell this House that it will be delayed until February. And we are supposed to trust him!

(1520)

We will not, Mr. Speaker. We took his word for it, but we will not be caught a second time. We no longer believe the justice minister's promises.

There is nothing before us today, but good intentions. A ministerial statement does not commit the government to anything in particular. The justice minister may very well change his mind again tomorrow morning, and we will not be any further ahead, we will be at a standstill. Since the past is an indication of the future, the minister will probably change his mind and postpone the tabling of his bill till kingdom comes.

I find it very suspicious to see the minister wriggle out of it. Obviously, even if he takes the trouble to deny it, he yielded to the gun lobby to which several of his cabinet colleagues belong. A vocal minority easily won him over in spite of his supposedly strongly held beliefs.

On September 22, the minister stated in the House that the Liberal government was "going to deal with illegal firearms in this country, toughen the criminal law in its response to those who use firearms in the commission of offences, and deal with the regulation of firearms in the hand of lawful owners in a

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manner consistent with safety in our society". When, Mr. Speaker, when?

The same day, the justice minister stated that he had spent the summer consulting with Canadians. In response to one of my questions, he said, and I quote: "I spent most of the summer consulting Canadians throughout the country and I listened to what they had to say". Either he is hard-of-hearing or he listened only to what the pro-gun lobby has to say. Apparently, nothing positive has transpired from these consultations. We are still dealing with good intentions.

Today, the minister tell us that now is the time to act. What is stopping him? It seems that action does not mean the same thing across the way as it does on our side of the House. On this side, when we say the time has come to act, it means that appropriate action is being taken and, in the present case, it should have taken the form of a gun control bill. But for the Minister of Justice, now means three months down the road, maybe.

The minister quoted disturbing statistics: "on average, one woman every six days is shot to death in this country". How many more will have died three months from now?

Does the minister need a better reason to act? He should realize that the longer he waits, the worse it is. With its action plan, the government is sitting on the fence.

Mr. Speaker, I do not know if can you hear, as I do, the noise coming from the back, but I must admit it interferes with my concentration.

The Deputy Speaker: Order, hon. colleagues. I give the floor back to the hon. member.

Mrs. Venne: Thank you, Mr. Speaker. I was saying that the government action plan is best characterized by fence-straddling. It reflects in part the position of citizens requesting gun control and gives in to the pro-gun lobby by postponing indefinitely the universal registration of firearms.

The minister has no intention of seeing universal registration implemented during his mandate. He expresses concern for the number of victims of homicides by gun, but tables no bill and puts off until 2001 the requirement for gun owners to obtain firearms certificates. They will have until the next millennium to comply with the minister's action plan.

As for firearms registration per se, owners are given until 2003 to register their firearms. How can the Minister of Justice think that he can be taken seriously when he says that the time has come to act and, in the same breath, tells us that weapons currently in circulation will not have to be registered for nearly ten years?

On the subject of penalties, the government action plan proposes a number of improvements regarding maximum sen-

tences for crimes involving the use of a firearm. The list of offenses, however, includes neither assault with a weapon nor confinement.

(1525)

The Minister of Justice also promised us tough measures on the smuggling and importation of firearms. Strangely enough, his action plan suggests stiffer penalties for owners of hunting rifles without registration cards than for those who import or own smuggled weapons.

While the hunter will be liable to a minimum sentence of one year in prison for a second offence, the smuggler may not even have to go to jail. Today, the minister tried to cover all bases of gun control, except perhaps when it comes to issuing registration cards for cannons, without biting into any of the real issues.

The Liberal government's lack of action does not take into account the realities faced by gun owners. In this regard, the regulations already in effect are inconsistent and difficult to enforce, even by police officers, who often are not familiar with them. On November 15, the minister replied to me in this House, and I quote: "We will make every effort to simplify (the regulations)". This does not seem to be among his priorities today.

Nowhere in the paper tabled by the Minister of Justice do we see an attempt at regulatory reform. The minister has failed to ensure that the existing regulations, particularly on the display, storage and transportation of firearms, are consistent and easy to enforce. These regulations are not published in an equitable manner. For example, the Minister of Justice is currently distributing among police forces throughout Canada an information booklet with different French- and English-language versions. It is this booklet I am talking about.

The inconsistency can be found in the chapter on the transportation of restricted weapons. Francophone and anglophone readers do not have to transport the weapon in the same way to conform to the regulations. In fact, the English-language version specifies that restricted weapons must be locked and stored individually, while the French-language version stipulates that these weapons only have to be stored individually. Does the minister promise to withdraw this misleading booklet from circulation?

The Minister of Justice is quite aware of the investigation conducted this month in Montreal by coroner Anne-Marie David. For his information, some 20 witnesses representing various organizations told coroner David how inconsistent and confusing these regulations are. Their lack of clarity leaves room for interpretation and its attendant dangers. In addition to promising new measures attempting to plug all the holes, he should have revised the faulty regulations already in effect.

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[English]

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, the creation of gun control legislation in a democracy places an obligation upon the government to balance the right of the individual to own property, in this case firearms, with the responsibility of the state to protect members of society from the dangerous or illegal use of firearms.

Like many Canadians, Reform members support gun control legislation based on common sense. In fact we fully support any and all gun regulations that will enhance public safety by reducing the criminal use of firearms. However, the onus is on the Minister of Justice to prove to us and to Canadians that current regulations have reduced the criminal use of firearms and that his proposed restrictions will be successful in this regard before we support the final product.

In his 1993 report the Auditor General of Canada expressed some concern about the effectiveness of Bill C-17. He questioned the motivating factor behind it, concluding that Kim Campbell proceeded for reasons of public policy and without a statistical base.

The Auditor General stated: "Our review of the new regulations indicated that important data needed to assess the potential benefits and future effectiveness of the regulations were not available at the time the regulations were drafted. Because of this, we believe it is important that the measures chosen by the government be evaluated at the earliest opportunity".

(1530)

Although we had asked the minister whether he had taken the advice of the Auditor General we never were quite sure of the answer until today. Given the proposals the Minister of Justice has introduced, I suspect he may have ignored the recommendations of the Auditor General and proceeded to implement his own agenda for gun control.

In November of last year the minister stated that only police officers and the military should have guns. In respect to the minister he has clarified that remark to me since. Nevertheless, I see this sentiment still reflected in some of the proposals presented today.

The minister has proposed the banning of certain handguns from society without statistical justification for doing so. He is saying to law-abiding Canadians that if you do not use your handgun the government will take it away from you. I think this is wrong and we will stand opposed to this if it appears in the final legislation.

The minister has introduced mandatory minimum sentences of four years in prison in addition to a lifetime prohibition against the possession of a restricted weapon when committing any of the ten specific violent offences with a firearm. He has introduced a new mandatory minimum jail sentence for posses-

sion of a stolen firearm and possession of a loaded restricted weapon without a permit. The use of imitation or replica firearms in the commission of an offence will draw a minimum mandatory sentence of one year in jail under section 85 of the Criminal Code.

It is good to see that the efforts of the Reform members have not gone unnoticed by the justice minister. It is indeed encouraging to see the Minister of Justice following our lead.

On June 15 private member's Bill C-260 of my colleague from Surrey—White Rock—South Langley was read for the first time in the House. That bill expands the present offence of using a firearm in the commission of an offence by including replica firearms. It also increases the penalty for a first offence from one to fourteen years to five to fourteen years and for a second offence from three to fourteen years to ten years to life.

That same bill establishes the theft of a firearm as a new offence with a penalty of three to fourteen years. It also creates a new offence for the unlawful importation of a firearm for the purpose of selling it or using it in the commission of an offence. This offence would carry a penalty of three to fourteen years.

Finally, a person who sells a firearm other than by the process proscribed by law would be deemed to have aided in an offence later committed by the purchaser of the weapon.

Reform's position on justice has been very clear and consistent from the start. We firmly believe that the justice system should provide for harsh punishment as a deterrent for committing crimes and for just punishments once a crime has been committed.

The minister's position with regard to deterrence is however questionable. In debates on the Young Offenders Act, the minister has stated that he does not believe harsher penalties to be a deterrent to preventing youth crime. It seemed he had to be pushed to raise the maximum penalty for murder from five to ten years. This was the only area under the Young Offenders Act where the penalties were increased to any substantial degree.

Therefore, I place this on the record. The justice minister has been inconsistent in his support of a deterrent principle in criminal justice.

As well as supporting the criminal sanctions created by this proposed legislation, we also support the efforts of the government in regard to smuggling and the stiffer penalties created for illegally importing and trafficking firearms. However, we will remain sceptical about whether or not the government will be successful in catching gun smugglers.

To date, the government has not been successful in catching drug and alcohol smugglers. In fact there has been an increase in smuggling activity in this country which I have reason to believe in some cases is a result of the prohibitively high taxes and prices found in Canada.

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The only way the government was able to stop the proliferation of tobacco smuggling into this country was to reduce the taxes, thereby making it an inexpensive item that was not as lucrative on the black market. In other words, it was not able to deal with the criminals who were involved in that illegal trade. It simply reduced the taxes on cigarettes and was able to reduce the smuggling by using that means.

We also have some concerns regarding whether the border controls will be effective, given that Bill C-34 has granted the Yukon Nation self-government. From statements the Minister of Justice made on October 4 while in Yukon, we have reason to believe that special legislation may be granted to reserves.

(1535)

Since a number of reserves are on the Canada-U.S. border and the minister of revenue has stated that the U.S. is awash with weapons, how does the minister propose to deal with smuggling and black market activities that is already so prevalent on reserves adjacent to the international boundary? In this regard the proposals of the Minister of Justice do not go far enough and we have some concerns in this area. What use are the penalties on border controls if there are other areas that may be left wide open?

Reform does not believe in tinkering and amending only parts of the system. We believe in full reforms which are aimed at the total picture, not just one small aspect of the problem. This is true with our policies on immigration, deficit cutting, social policy reform, and other matters.

I now turn to the area which poses the greatest concern to me, my colleagues and constituents and that is the registration of shotguns and rifles.

A confidential report commissioned by the research section of the Department of Justice clearly points out the defects in the current handgun registration system. In fact it identifies approximately 30 problems with the registration system. The system has been in place for 60 years and it has failed to work. I cannot see how the minister can justify extending this failed system. How can he honestly tell Canadians it will reduce the criminal use of firearms when the criminal use of handguns has been on the increase?

The statistical justification for the registration of rifles and shotguns has not been made available to us in these proposals. How can we and how can Canadians in the absence of such information be confident that universal registration will in fact reduce the criminal use of firearms and thereby make society safer? We cannot.

We cannot afford ineffective legislation, particularly in the area of criminal justice. We must have sound and proven controls in place that ensure public safety.

On the banning of handguns, where is the information and where are the statistics that the Minister of Justice used to justify such a draconian measure?

It has been proven by various sources that gun controls do not prevent criminals from getting firearms on the black market. They do however make it more profitable for individuals to deal in the black market of these items. Repeatedly governments in this country have learned that prohibitive or restrictive measures lead to an underground market where people thrive on the challenge of obtaining something illegal and where ruthless entrepreneurs profit tremendously.

We witnessed this years ago with the prohibition of liquor and we have seen it for years with the trafficking of cocaine, speed, marijuana and other narcotics into our country. Guns are not immune from the underground economy. In fact trade in that market has not been diminished but rather enhanced by government action.

I observe the minister has outlawed hand-held crossbows and the registration of other crossbows has been put into place through these proposals. What is the justification for this? Does this not indicate an unrealistic degree of fear or apprehension underlying this legislation? I think it does. More murders are committed with knives than with handguns. Are we to see the justice minister move to the registration of these weapons?

We look forward in the coming months to the minister tabling the legislation. We assure him and the people of Canada that we will support legislation that is aimed at the criminal activity involving firearms. The case for such action has been evident far too long in this country. However, we will be closely scrutinizing that legislation which is a further encroachment upon the rights of law-abiding Canadians.

In closing I would like to quote from a letter written to me by a loyal and dedicated Canadian. He stated: "The people of Canada will not accept the suppression of our rights and freedoms by criminals and they will not accept the suppression of those same rights and freedoms by our government".

* * *

(1540)

CANADA-JAPAN INTERPARLIAMENTARY GROUP

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, pursuant to Standing Order 34(1), I have the honour to present in both official languages the report of the Canadian delegation to the fifth annual meeting of the Canada-Japan Interparliamentary Group which was held in Vancouver from October 15 to 18, 1994.

The agenda at Canada-Japan meetings is always extensive and wide ranging. The Vancouver meeting was no exception. The delegates dealt with bilateral topics such as trade and the

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political situations in Japan and Canada. On the multilateral front reform of the United Nations peacekeeping operations and the environment dominated the discussions.

The range and depth of the discussions that took place in Vancouver went a long way in allowing Japanese and Canadian parliamentarians to better understand the issues. The opportunity to put forth the Canadian viewpoint was critical and the Canadian viewpoint was effectively expressed.

* * *

[Translation]

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, I have the honour to present the sixth report of the Standing Committee on Public Accounts.

The report tabled today in this House concerns program evaluation. In his annual report for 1993, the Auditor General reviews program evaluation in the federal government.

After spending two meetings hearing witnesses, the public accounts committee is convinced of the need to publish an annual performance report on program evaluation.

The committee therefore recommends that Treasury Board Secretariat produce a report on the departments' performance with respect to evaluation no later than October 31, 1995 and annually thereafter.

Several other recommendations are also in this report. Pursuant to Standing Order 109, the committee asks the government to table a comprehensive response to this report.

* * *

[English]

PETITIONS

FIREARMS

Mr. John Cummins (Delta, Ref.): Mr. Speaker, pursuant to Standing Order 36, I have the honour to present a petition which states in part that the justice minister is proposing anti-firearms legislation that will do virtually nothing to reduce violent crime but will severely restrict the rights and freedoms of millions of innocent firearms owners, contrary to the very principles of justice upon which this great country of ours is based. The petitioners insist that he bring forth legislation to convict and punish criminals rather than persecute the innocent.

HUMAN RIGHTS

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, on behalf of approximately 300 petitioners from in and around the city of Calgary living in the Wild Rose riding, I present this petition today.

The petitioners pray and request 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 prohibitive grounds of discrimination the undefined phrase, sexual orientation.

SMALL BUSINESS

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, in this petition the petitioners point out that there is now easier and greater access to capital for small and medium sized businesses. They point out however that there needs to be more done to remove red tape and impediments to business. They underline as well that the GST is cumbersome and costly to business. They note the government is currently studying options to replace the goods and services tax. They want the government to consider the needs of business as it goes forward with the various options.

HUMAN RIGHTS

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, I have three petitions from the Carleton—Charlotte riding to be presented today. They are signed by many citizens from such areas as St. Stephen, St. Andrews, Moores Mills, St. George, Rolling Dam, Back Bay, Deer Island, Pennfield, Blacks Harbour, Beaver Harbour, Mace's Bay, McAdam, Harvey, Grand Manan, Dipper Harbour and Bonny River.

I am certainly pleased to present the first petition regarding societal approval of same sex relationships. The petitioners encourage the Parliament of Canada not to take any action that might be deemed as approval for same sex relationships. The petition is signed by 313 citizens.

(1545)

RIGHTS OF THE UNBORN

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, the second petition is signed by some 312 citizens residing in the same areas I previously noted.

They would like Parliament and all members to extend protection to the unborn child by amending the Criminal Code to extend the same protection enjoyed by born human beings to unborn human beings.

They petition the House of Commons to take action.

ASSISTED SUICIDE AND EUTHANASIA

Mr. Harold Culbert (Carleton—Charlotte, Lib.): The third and final petition, Mr. Speaker, is signed by 307 persons in the same areas. They request that the House ensures that the present provisions of the Criminal Code prohibiting assisted suicide be enforced and that Parliament makes no changes in support of euthanasia.

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The petitions have all been duly checked by the clerk of petitions and I am pleased to present them to the House.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, it is my pleasure today to present to Parliament a petition signed by constituents in the riding of Red Deer.

These citizens express their sentiments and great concern with respect to the aiding or abetting of suicide or active or passive euthanasia.

Therefore the petitioners humbly pray and request that Parliament ensures the present provisions of the Criminal Code of Canada prohibiting assisted suicide be enforced and that Parliament makes no changes in the law which would sanction or allow the aiding or abetting of suicide or active or passive euthanasia.

YOUNG OFFENDERS ACT

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I am pleased to present to Parliament today two different petitions from residents of my constituency.

First, the Union of B.C. Municipalities urgently requests the federal government to amend the Young Offenders Act to strengthen sentencing provisions for young offenders who commit serious crimes. I concur with the petition.

RIGHTS OF THE UNBORN

Mr. Randy White (Fraser Valley West, Ref.): The second petition prays that Parliament act immediately to extend protection to the unborn child by amending the Criminal Code to extend the same protection enjoyed by born human beings to unborn human beings.

SERIAL KILLER CARDS

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, it is my pleasure to present a petition with well over 1,000 names from residents right across Ontario who support Mrs. Mahaffy's efforts to have serial killer cards seized at the border.

The petitions were started well before the justice committee tabled its report to have the obscenity code amended to reflect these changes.

GUN CONTROL

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, pursuant to Standing Order 36 it is my duty and honour to rise in the House to present a petition, duly certified by the clerk of petitions, on behalf of 198 concerned citizens throughout British Columbia.

The petitioners humbly pray and call upon Parliament to refuse the government's proposed anti-firearms legislation and introduce legislation to convict and punish criminals rather than persecute the innocent.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, my constituents from Okanagan—Similkameen—

Merritt call on Parliament to reject any proposals which might add to the existing regulatory restrictions regarding firearms; to respect the integrity of law-abiding, responsible firearms owners; to cause the Government of Canada to take such measures as are necessary to provide for strict enforcement of existing statutes governing the use of firearms in the commission of a criminal offence, with particular emphasis on the rigorous use of section 85 of the Criminal Code; and to provide strict sentencing guidelines and mandatory sentences for anyone convicted of the use or possession of a firearm in the commission of a crime in which violence is threatened or actually used.

I concur with my petitioners.

OFFICIAL LANGUAGES

Mr. David Chatters (Athabasca, Ref.): Mr. Speaker, in accordance with Standing Order 36 I would like to present a petition signed by residents of the district of High Prairie in my riding of Athabasca.

The petition requests a referendum of the people binding upon Parliament to accept or reject two official languages, English and French, for the government and the people of Canada, the acceptance or rejection of the proposed amendments to be determined by a majority vote of the total votes cast in the whole of Canada, together with a majority vote in the majority of the provinces and with the territories being given the status of one province.

I present the petition and support the petitioners.

* * *

(1550)

QUESTIONS ON THE ORDER PAPER

Ms. Hedy Fry (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Deputy Speaker: Shall all questions be allowed to stand?

Some hon. members: Agreed.

Mr. Cummins: Mr. Speaker, I rise on a point of order. On September 28, I directed a question to the Minister of Fisheries and Oceans concerning the possible conflict of interest of members appointed to the Fraser River Sockeye Public Review Board.

The board has started public hearings and I have yet to receive a reply. Questions have been raised about the suitability of certain board members. I believe the public and Parliament have a right to know about the relationship of the appointees to the Department of Fisheries and Oceans before the inquiry proceeds much further.

My question deserves an immediate answer.

*Government Orders***MOTIONS FOR PAPERS**

Ms. Hedy Fry (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

The Deputy Speaker: The point of order raised by the hon. member for Delta had to do with questions. I assume the parliamentary secretary, who does not usually do this, will take it as representation and will try to speed the matter up.

Shall the remaining notices of motions be allowed to stand?

Some hon. members: Agreed.

The Deputy Speaker: Before recognizing the leader of the Reform Party I should indicate that pursuant to Standing Order 33(2) because of the ministerial statement Government Orders will be extended by 35 minutes today.

GOVERNMENT ORDERS

[*English*]

BUDGETARY POLICY

The House resumed from November 28 consideration of the motion.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, I rise today to participate in the debate with three purposes in mind: first, to hold the federal government accountable for its management of public finances over the last year; second, to put forward constructive alternatives where the performance of the government has been weak or inadequate; and, third, by accomplishing these first two things to endeavour to assist the finance committee and the finance minister in the preparation of the 1995-96 budget.

The focus I would like to make is on five major deficiencies in the government's fiscal performance, all of which have negative consequences for the economy and, second, to make some recommendations for remedying those deficiencies.

The first deficiency pertains to the inadequacy of the government's deficit reduction targets. The government's target to date has been to reduce the deficit to 3 per cent of GDP in three years. The target is simply inadequate. It is too modest. The business community says that it is inadequate. The money markets say that it is inadequate. Just this week the IMF said in no uncertain terms that it is inadequate.

Why is it inadequate? It is inadequate because it does not get the job done, because it permits the government to add over \$155 billion to the federal debt over the next two years, because it does not stop the erosion of social programs, because it creates

upward pressure on taxes, because it fails to stimulate private sector confidence thereby retarding job creation.

Most important, the 3 per cent of GDP target is inadequate because it will not eliminate the deficit during the current upward swing in the business cycle. When the business cycle turns down, the deficit will not have been eliminated and it will be infinitely more difficult to make the spending cuts required under those conditions.

In other words, the government will have missed its window of opportunity for deficit reduction just as the Mulroney government missed its window in 1984-85. The reality is that the government's deficit reduction target is totally inadequate and our recommendation is that the government set a fiscally responsible deficit target soon. That target should be to aim to reduce the deficit to zero by the end of this Parliament.

The second deficiency is the inadequacy of the government's grasp of the real costs and benefits of social spending. Over 50 per cent of total federal government's spending is now spent in the social areas. Yet the Auditor General has pointed out that this is the area where the federal government has the poorest grasp of the actual cost of what it is doing and the values received.

(1555)

If the auditors of a resource company that had over 50 per cent of its business in the oil and gas development area were to issue a statement saying that the company's accounting was defective with respect to both costing and values received in the principal area of its business, the stock of such a company would be driven through the floor.

This is, however, the great weakness of the discussion paper produced by the Minister of Human Resources Development: insufficient and inadequate data on the real costs of social programs and values received and virtually no data on the costs and benefits of alternative social programs proposed.

Professed social concern without fiscal responsibility makes a mockery of social service. In the 1990s the politician who is genuinely concerned about the well-being of the young, the old, the sick, the poor or the unemployed will ensure that the programs upon which those people are dependent are financially sustainable. The old style Liberal politician who fails to ensure that will do more to damage the people dependent on those programs than the most hard headed fiscal conservative.

Our recommendation in this area is to bring the Minister of Human Resources Development, the Minister of Health and the Minister of Canadian Heritage before the finance committee of the House and to grill them on the costs of their existing programs and proposed alternatives; to have that committee ask them the hard questions that they never ask themselves and are

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rarely asked by their own officials; to have them answer those questions before they run the Canada pension plan into the ground, before they run medicare into the ground and before they run the Canada assistance plan into the ground; and to ask them those questions until they learn the meaning of fiscal responsibility in the 1990s.

The third deficiency concerns the insufficiency of the government's spending reduction proposals. In October the finance minister made a sobering presentation to the finance committee and the public, saying that he could not meet even his soft deficit reduction targets without cutting an additional \$6 billion to \$9 billion in spending. The minister presented no list of spending cuts. The minister was coy and he asked the committee and the public to provide that list for him.

Members of the business community have since presented such lists to the finance committee. Last week Reform members of the finance committee provided it with a detailed specific list of \$10 billion in spending cuts outside major social spending areas.

During the same period of time, however, various parliamentary committees have been treated to the spectacle of ministers—the Minister of Foreign Affairs, the Minister of Canadian Heritage, the Secretary of State for Multiculturalism and heads of agencies like the CBC—endeavouring to protect and defend high levels of spending and high levels of overspending rather than putting forward responsible proposals for spending reduction, which is what the finance minister asked for. In other words they just do not get it. They are not listening to the finance minister. They are part of the problem, not part of the solution.

Reform members of the finance committee have provided that committee and the minister with a \$10 billion spending reduction list. We challenged the committee to endorse it and to implement it. If we cannot persuade the government or Bloc members to support our list, perhaps we can stimulate their imagination to produce their own spending reduction list.

I ask Liberal members to put themselves in the place of the finance minister and pretend they have just received a call from their fiscal agent that the money markets are rejecting a major Canadian government bond issue. The Government of New Zealand once got such a call. The Government of Sweden got a call like that a little while ago. What then?

They would have to reduce spending overnight. Where would they make the cuts? They would have to produce the list. There would be no other alternative. We are saying produce the list now while there is time to buy time.

I ask the Bloc members to imagine themselves as finance minister of Quebec, the most highly taxed jurisdiction in North America, or soon to be.

(1600)

They have just received a call from their fiscal agent saying that the latest Quebec bond issue cannot be sold. It has been rejected by the market. They cannot borrow any more. Quebec Hydro cannot borrow any more. What then? It would have to reduce its spending overnight. It would have to produce the list. We are saying why not produce the list now while there is time to make a difference.

The fourth deficiency: The incapacity of the government to estimate the employment impacts of either government overspending or deficit reduction. For 30 years the federal government has operated on the assumption that government spending and overspending is a stimulus to economic growth and job creation. It is finally discovering the falsity of that assumption. The finance minister acknowledged this in his grey paper.

If government spending and government overspending could indefinitely stimulate an economy and job creation, Canada would have the highest economic growth rate and the lowest unemployment rate of any country in the G-7. However, Canada has over one million people unemployed. The premise that government overspending creates jobs is false, particularly when you are overspending at high debt levels and high taxation levels.

Increased government spending and the increased taxation that goes along with that kills private sector job creation, particularly under those conditions. The policy models and the econometric models used by the government do not measure this. It is infected with the Keynesian virus that ignores the negative effects of government overspending and underestimates the positive employment effects of deficit reduction.

The premise that deficit reduction, particularly deficit reduction that leads to tax relief, is a powerful economic stimulus to the private sector is not built into the equations of those models. In effect we are flying blind when it comes to estimating the negative employment effects of government overspending and the positive employment effects of deficit reduction.

The finance minister is flying blind, the finance department is flying blind, the finance committee is flying blind and the Bank of Canada is flying blind on both of those issues.

Recommendation: That the finance department, with the assistance of the finance committee of the House and the Bank of Canada, issue a request for proposals for a new econometric model that accurately reflects the employment impacts of government overspending and deficit reduction. The finance department and the Bank of Canada need a new compass to chart their way through the years ahead and they should order that now.

The fifth deficiency: The unwillingness of the government to explicitly recognize the connection between the management of

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federal finances and the management of the national unity issue. One of the principal arguments that separatists will make against the federal system is that the federal government systematically mismanages its finances and then tries to offload its mistakes and its debts on to the provinces.

The current size of the federal debt, the current size of the federal deficit, the current federal tax burden and the decline of federal-provincial transfers will all be offered as evidence in support of this thesis. These arguments will be made by separatists in Quebec despite the evidence shown every day in this House that most members of the Bloc do not have the foggiest notion how to balance a budget either federal or provincial.

Two recommendations, one general and one specific. If the finance minister and the government cannot be persuaded to redouble their efforts to eliminate the deficit in the name of fiscal responsibility, if the finance minister and the government cannot be persuaded to redouble their efforts to reduce the deficit in the name of social responsibility to preserve the financial underpinnings of the social service safety net, perhaps they could still be persuaded to redouble their efforts to eliminate the deficit in the name of national unity, to demonstrate that the federal government can balance its books thereby refuting separatist claims that it cannot or will not.

More specifically, before the national unity debate begins in earnest, federalism versus separatism, the finance committee should also make a specific recommendation to bolster the confidence of investors and lenders in the Canadian dollar and the securities of Canadian governments.

(1605)

They should recommend that the finance minister, the Governor of the Bank of Canada, and all 10 provincial finance ministers, including the finance minister of Quebec, make a solemn public declaration that it is their intention to honour all the debt obligations of their respective governments regardless of the outcome of the federalist sovereignty debate or referendum. Such a declaration would be in the interests of all governments and the interests of all taxpayers no matter where they live in the country.

In conclusion, I have identified five major deficiencies in the government's management of the fiscal affairs of this country, deficiencies that have a major impact on economic performance. These are not insignificant things: the weakness of the deficit reduction target, the inadequacy of the government's data on real costs of social spending and values received, the inadequacy of the government's spending reduction proposals, its inability to measure the employment impacts of either government overspending or deficit reduction, and its unwillingness to recognize the connection between the federal deficit issue and the national unity issue.

On the positive side, I have made six major recommendations which I sincerely hope the finance committee, the finance minister and the government will take to heart: one, set the deficit reduction target at zero deficit by the end of this Parliament; two, drag the human resources minister, the health minister, and other soft headed ministers before the finance committee and grill them until they understand the meaning of fiscal responsibility in the 1990s; three, adopt the Reform Party's list of \$10 billion in specific spending cuts in non-social areas or produce an equally specific alternative; four, issue a request for proposals for an econometric model that will actually reflect the employment impacts of both government overspending and deficit reduction; five, urge the finance minister and the government to redouble their efforts to eliminate the deficit not only in the names of fiscal and social responsibility but also for the sake of national unity; six, recommend that Canada's finance ministers and the Governor of the Bank of Canada issue a solemn declaration of their intent to honour the debt obligations of their respective governments regardless of the outcome of any federalist-sovereignist debate or referendum in 1995.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Thank you, Mr. Speaker, for this opportunity to direct some questions and comments to the leader of the Reform Party.

I listened carefully to what the leader of Reform Party had to say. In fact, I always listen very carefully to what Reform members have to say, and there are two points I would like to make. My first point is that the leader of the Reform Party does not have the foggiest idea of what is happening today in Quebec, of what is shaping and promoting the sovereignist option in Quebec to make a country out of the land we cherish. It is not because of poor management by the federal government. It is, first and foremost, about choosing the kind of society and country we want, and above all, it is about getting out of a system that is impervious to reform, a system that is doomed.

I think the Reform Party is accelerating the process in Canada, because last week they proposed cuts to all the symbols that are a source of pride for Canadians. I do not feel more Canadian than the Reform Party, but I think they lack vision.

They brag about proposing \$10 billion in cuts, but just look where they want to make those cuts! It is so vicious and shortsighted, for instance, to suggest cutting and slashing and even destroying the CBC, as well as everything connected with the language, culture, development and international presence of the country they claim to defend. They want to save \$10 billion by destroying the very foundations of what they claim to defend. This is odd, to say the least.

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(1610)

About a month and a half ago, we in the Bloc Québécois presented proposals that would raise between fifteen to twenty million dollars. Mr. Speaker, consider the difference between our approach and theirs. Consider that \$8 billion worth of unpaid revenue is out there, \$8 billion owed to the federal government, a point that was raised in the Auditor General's report last week. They are not talking about going after those \$8 billion worth of unpaid revenue and taxes, and do you know why? Because most of those accounts receivable are big accounts, people with very high incomes who owe money to the federal government and who can count on the right incarnate on our left—I know it sounds peculiar—to defend them with blind dedication. They know these people will defend them practically to their dying breath. They are not interested in those \$8 billion because these are their pals out West.

They also ignored the fact that \$1.5 billion could be cut in the National Defence budget, as we suggested. They did not even consider what the Auditor General had to say about wasteful spending at National Defence. Why? Again, probably because they have some friends there, so they will not admit there is any wasteful spending in the Public Service and at the Department of National Defence.

They did not take a look either—guess where, Mr. Speaker? At the tax treatment of corporations. They do not want to touch it. Why? Because they are so dogmatic. As far as the Reform Party is concerned, these big corporations can do no wrong.

I suppose if they are prepared to say it is morally right—they are very keen on morality—to have a classified ad in the newspaper that says “unused federal tax deduction for sale”, and accept that, they will not look at the tax treatment of corporations, which I think is disgraceful. They have no social conscience and do not have the foggiest notion of what Canada is all about.

They approve of an outrageous family trust system which defers for 80 years taxes payable on capital belonging to the wealthiest in this country, and there again, I think they lack a sense of morality and they lack vision.

For all these reasons, I think it is disgraceful that Reform Party members set themselves up as great reformers. It looks more like they are out to destroy the country they claim to defend. We are anxious to get out of this country because we are sick and tired of these dogmatic speeches.

[*English*]

Mr. Manning: Mr. Speaker, I thank the member for his comments. Let me respond on two fronts. I believe the member's comments demonstrate exactly what I was saying, that with all due respect the Bloc members do not have the foggiest notion as to how to balance a budget.

With respect to unpaid taxes, we could collect all the unpaid taxes referred to in the Auditor General's report, the \$5 billion to \$6 billion, every one of them, and we would not even help the finance minister to get up to his soft target. He needs \$6 billion to \$9 billion.

This idea that they can tax our way out of the problem we are in, either in Canada as a whole or in Quebec, is completely fallacious. Any government that attempts to do that will turn itself into the most highly taxed jurisdiction in Canada. If they followed their advice they would end up having the most highly taxed jurisdiction in Canada.

On the second point, that Reform goes after all the things that people hold dear, the \$10 billion in spending reductions that we advocated in front of the finance committee are outside the social area. That is one of the reasons for focusing there first. Second, I challenge this whole thesis. It has been people who said: “Don't reduce your spending because all these things are sacred” in many other countries that have helped destroy those very things they said were sacred. They let the debt get higher and they let the interest on the debt get higher until it eroded every social service they considered important.

My point, and I conclude with this, is that to demonstrate social concern today is not to use the rhetoric of the 1930s that we need more social programs. It is to come up with ways of making essential social services financially sustainable. That is the social conscience of the 1990s.

Mr. Mac Harb (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, I cannot believe what I hear from the Reform Party leader. I want to ask him a specific question and I would like to get a specific answer. If he does not have it today he can table it some time soon in the House. Over and over again during the campaign the Reform Party told Canadians it would balance the budget in three years.

(1615)

I want the hon. member to give me the specific programs that would be cut, the specific initiatives that would be undertaken, item by item, and table them in the House before the end of the week. Then we will see how they will eliminate the deficit in three years.

Mr. Manning: Mr. Speaker, we have done this over and over again for two years. We have tabled this already. We have tabled the Reform Party zero in three program for reducing the deficit. Now we are in the process of updating it, using the minister's latest figures. The first phase was the \$10 billion in detailed, specific cuts that were laid before the finance committee last week.

The problem is not getting the list. The problem is finding a government with the political will to implement it.

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Ms. Catterall: Mr. Speaker, a point of order. I wish to advise the Speaker and the House that from this point on government members will be dividing their time, 10 minutes each.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, a brief question for the hon. member. He said in his statement that the government has not taken into account the impact of deficit financing on jobs, et cetera.

Does the member not agree that the impact on the Canadian economy of slashing the deficit at such a pace would drive Canada into a worse recession than we have just come out of and would create even more hardship on the Canadian economy?

Mr. Manning: Mr. Speaker, the thesis that balancing the government budget in that three year period would create recession is a view that was in vogue 30 years ago if you subscribe to Keynesian economics. In our view it does not operate today.

The reason it does not operate is because at our levels of debt and taxation, a dollar left in the hands of a taxpayer, a lender or investor today is more productive than that dollar in the hands of a politician or a bureaucrat. That is the 1990s economics.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I am very honoured to take part in the debate on Canada's budgetary process.

It is important to spend a little time trying to realize how we got to where we are. Studying the history of where we are and how we got here may allow us to reach a conclusion on how to get back out. We got here by getting on what I call the STB formula for disaster, which is basically spend, tax and borrow.

The concept of spend, tax and borrow has caused a ratcheting effect, constantly spiralling interest rates with the debt expanding and growing ever faster. It is very much like a mortgage where you never pay the interest. It just keeps getting bigger and bigger until we get to the point where we cannot pay it off. That is what we have done.

We started back in 1982, just to use a very short period of time to reflect on. From 1982 until 1992 federal government spending increased from \$67 billion to \$141 billion, a 210 per cent increase. Governments have become insatiable spenders. We have been sold on the idea that somehow we can continue to enjoy services without paying for them.

It is partially the fruition of the baby boom generation. Some of this is psychological. The baby boomers believed they could continue to consume without paying. Politicians told us this was possible and we wanted to believe it.

The exasperating formula of STB is also partially related to the fact that there is no division of these powers within government. In other words, the power to spend, the power to tax, the power to borrow is all in the same hands. Some people have

suggested that we should have a special commission, one that simply collects taxes so that governments would have to match their spending to the taxes that were available, rather than the other way around.

(1620)

In addition to the spending we also started building up a huge civil service. Currently 6.5 per cent of our labour force, 866,000 people, is employed by government. We seem to have growth for the sake of growth.

In most of these areas we did not actually add any productivity into the economy. In spite of the fact we were told we could do this for free, taxes slowly started rising. Many people in the House have complained about the complexity of our tax system. They search for some kind of new Utopia, a flat tax, a simple tax. To me that is a recognition of not knowing why the tax system is what it is and how it got to where it is.

The tax system is designed to extract the maximum amount of money out of the pockets and purses of the people of Canada. It gets more and more intuitive and more and more inventive as our insatiable desire for more taxes increases. A simplistic tax system is very easy but it may allow the escape of some moneys in the system.

For instance, even in the Income Tax Act there is an anti-avoidance section, which simply says in layman's terms that if we cannot catch you somewhere else in here, we are going to catch you anyway; we can override the income tax system. I often thought that we should call the GST or a new value added tax the value added cumulative user utility method or vacuum tax which is basically what we want to do. We can put a vacuum into everyone's house and suck every last cent out of it.

Not happy enough to increase our spending, to increase our taxation levels to the point where people did not have any disposable income, we then started borrowing. First we started borrowing from ourselves. The baby boomer generation borrowed from its predecessors who knew how to save, who had gone through the depression and had great savings. Canadians were the second highest savers in the world. Even so, we outstripped that. We used all their savings.

Then we started borrowing from foreigners. We started borrowing from people in the United States. We started borrowing from people in Japan. Currently 44 per cent of our gross domestic product is accounted for in foreign borrowing. Twenty-five per cent of our total outstanding debt is owed to people outside the country.

This creates an additional problem. We have to keep getting investment money into the country so that we can earn foreign exchange reserves to pay the interest. We are caught in a constant ratcheting spiral.

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Where are we today? People talk about continuing to spend. We have curtailed some of our spending. We have discovered that some of the benefits in our current governmental system are really earned by people going back to work, causing upward changes in our revenue and a downward push on the UI account. The reality is we continue to spend. Worse than that we continue to tax.

I have some interesting statistics on the average Canadian family that earns \$57,696 in 1994. Here is the bill: social securities, unemployment insurance, Canada pension plan and medical taxes, \$5,011; gas taxes, vehicle licences, \$926; liquor, entertainment taxes, \$1,274; property taxes, \$2,041; federal and provincial sales taxes, \$4,284; other taxes such as import duties, \$2,630; income taxes, \$11,037; total, \$27,203 which is almost 50 per cent of what it earns.

During the recession this got worse. Suddenly some lost their jobs and half the income went out the window. The Auditor General reports that he is concerned about the over \$6 billion in arrears of income taxes. What I cannot understand is why it is so low. The reality is that when people could not put food on their tables they stopped paying their income taxes. We only left a small pittance for these people to pay their mortgages, feed and cloth themselves and still we continue to borrow.

(1625)

Some of our smarter people started thinking: "Wouldn't another country be better to live in?". Some people think we can continue to tax. People earning over \$250,000 pay a 53 per cent marginal rate of tax. In the United States it is 32 per cent. In the United Kingdom it is 42 per cent. Suddenly people start thinking: "Let's get out of here. There are better places to live".

We talk about assisting small and medium sized businesses but in reality the federal government crowds out the capital markets. People cannot borrow. Why loan money to Joe's auto body up the street when you can get a mortgage on all the people of Canada?

The federal government, in trying to resist spiralling interest rates, started shortening the length of its debt instruments. Currently the federal government debt is out to four and a half years. That is the equivalent of refinancing your mortgage 25 per cent every year. What does it mean? It creates all kinds of volatility. What if some day somebody does not want to lend you any money? That is exactly what is happening. People are starting to look at Canada and wonder about our insatiable appetite for spending. They start debating whether they should lend to us at all. They certainly start pushing up the interest rates and for a short term period of time.

In September in the private sector there was the greatest conversion of Canadian denominated bonds in two years; \$1.9

billion was converted into foreign currency away from the Canadian market.

Where do we want to go? We want to get the ratchet working the other way. We must look back at these three aspects of spending, taxing and borrowing, and reverse the process. We must cut spending but we have to be very judicious as to how we do it.

Public sector unions are trying to maintain their existing wage structure. The reality is that the public sector unions in all segments of their employment are paid 20 per cent higher than all private sector wages.

We have a guild system in our transportation network. These are things from the past, from history. We cannot afford to continue. Everybody, whether it is labour, business or government has to be part of the solution. Everybody has to realize that they have to accept less to make the country whole again.

As well as the Reform Party, I have made some suggestions. We should roll back RRSPs from \$12,500 to \$7,500. This would save the government half a billion dollars a year.

On the question of international aid, I do not think it is a matter of being mean. It is a matter of doing what we can afford as a country. Canada's foreign aid is twice as high as that of the United Kingdom as a percentage of our gross domestic product, twice as high as the United States, and a third higher than Australia. We simply cannot afford that degree of spending. By cutting foreign aid by half so it is consistent with all these other countries would save a billion dollars.

We have to restructure our social programs. This is not to take money from the people who need it, it is to make those systems work more efficiently. We are not eliminating them but we are trying to cut those areas of abuse from the system. Over \$3 billion could be saved in this area.

Money could be saved in the area of the CPP. We could make it more efficient by being more efficient in collection methodology. That would save a quarter of a billion dollars.

We need a further cut of \$2 billion in defence spending. By cutting the funding of cultural and advocacy groups a small amount of money, \$.01 billion could be saved. Agricultural subsidies are another area that we are going to have to cut. We just cannot afford it, a billion dollars.

I looked at civil service wage reductions. How we are going to get them, I do not know, but the bottom line is savings of \$3.6 billion. We can make our prison system more efficient by making it more income sensitive, saving half a billion dollars. By restructuring of our transportation industry, another half billion dollars can be saved. That is \$12.36 billion.

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(1630)

I also estimate that a reduction of that magnitude will actually lower interest rates in Canada by 2 per cent. This will reduce interest on the federal government debt by a further \$12 billion. That is a \$25 billion reduction. These things are possible. These things are necessary. We have to do this and we have to get on with it.

In conclusion, regardless of whether they are in the labour movement or in business all people in Canada realize we have to address this problem. This country can no longer continue on the road to wrack and ruin. We can no longer afford champagne when we have a beer budget.

[*Translation*]

Mr. Yvan Bernier (Gaspé, BQ): I shall be brief, Mr. Speaker, because I believe we are allotted only five minutes.

One of the remarks that caught my attention in the speech of my hon. Liberal colleague is the one to the effect that perhaps civil servants are too well paid, unless I misheard because I was listening to the interpreters. I find this is shifting the blame onto someone else than oneself.

They are the ones, the Liberals, in charge of administering government finance. They are the ones in charge of giving instructions to civil servants. As far as I know, civil servants listen and do as they are told. Personally, I always asked my boss for pay increases when I was in the private sector, but I would assure him at the same time that he would get his money's worth.

The problem—and it is easy for the Liberals to put the blame on the civil service—is that employees are not given clear orders. They are not given a mission. They are not instructed to listen to what the public has to say. The message they get is: “Do as you are told and when you get on my nerves, I will beat you over the head”. As I said, I think that using civil servants as scapegoats is cheap. They should instead be given clear instructions and mandates so that they can make savings. But you cannot put the blame on them if you did not listen to what they had to say earlier. This baffles me.

[*English*]

Mr. Shepherd: Mr. Speaker, I thank the member for his questions.

The reality is there are all kinds of factors and forces within our economy. Needless to say in the public sector there are public sector unions. They have signed contractual obligations with the Government of Canada and the Public Service Alliance is also involved with the provincial governments.

The bottom line is that some bumper contracts have been negotiated over the years. The government has been very

judicious at trying to reduce the civil service by way of attrition. It is not working in the sense that it is not working nearly fast enough for what we need to do to make us more efficient.

We have to look at all aspects of government spending. This is very much on the government's agenda, that is not necessarily rolling back public sector wages but to negotiate with the unions a more effective and efficient civil service.

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, it seems like only yesterday that we were sitting here listening to the finance minister presenting the very first budget of this new government. It brings home the fact that there is precious little time left between now and the next budget.

The motion of this debate is that Parliament take note of the views of Canadians on the fiscal situation in giving advice to the finance minister and to the government of the day in developing the 1995 budget.

I know that many of us are out there consulting with our constituents. For the first time in the history of this country consultations on the budget are taking place not behind closed doors but in open and in public. In every corner of this land we hope to engage Canadians in addressing the fiscal problems we have, in addressing what kind of country they want and how much they are prepared to pay for it. In my view this is the way to do a budget.

(1635)

I had what would be the first stage of input to the 1995 budget in Ottawa West several weeks ago when we held a consultation on the social programs review. The message that came out of that consultation which was attended by over 150 people was very clearly a budget message. The message was that yes, they are aware of the fiscal problems of the country. Yes, they want a sounder, economic situation for our country, but they want fairness above all and a country that is still committed to those values of sharing, of fairness, of compassion and of shared responsibility for the collective well-being and for the well-being of fellow citizens.

All of us have been receiving much input from our constituents as the media has speculated about measures that might possibly be taken in the budget. Therefore I certainly want to share with this House and with the finance minister what I have heard from my constituents and the specific messages around that fundamental message I am hearing.

People are very much aware of the fiscal situation we are facing. In the Liberal red book we said very explicitly that any responsible government has to have the goal of a zero deficit. We felt it was a responsible target to commit ourselves to reach 3

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per cent of GDP, that is, cutting the deficit in half compared with our GDP in the first three years of our mandate, by 1997. That is the goal we set and that is the goal we intend to reach.

I will spend a couple of minutes on why it is important that we do that. For the people I am hearing from in Ottawa West certain things are important to them about this country's programs and values.

The fact is that the debt and deficit restrict our ability to move our nation forward and to build our economic prosperity. Right now close to one-third of every dollar we spend is being spent just to pay interest on the debt. That is money we do not have for other things that are important not only to the Canada of today but to the Canada of our children and grandchildren.

Let me talk a bit more about some specific issues people have been bringing to my attention. They realize that this level of debt and this level of interest payment on our debt restrict the sovereignty of a government. They restrict its ability to make decisions and to make plans for the country and for its people.

The question then to my constituents and to every Canadian is as to how they want us to deal with that, which means a better balance between what we are spending and what we have in revenue. That is what we are asking Canadians. How do they want us to achieve that balance?

We indicated our direction clearly in the last budget where cuts in spending were five times the increases in revenue. Those increases were achieved on the revenue side by getting rid of perceived special treatment for certain groups in society.

I want to express the concern that we not make decisions that look good in the short term but that impact on our ability to be strong economically in the long term. I am very concerned that we not harm our scientific and research base to the point where we may look better in this year's budget and in the budgets for the next few years, but we are starting to undermine our ability to have jobs 10 years from now.

I want to make sure we are not cutting back in areas now that are feeding the economic growth of the small and medium sized businesses. They provide 85 per cent of the new jobs in this country. I want to make sure we are not cutting back on our ability and our contribution to the development of countries around this globe that are our future customers if they can develop their economies and if they can develop their democratic systems of government.

(1640)

Above all I want to make sure we are not cutting back on the development of our most important resource: the talent of our young men and women, the young boys and girls who will become our young men and women.

Fairness is a strong theme I hear. People want to know that everybody is paying their fair share. They want to know that they are not being targeted for cuts in benefits they now enjoy while others continue to get away with not paying their fair share into the pot from which we all benefit.

Seniors are particularly concerned. A very large proportion of them live in Ottawa West. They want to remind this House that old age security and the Canada pension plan are not charity and are not welfare. I read the debates again from the fifties when the old age security was implemented. It very specifically said that this pension is a right of citizenship and everybody is going to pay on their income tax for that pension. They did that and they continue to do it.

A few years ago it was rolled into the general tax rate, but it is still there, a special payment for old age security. That is a pension people have paid for. They want me to remind this House and our government how much they have sacrificed, the hardships they have put up with, the things they did without, to take responsibility for providing for their own retirement. They want me to remind this House that we owe a debt to them, a debt of gratitude and a debt for the quality of life we have in this country.

I want to talk a bit about the public service as my colleague before me has done. I remind the House that we could cancel the whole public service tomorrow and we would still have a huge deficit and a huge debt. We could cut all government spending on the actual operating of government tomorrow and it would not take care of our deficit and debt problem.

Everybody who works for the public service knows we are going through a tremendous period of change. They know that period of change will certainly mean changes in jobs and a smaller public service. Again we have to be sure that we are not targeting specific segments of our society, including the public service, to bear an unfair portion of the burden that belongs to all of us as Canadians.

We want to continue to reaffirm the value of government services across this country. They are the kind of services that keep our transportation and food supply safe, that keep goods and services moving across this country and without which we would not have an economy.

In the few seconds I have left I also want to say that above all my constituents want to keep reminding us that the best way to solve our debt and deficit problem is to have more Canadians working, more Canadians employed and contributing to the economy instead of requiring the assistance of their communities and their society.

They do not want us to lose sight, as we have not done, that our main target is jobs and economic growth, that fiscal responsibility is part of that but so is social responsibility. We should not solve our fiscal deficit by creating a social deficit. They remind

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me and I remind the House that disparity is growing in this country, not decreasing. Those who are well off, those for whom the Reform Party seems to speak are better off than they have ever been. It is below that where everybody is a little worse off. That means our country is worse off.

Like the constituents I have spoken with, and I will be speaking with many more when we hold another consultation on the budget specifically on December 11, I wish the finance minister the best of wisdom in the deliberations he has ahead of him. I wish him above all an open ear to Canadians.

(1645)

[Translation]

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, I listened to the comments by the deputy whip. I wish to draw my colleague's attention to a point: she talked about the finance minister's budget, about the red book's objective of 3 per cent of GDP. She repeated what people in her riding told her. I would like to remind her that someone in my riding said that the Liberal Party's objective of 3 per cent of GDP was like being in a sinking ship and worrying about peeling paint.

With this comparison in mind, my question to my colleague is this: What does she think of the lifeline thrown by Premier Jacques Parizeau regarding areas of overlap? There are firm proposals on manpower training, so that we can make rational use of your surplus public servants. What do you think of transferring job training to the provinces? That is a nice lifeline.

Ms. Catterall: Mr. Speaker, my colleague knows full well that we are carrying out a full review of federal government programs and how we deliver them to Canadians. One of the goals of our review is certainly to identify duplication and overlap and reduce problems in this area, because it is indeed a form of waste when two levels of government deal with the same problems and programs.

Although my approach to the division of responsibilities would be different from that of my colleague, we are certainly trying, in co-operation with all the provinces in the country, to rationalize services in order to reduce overlap and duplication.

[English]

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I would like to ask my hon. colleague her definition of the relationship between the increasing debt load and the level of employment. If there is such a relationship in her mind, how is it affected by the fact that the target of 3 per cent really does not eliminate the debt load? It is increasing the debt load.

Ms. Catterall: Mr. Speaker, there are members in this House who have different levels of private wealth or income. I repre-

sent people who earn different levels of income. The ability to borrow, the kind of mortgage you can carry and afford depends on your income and wealth. It is the same with a country. That is why we have chosen to express our debt and deficit target in terms of the GNP, which is the wealth of the nation.

Obviously if you have an income of \$100,000 you can afford a different kind of mortgage and can afford to borrow and pay more for a car than if you have an income of \$20,000. It is that simple. That is why linking what is an appropriate target for reduction of debt and deficit to the GDP is a proper way of doing it.

I will answer the question, but not quite in the way I think the member wanted an answer. I believe very firmly that in large measure the debt and deficit have risen because of our declining level of employment in this country. It has been increased by major steps over several decades. Clearly if there are 10 people contributing to paying for a project, it is more expensive for each one of those 10 than if there are 20 people contributing to pay for the same project.

(1650)

[Translation]

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, unlike my colleagues, I am not too pleased to speak on Motion No. 17, because for me it is a waste of time. This motion is mainly about tabling a committee report. Imagine the time we take while people, taxpayers, Canadians are worried and unemployed and have no solutions. What Canadians and Quebecers want is a government that acts, a government that will present programs and do things to put people back to work and give them some pride. That is what Canadians expect of us.

Excuse me, Mr. Speaker. I forgot to tell you at the beginning that I was sharing my time with my colleague.

In the present economic situation, of course, the debt is \$150 billion—everyone says so and condemns it. Everyone knows the cuts that could be made when preparing a shopping list but no one ever makes them. We are not presented with anything to do it. When facing such an economic situation, of course they want to hide and above all they want to avoid debating the government's finances.

Why? I ask you why they want to avoid this debate. It is time. The people have been consulted. It is time to come up with something.

Are we ashamed of the budgetary policies that they want to bring in to control the deficit? Are they ashamed to apply them? Of course I would be ashamed to hold phony pre-budget consultations, if my budget strategy, already established in

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advance, was to reduce the deficit on the backs of the poor, welfare recipients, the unemployed and especially students and to slash transfers to the provinces. This is what the Liberal government wants to do, but it does not dare to put it on the table for discussion. It holds phony consultations. It wants to limit debate so as not to make too many waves.

The government set a target for deficit reduction of \$39.7 billion. This same government also says that a change of policy is needed to put its finances back in order. This government's budget policy has three main thrusts: economic recovery, attacking the poor and cutting transfers to the provinces, as I shall explain.

On the subject of economic recovery, the Minister of Finance says that 80 per cent of the federal deficit is structural. The fact that it is structural means that the deficit has nothing to do with the current economic conditions, or with the unemployed. Contrary to what this government thinks, Quebecers and Canadians are faced with a structural unemployment problem and they are not out of work by choice.

The Liberals sincerely believe that a large proportion of jobless people are lazy and are unemployed by choice. The Liberals also think that they will stimulate employment by forcing many unemployed individuals to look, and I emphasize the word look, for work. Yet, jobless people constantly come to our constituency offices to find out about programs. But these programs are in a state of chaos. Employment centres cannot keep up with the demand for work. The fact is that our unemployed are energetic and more than willing to work. It is the structure which is at fault.

The government's policy consists in targeting the poor by making cuts in social programs. The government wants to cut \$7.5 billion in the budget allocated to these programs. However, it will not eliminate the deficit by targeting the poor. Instead of making thoughtless cuts through their social program reform, the Liberals should define clear and specific objectives, and they should also develop a job-creation policy, as they promised they would in their red book and during the last election campaign. They have failed miserably on this one. Indeed, they only managed to create a few temporary jobs through the infrastructure program.

(1655)

The Liberal government also wants to reduce the deficit by making unilateral cuts, with no compensation, in transfer payments to the provinces. The Minister of Finance is once again passing the buck to the provinces. The debt will not go away by depriving the provinces of \$2.6 billion. Other solutions are needed to eliminate that debt, as well as the deficit.

The Minister of Finance keeps asking us for suggestions. We say that the time has come to eliminate duplication and overlapping with the provinces. Ottawa must withdraw from those

sectors which fall under provincial jurisdiction, and it must compensate the provinces accordingly. Eliminating federal interference will translate into savings of \$3 billion for Quebec alone. Moreover, Quebec would finally be able to devise its own integrated policy regarding job creation, a policy that would really answer the needs of Quebec men and women.

However, the Bloc Québécois agrees with the Minister of Finance when he says that the deficit cannot be eliminated simply by cutting government spending. This is why we have made fair and equitable proposals that would lead to savings of \$34.5 billion. These proposals should be taken seriously by the government, because they are far above the \$25.6 billion savings that the government wants to realize at the expense of the neediest, mostly by cutting unemployment insurance and transfer payments to the provinces for education.

The Liberal government should draw up a budget which would focus on cuts in government spending and in subsidies to companies which do not undertake to create jobs, in its deficit reduction measures. Programs should be managed more efficiently, that is to say we should have sound management of business subsidies. We should stop giving money to companies which are neither productive nor competitive, money which is very often a form of patronage. We are talking about \$3.3 billion here. It is high time that the minister and his government look squarely at the problem and stop dumping their problems on the provinces.

The red book promises jobs, and the Liberal government must adopt concrete job creation policies to bring us back to pre-recession employment levels. We need close to 825,000 new jobs, a far cry from the 45,000 temporary jobs they created during the past year. They still have a long way to go.

Let the government keep another one of its promises: not to raise taxes. To this end, the time has come to review certain tax loopholes enjoyed by high-income earners and big corporations. We all know in this House that family trusts, which are an important tool used in tax planning, are for the government a source of losses we can assess. According to some tax experts, they amount to several hundreds of millions of dollars.

The government has the tools to disclose the value of the assets in these trusts. Let the government tell us how much money is lost in tax revenues. This question was raised on several occasions in different committees. We never got an answer. But above all, let the government be true to its position when it was in the opposition, when it opposed delaying payment of taxes on capital gains until the death of the last beneficiary.

(1700)

The finance minister and his government must come forward and say how they intend to deal with the nation's finances. Let them stop procrastinating and let us start tackling immediately one of the most pressing problems for our future, namely public

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finance. This is the reason why the Bloc Québécois is going to vote against the motion.

Mr. Mac Harb (Parliamentary Secretary to Minister of International Trade, Lib.): Mr. Speaker, I listened with great interest to the presentation made by my hon. colleague from the opposition. In his remarks, he attacks the federal government on the grounds that apparently, the federal government does not work in co-operation with the provinces.

In fact, this is exactly what this government is doing. With the Minister responsible for Intergovernmental Affairs, we are presently reviewing all federal programs to find out the best way of delivering these programs. If, for example, it turns out that the provinces are the ones in the best position to look after a given program, this program will be transferred to the provinces. If the most appropriate level of government is the municipal level, then the program will be transferred to the municipalities. That is how this program review works.

As for federal transfer payments, the problem we used to have in the past is that the provinces did not know from one year to the next how much they would be getting from the federal government. Our government has assured the provinces that arrangements will be negotiated to cover more than a year, at least five years, so that the provinces will know in advance how much they will receive from the federal government.

I can assure my colleague that, when he talks about education, whether the money comes from the federal, provincial or municipal government, the money all comes from the same place, out of the same taxpayers' pockets.

Social services programs do not require additional funding, but the system certainly needs to be simplified. Efficiency has to be improved and money spent more wisely, especially in education, where we spent \$50 billion each year. This is more than in almost any other country in the world. All these programs must be assessed to ensure adequate program delivery. We must make sure that essential services, national services, remain national essential services. That is why a review is necessary.

If my colleague wants the federal government to introduce new programs, he is going to have to tell us where to get the money. However, the idea is not to turn off the tap, as our colleagues from the Reform Party are suggesting, and leave all existing programs as they are. How can one eliminate the deficit in this manner? They have yet to bring forth in this House a single proposal as to how they plan to eliminate the deficit within three years.

Mr. Fillion: Mr. Speaker, I will be brief. I am quite pleased with the comment that my colleague just made. He is ready to transfer programs to the provincial governments. They are

analyzing them and want to disperse them either to the provincial or to the municipal level.

That is what Quebec has been asking for for a long time; that is what Quebec has been telling you for a long time, to eliminate duplication and return jurisdiction to Quebec and also to the other provinces. We quite agree on that.

Except that this government is not facing up to its responsibilities. Why? Because it is not making any decisions in this area. It is indecisive. Make some decisions and tell us what field of jurisdiction you want to return to Quebec and to the other provinces. That is what we want to do here.

The Liberal government should table a list of programs where overlapping is very expensive so that these programs can be administered directly by the provinces concerned. Do it and table it so that we can discuss it as soon as possible. Quebec could save \$3.3 billion as a result. That is one reason we want a sovereign country.

(1705)

The Deputy Speaker: Hon. members, before giving the floor to the member for Anjou—Rivière-des-Prairies, pursuant to Standing Order 38, I must inform the House of the questions to be raised tonight at the time of adjournment: the hon. member for The Battlefords—Meadow Lake—Northern Tax Allowance; the hon. member for Calgary Southeast—CRTC.

Resuming debate.

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, for someone who did not feel like speaking to Motion No. 17, my hon. colleague from Chicoutimi has delivered quite a passionate speech.

I, for one, am pleased to speak to this motion, which I would like to read for the benefit of the Canadians who are listening to us. It reads as follows:

That this House take note of the opinions expressed by Canadians on the budgetary policy of the government and, notwithstanding the provisions of Standing Order 83.1, authorize the Standing Committee on Finance to make a report or reports thereon no later than December 7, 1994.

The committee was supposed to table this report on December 2. The motion under consideration asks us to authorize the committee to postpone this report until a later date. This will reduce the time allocated for consideration of this report. It is an old magic trick involving reducing the attention span of those who should be looking at this report, that is, the people of this country. This is one of the numerous magic tricks being used by the government to hide from citizens what they should see. Let me give you a specific example, a simple magic trick now being performed by the government.

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We know how magic tricks are done in general. We know how they are performed but we still get fooled, so I will explain again for the benefit of the people. Magic tricks are always simple: the magician hides with the right hand what he wants to hide while moving his left hand to draw the public's attention. That is why people do not see what is really happening. What is the government holding in its right hand? Things that are totally amazing.

First of all, every year, the Auditor General of Canada tells us about the shameful waste of billions of taxpayers' dollars. Every year, it is the same story: we talk about it for two or three days before shelving these reports, then the cycle repeats itself.

There is also the issue of overlap, which my hon. colleague tackled just before me. The inefficiency cost of this overlap of federal and provincial programs was estimated at \$3 billion per year in Quebec alone.

What lies under the right hand? Family trusts, where we find enormous amounts of tax-exempt money that the federal government refuses to disclose. There is no way to find out how much money is involved.

We also have tax havens. On this subject, in 1992, the Auditor General pointed out that many big companies had invested some \$16 billion worth of profits in tax havens around the world, thus avoiding payment of their fair share of taxes. We are not talking about peanuts but about \$16,000 million.

The right hand also hides smuggling rings whose traffic in cigarettes, alcohol, guns and drugs amounts to several billions of dollars every year. They are apparently unable to solve this problem.

Furthermore, the Auditor General has just told us about \$6.6 billion in uncollected taxes.

Then there is the issue raised by the Liberal member for Gander—Grand Falls, who just wrote to the minister, to the effect that Canadian companies use a forward averaging provision to defer the payment of \$40 billion in taxes.

In his letter, the hon. member also mentions that 1,200 companies with profits of over one million dollars do not pay taxes.

Then there is the Hibernia project. Huge amounts of money are poured into this project which will never be a profitable venture, and the government tries to keep that a secret.

There are also more mundane current issues such as the situation of CN's president, Mr. Paul Tellier.

(1710)

Mr. Tellier, whose annual salary is \$345,000 and who made cuts in CN services to streamline that corporation, received, on top of a \$52,000 yearly allowance for petty expenses, an interest-free loan of \$432,000 to buy a house, all this at

taxpayers' expense. It goes without saying that Mr. Tellier's case is another issue which this government does not want to publicize too much. This is what the right hand is doing.

Then there is the case of Gary Anstey, which was discussed today and yesterday, during question period. After four months on the job, Mr. Anstey, who was executive assistant to the Minister of Fisheries, received a severance pay of \$31,000. Mr. Anstey was rehired last month at a salary of \$93,000 per year. He kept the severance pay, even though he voluntarily quit his job.

As you know, people who have a job and who voluntarily leave that job do not get any UI benefits. Yet, the executive assistant of the Minister of Fisheries got \$31,000 from taxpayers. Fishermen in the Gaspé Peninsula certainly have the right to wonder who the real suckers are.

Then there is Operation William Tell, during which the Canadian Armed Forces had a good time in Florida, from October 10 to 23, 1994, with artillery pieces worth \$395,000 each. Always in Florida; all this sun is good for the army. There is also a statement made by Mr. Yves Séguin, a prominent tax expert and a former minister in the Bourassa government, who said, not long ago: "In 48 hours, I would get \$3 billion for the federal government by imposing a two per cent tax on shares".

Meanwhile, the left hand is getting a lot of exercise. They have to explain to the public what they are going to do to deal with the problem of our public finances which are, as you know, in a parlous state. It seems that the real problem in Canada, and the Prime Minister said so himself, is those beer drinkers slumped in front of their television sets, people who are totally unproductive. This includes all those unproductive people who lost their jobs at Hyundai, at CN, at CP, at MIL Davie in Lauzon, the refineries in Montreal, fishermen in the Gaspé who cannot go fishing any more because there are no fish, and miners who cannot go down into the mines because the money is being used to operate mines in Chile or somewhere else. So all these people are drinking beer in front of their TVs and that is where the cuts are going to be made.

They are going to traipse all over Canada, the MPs, the press, the media and they are going to ask people: "What do you think is the best way to cut these people's benefits?" They will cut unemployment insurance, cut welfare benefits, raise students' tuition fees, cut transfer payments to the provinces. They keep waving their left hand but never say what the right hand is doing.

Meanwhile, our social fabric is starting to unravel. People feel somewhat frustrated. So, as we saw yesterday in Toronto and as we saw not so long ago in western Canada, people are starting to fill the halls every time they organize meetings of committees on social programs. People are invading the halls and taking over the meetings from their members. They are saying: "Now you are going to listen to us". There is a basic feeling of frustration.

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We also had students who demonstrated here on the Hill, at least 10,000 of them, and they told us they were not prepared to pay for the sins of others and pay the full shot, on top of that. These may not be huge demonstrations, but I may remind you, and you were probably there, that huge demonstrations are not necessarily the most effective ones. I remember an extraordinary demonstration held on Parliament Hill a few years ago, a demonstration by one person. This person went to the Prime Minister at the time, the Hon. Brian Mulroney, and told him: "If you touch our pensions, Brian, goodbye Charlie Brown!" That sent a shiver through the government. So I hope we will not be hearing that on the Hill.

Of course, some people are prepared to explain how this trick works, and they actually do that. There are at least two Liberal members, the hon. member for York South—Weston, for instance, who told us that for ten years they were in the opposition and they condemned what the Conservatives wanted to do, which was to cut the deficit at the expense of the most vulnerable. That is exactly what they are doing. I may remind you that the hon. member for York South—Weston is not a member of the Bloc Québécois. He is a Liberal member. There was also the hon. member for Gander—Grand Falls, to whom I referred earlier, who at the end of his letter to the minister gave an excellent summary of our proposal, and he put it in these words: As you can see, you can get the billions you need simply by collecting taxes owing by the corporations that are making the biggest profits and do not pay taxes. That is also the position of the Bloc, and we will vote against the motion.

(1715)

Mrs. Eleni Bakopanos (Saint-Denis, Lib.): Mr. Speaker, I am somewhat surprised to hear the Bloc, the opposition, say the same thing over and over. They keep saying that this deficit reduction effort will be at the expense of the disadvantaged, yet they have no positive alternative plan to reduce this deficit we are faced with.

I would have a question for the hon. member. I would like him to suggest some truly specific ways of bringing the deficit down to three per cent of the gross national product, as we have promised to do and the Minister of Finance fully intends to do. I would really like him to tell us how exactly, within our global budget, as relates to social programs in particular, we could manage to streamline this deficit we are struggling with at present.

An hon. member: We are all ears.

Mr. Pomerleau: Mr. Speaker, I have just given a ten minute speech on the subject. I do not know if my hon. colleague paid close attention to what was said.

An hon. member: Of course I did.

Mr. Pomerleau: Let me simply read this specific suggestion back to her, a suggestion coming from the Liberals themselves, from the hon. member for Gander—Grand Falls: go and get the

\$9 billion you need in the pockets of those who do not pay their taxes. Start there and see what will happen after that.

The Deputy Speaker: The hon. parliamentary secretary has 30 seconds to ask a question or make a comment.

Mr. Mac Harb (Parliamentary Secretary to Minister of International Trade, Lib.): Mr. Speaker, in my opinion, the hon. member did not answer my colleague's questions. We have put forth a proposal through the Minister of Human Resources Development, to receive feedback from the public. We would like to know what the Bloc has to suggest.

The Deputy Speaker: The hon. member has approximately 30 seconds to answer.

Mr. Pomerleau: Mr. Speaker, here is a suggestion, the simplest one I can find in here: give us the exact amount, the exact current amount, of capital invested in family trusts in Canada.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, it is my pleasure to participate in this debate.

I intended to review some of the background of the consultation process but in view of the drift of the debate in the House I want to speak about specifics.

I would at least like to highlight some of the principles that the finance minister has articulated to the members of the House and to the Canadian public. He said that in approaching our budget for this year deficit reduction indeed is part of our overall strategy for jobs and for economic growth. He also stressed that fairness is paramount so that the most vulnerable in our society will not be left behind.

I think it is an extremely important part of the budgetary process to ensure that whether it is the social security review, the review of our social safety net, or whether indeed it is part of the budgetary measures, we are constantly going to focus on the needs of those who are most needy in our society first.

He also said that the deficit reduction must be selective and strategic, clearly reflecting our priorities. He said that budgetary action should weigh on the side of cuts in expenditures and not, and I stress not, on increased taxes.

Finally he said that the economic assumptions must be prudent to stimulate confidence so that our deficit targets would in fact be achieved. As you know, Mr. Speaker, a problem of former governments was setting targets that never were achieved.

(1720)

I commend to all members and all Canadians the book *Canada's Economy: What Past, What Future?* This workbook which has been prepared by the Canadian Foundation for Economic Education is available to all Canadians in all public places; post offices, grocery stores, et cetera, and even through

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their members of Parliament. I find, having gone through this a couple of times, that this is an excellent layman's language discussion on the kinds of issues that the government is addressing today in dealing with the challenges of balancing our budget over the coming years.

In the last couple of hours there has been quite a bit of discussion about whether or not the deficit should be eliminated in three years, whether it should be five years or whether it should be ever. These, as members well know, are the same discussions that went on during the last election campaign. I think that the Canadian people made their choice, a very clear choice.

Members may recall that the Conservative government proposed that it was going to eliminate the deficit in five years. The Reform Party said it would do it in three years. It was almost like a bidding war. The Prime Minister said during the election campaign that we have to be realistic, picking targets which are achievable within the time frames that are available to the government.

The Prime Minister made a commitment in his election platform that his government would achieve a deficit reduction strategy which would achieve 3 per cent of GDP by the end of the third year of the mandate. We are on target now. The minister has assured the House and Canadians that we will continue to introduce whatever changes are necessary to make sure that we stay on track and that we meet that target.

That means that by the end of the third year our deficit will reduce to some \$25 billion. That is only an interim target. By the time that third year is over and we have hit that \$25 billion target Canadians will have before them a further strategic plan for the next period to balance the budget for Canada.

Yet today the leader of the third party comes again to the House and reiterates: "We could do it in three years: We could slash that deficit".

I was at the finance committee when the Reform Party presented its program. I was astounded that of the \$40 billion deficit the Reformers just said: "Here is our plan". They started off saying that \$18 billion of the \$40 billion deficit was going to be eliminated by economic growth. That has absolutely nothing to do with the Reform Party. It has to do with the initiatives that have been taken within our country to ensure that we stimulate economic growth in Canada. The Reform Party is somehow taking credit for some \$18 billion reduction in the deficit.

The Reformers then went through a mathematical exercise to identify areas where they would cut. Not one explanation, not one rationale of how that would impact on the delivery of the services of those areas that they were going to cut; not one

analysis or statement as to the impact on jobs for Canadians; indeed, not one indication of what that might do to the economic confidence that Canada has been developing over this period since the election.

The Prime Minister yesterday said in the House, and I quote: "If tomorrow we were to eliminate the deficit, \$42 billion to zero, there would be a huge recession in Canada. The wise thing is to do it in a progressive way". I think that is the fundamental difference between the approach of the Reform Party and of this government, that we do have to keep control, we have to keep things in perspective.

I want to move on because I know that my time is very short. I want to share with Canadians a few facts which I think they may find interesting as they go through their assessment of where we are and the kinds of things that we should do. One of the key areas in which Canada would like to make progress and our budget would intend, and indeed our social security review, is to help Canadians to acquire skills. We have to help Canadians acquire skills to get jobs, to keep jobs and to find better jobs.

As Canadians know there has been much debate and much discussion about potential cuts in funding for post-secondary education. I want to share some figures.

Last year there was a 19 per cent growth in jobs for those who had a post-secondary education. At the same time there was a 17 per cent decrease in jobs for those who did not have a post-secondary education.

(1725)

All of the experts say that over the next decade 45 per cent of all new jobs will require a post-secondary education. The government has included these facts, figures and initiatives in its priorities because our young people who are now in school must be given every incentive and opportunity to continue their education. We do not want them to be sitting on the curb watching the rest of Canadians go by.

During the 1990 to 1993 period, 190,000 jobs were lost during the recession. However, if we look very carefully at how that is composed, we find that 640,000 jobs were lost for Canadians who had a high school education or less. Offsetting that, 450,000 jobs were gained during the recession by those who had a post-secondary education. I think that indicates to all Canadians how important that education component is in terms of our overall strategy for Canada in the coming years.

The next area I want to share with hon. members is an analysis I did of taxation from 1992 as to who paid how much taxes and when. I found it very interesting that the top 10 per cent of taxpayers made \$50,000 or more. That means if someone made more than \$50,000 in 1992 they were in the top 10 per cent of Canadians. Interestingly enough, that top 10 per cent of

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Canadians, approximately two million, contributed 32 per cent of all taxes paid and 44 per cent of all charitable donations.

When people start discussing should we tax more, should we raise our tax rates or should we go after the rich, they should first understand that they are talking about people who make over \$50,000 and there are only 10 per cent of them.

Second, they have to understand that they already paid 32 per cent of all taxes and of their disposable income they are the major contributors to charitable donations. I find that very, very important to understand when we start discussing whether or not we should for instance cut RRSPs. At the \$50,000 level one cannot even contribute more than \$9,000 to RRSPs. Therefore, if the level were reduced we are basically talking about reducing it only for those taxpayers who are making much more than \$50,000. Those things will have to be taken into account as we discuss the measures with regard to RRSPs.

With regard to matters such as employer paid health benefits, that has come up. Eight million employees receive employer paid health benefits tax free. The fairness of that has to be assessed.

Today in the newspaper it was reported that the mayor of my city, Mississauga, said that if the government raises taxes it is going to force more people into the underground economy than it has now. It is also going to force people to withhold taxes. I agree with the first statement but not with the second one.

With regard to the underground economy, there is no question about that. If we make serious and tough but fair cuts as a result of this budget there is no question that there will be increased pressure on the underground economy. As a result, I believe the government should as part of this consultation, and I hope members will consider this, have a parallel defensive measure to ensure that there is no increased pressure on the underground economy.

I have many more things to say but I will—

The Deputy Speaker: Order. The hon. member for Fraser Valley West.

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, the hon. member says Reform is taking credit for assuming some \$18 billion in growth. On the other hand, the hon. member says the economy has grown since the Liberals were elected, taking credit for that of course.

I would ask the hon. member if he thinks that any growth in the economy to date is really due to the natural business cycle and not to the accomplishments of his Liberal Party? Surely he does not think that way. I would like him to try to express himself a little better as far as the business cycle as opposed to what the Liberal Party has done and forget the red book rhetoric.

(1730)

Mr. Szabo: Mr. Speaker, I am astounded that the member would not give some credit to what has happened in Canada since the election. One of the most important ingredients to growth in the economy is the confidence of the Canadian people, of the lending community and of business.

Three hundred and twenty-seven thousand jobs have been created since the government came to power. Much of that has to do with the confidence and credibility the Prime Minister has brought to political life, which the member enjoys as well. The hon. member should give credit where credit is due.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I must agree with my colleagues in the Reform Party this time. The Liberal government has done nothing at all for the economic recovery. On the contrary. A few weeks after Mr. Martin tabled his first budget, interest rates shot up. That is why we will have to pay \$2.7 billion more for interest alone.

Not only the finance minister's credibility, but the measures he advocated in his first budget did not help the economic recovery and job creation; rather, they hurt economic growth and the growth of employment. If he had taken effective—I would say tougher—measures on February 22, more jobs would have been created and the financial picture would have been much better in the last few months.

I ask him where the Liberal Party contributed to greater growth, when everyone says that it has not in the past six months?

[English]

Mr. Szabo: Mr. Speaker, the member knows that the Government of Canada does not control global interest rates. The member is an economist. He knows the national debt is denominated in long rates, not in short. The Bank of Canada has influence only on the short end.

He is somehow suggesting the government has not done anything with regard to those rates. He is living in a fantasy world that somehow the government flips switches to make things happen. He knows interest rates have risen and are higher than the assumptions that were included in the finance minister's previous budget.

The finance minister has made corrections to ensure he meets his targets. That is responsible government. The finance minister understands the economy much better than the hon. member.

Mr. Harbance Singh Dhaliwal (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Mr. Speaker, it is with considerable pride that I stand in the House today to make my submission to the first significant prebudget consultation

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process in Canadian history. On behalf of the constituents of Vancouver South I want to thank the Minister of Finance for this opportunity to express our views.

Let me begin by saying that there continues to be a tremendous amount of confidence within my riding for the Liberal plan for reducing the deficit to 3 per cent of GDP by 1996–97.

As many have remarked in the House before, this 3 per cent target serves as one of the major benchmarks for entry into the European Union. It is also a target that has not been achieved in Canada in 20 years. Still there are those on the opposition benches who continue to argue this 3 per cent target is not tough enough.

What is indisputable is that the Liberal government made a promise to the Canadian people on October 26, 1993. We promised Canadians we would meet this target within the specified time. Then we would begin our ultimate objective, the complete elimination of the deficit. I would like to quote the Minister of Finance: “Come hell or high water we will meet this promise to Canadians”.

Recently the Reform Party attempted to bring some credibility to its original zero in three claim, which I know is very difficult for it to do. I am glad that today the leader of the Reform Party has changed that zero in three to zero in five, to do it in five years. He is learning that our goal is much more rational and balanced. He has moved from a zero in three approach to a zero in five. I ask my colleagues to check the record.

(1735)

The members of the Reform Party have outlined a remarkably vague and draconian plan to cut a number of government programs. All one has to do is read the Edmonton *Journal* which is often quoted on the other side to understand about what has been brought forward.

This plan along with the announcement of more brutal cuts to come to programs like post-secondary education and old age pensions demonstrates what I will call the half-marble approach to deficit reduction, an approach that only deals with half of the whole solution. Dealing with the deficit in Canada requires a two-sided approach: decreasing government expenditures by streamlining programs and services and increasing government revenues by promoting a healthy and vibrant economy.

Trying to solve Canada's economic problems through extracting \$25 billion from the economy in two years without any plan for economic growth is like trying to roll half a marble. Like the marble, it is an idea that will not go very far.

Further, anyone who believes that government revenues will not be seriously diminished through a plan which, while cutting

regional development spending, also cuts Canada's social security system is not only trying to roll half a marble but is not playing with all the marbles.

If members take a moment to look at the plan of the Reform—I do not know from where it gets its economics—it thinks that by cutting \$42 billion over three years that will somehow create great confidence in the economy and will create jobs. Then everybody will be spending money and we will get a tremendous amount of growth. The Reform Party has a lot to learn. What we are presenting is a much more balanced and rational approach. Canadians see that.

Recently I took the question of how to solve some of Canada's economic problems back to small business owners in my riding through the venue of a public policy forum. I would like to share some of their valuable ideas with the House today.

Overall, my constituents have requested that the budget continue to reflect the commitment of the government to promoting the health and growth of Canada's small business community. I am sure all my colleagues would agree with that.

With regard to access to capital, my constituents feel that the federal government should introduce strong measures to ensure that Canadian financial institutions are more equitable and accountable to small business owners.

With regard to federal deficits, my constituents feel that the federal government should do everything possible to find areas of waste and overlap, duplication and extravagance and eliminate them immediately. I know I will get lots of support from the other side on that issue. In terms of government expenditures on programs and services, there is considerable support among my constituents for the extensive program by program review currently under way.

With regard to taxation, they felt that the federal government should begin reducing the tax burden on average Canadians through a reduction in personal income taxes. It should begin harmonizing and simplifying the tax system so as to decrease administrative costs, expensive paper burden and overall taxation. It should lower payroll taxes through savings made through the UIC system. It should give serious consideration to the recommendation made by the Canadian Federation of Independent Business and supported by the region's small business working committee to increase the small business tax deduction to \$400,000 from \$200,000.

As I have noted before, this measure has not been adjusted since 1982 when it was first introduced and should be increased to the rate of inflation.

With regard to the most effective role for government, small business owners stated that they want their governments to offer a hand up not a hand out. They feel that the best route to take is not through grants, subsidies and expensive tax deductions, but

through addressing wide ranging concerns such as interprovincial barriers and global trade.

(1740)

They feel that government should promote a healthy business environment with low taxes and minimal regulations and that they should support the business sector in meeting their own needs in job training and knowledge networks.

They feel that the federal government should target businesses operated by Canadians with special needs but should do so by reallocating current budget expenditures, not by making further expenditures.

With regard to women in small business, my constituents feel that the federal government should give serious consideration to a system of affordable national day care, allowing more women the freedom to begin small businesses. This can be done either directly through the federal government or with government support. They feel that the federal government should find ways of offering training which will help female entrepreneurs get started and expand their business operations.

In conclusion, there was a reason I went to my constituents for their advice. I knew the government was listening to Canadians. For the first time in Canadian history a government has gone to the people for their input on the budget before the budget is introduced. For the first time the government is making a genuine attempt to include Canadians in the decision making process that will affect them. These prebudget consultations, like the other extensive government consultations currently under way, are part of the Liberal election promise to do things differently, to make government more inclusive and to make government more responsive.

We promised to listen to Canadians and that is exactly what we are doing. I am proud to be a part of this government.

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I would like to talk in terms of marbles to the hon. member. I could say he has lost some but he has not. He is talking some of the talk but that is really all it is. I want to ask him a question about the infrastructure program.

The government is faced with a \$40 billion deficit. One of the answers to resolve this situation is to create an infrastructure program. The infrastructure program uses \$2 billion tax dollars from the municipal level, which the municipality gets by taxing people on their residences and so on. Then the infrastructure program uses another \$2 billion from the provincial government which it gets from the same taxpayer. Then the federal government throws in \$2 billion to make \$6 billion. It all comes from the same taxpayer.

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I would like the hon. member to explain the logic of another \$6 billion out of the taxpayers' pocket as a positive influence in trying to balance a budget of \$40 billion deficit a year.

Mr. Dhaliwal: Mr. Speaker, I want to thank my hon. colleague for a very good question. There is a very good answer for that question.

Some time last year I was in Singapore and I had an opportunity to look at some of its infrastructure program. As many members know, Singapore has been a miracle of economic development over the past few decades. It is a model that other countries have looked at.

The reason that country has been so successful is because it has an incredible infrastructure program. It had a vision.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, I would like to ask the member a quick question. I have not heard any response other than the fact that we are going to meet this goal that is so easy to achieve, of 3 per cent of GDP. Three years from now we will only have a \$25 billion deficit at which time we can bring in new ideas and all that sort of thing.

(1745)

The IMF, the *Globe* and many economists nationwide indicated recently that it was not nearly good enough, that it was going to be a failure. They do not seem to read the newspaper or they do not pay attention to what they read. It is one or the other.

There does not seem to be any mention of the fact that in three years the debt is going to be another \$100 billion deeper in the hole. They do not seem to take into account that the interest on the debt will go from \$40 billion a year to probably \$50 billion a year, unless interest rates keep going the way they are.

I would like the member to address the future in that sense.

Mr. Dhaliwal: Mr. Speaker, I agree with my hon. colleague that the debt is going to increase. However, we have to make sure that we deal with the deficit before we can deal with the debt issue. That is what we are doing in a reasonable, common sense approach.

If we say we will do it within a year, I guess if we cut every program in government it could be done within a year. But what would be the long term cost of that? It could be done in two years if we wanted to cut every program. We would have to look at the cost of the programs.

Let me respond to the question of my hon. colleague. I am sure he is willing to listen to my response. In our cultural industry and scientific community it takes years to build infrastructure. They do not pop up from nowhere. We as the government are not going to cut them wholesale, which would cause serious problems in the future.

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It is the same with our social programs. We can ignore and cut our social programs, but what price do we pay in the future? I ask the hon. member to look at the future cost of cutting those programs because in the end we will have to face the social costs.

[Translation]

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, I only have one very simple comment, since unfortunately I must admit that I missed the beginning of the speech by my hon. colleague, the parliamentary secretary to the fisheries minister.

Since he is responsible for fisheries, instead of talking to us about big infrastructure programs, I would have liked him to tell us, in his area, his department, what he will suggest to his boss, the Minister of Fisheries and Oceans. Since the Department of Fisheries and Oceans is to be reorganized, what kind of reorganization does he foresee? The provinces are expecting cuts but also policies.

[English]

Mr. Dhaliwal: Mr. Speaker, I thank the hon. member. Unfortunately he missed the first half of my speech. It was an excellent part of my speech. I know he will not do that again.

I will be telling the minister, and I am very happy to share it with the member, that we need to look at duplication. We need to look at the overlap between the provinces and the federal government. We need to look at that to see if we can save money by dividing some of the responsibilities. Let us have a look at them. We will look at the different departments.

Is there something in the coast guard? Can we amalgamate the services of the coast guard fleet with the department of fisheries fleet to create more efficiency? Can we consolidate those services so a better job can be done in a more efficient and effective way?

I will be telling the minister that we need to look at small craft harbours. Maybe we can privatize them. Maybe they can be privatized at a much lower cost than for us to continue holding on to them.

I will be advising the minister that we have to look at overlap. We have to look at duplication, not only between the provinces and ourselves but between the different departments like the Department of the Environment and the coast guard. Let us see what services we can consolidate and save money.

Why should we have within a mile fleet maintenance services for the coast guard and close by one for the Department of Fisheries and Oceans? It does not make sense.

We have to look at the common sense approach. We need to look at overlap and duplication. I hope the minister will listen to what I have to say because coming from the business sector I can provide some good advice on saving money for the taxpayer.

The Deputy Speaker: The bells will ring at 6.05 p.m. so if the two colleagues in the Reform Party would like to divide their time perhaps it would work.

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I say to the hon. parliamentary secretary to the minister of fisheries that the government had better soon decide whether it is going to fish or cut bait. He should stick around; he may learn something. Here we are in 1994. We have an overtaxed worker and we have a frustrated taxpayer, all of whom depend on us to relieve them of their concerns.

(1750)

I listened to the comments today. A Liberal member suggested that because they were in office the economy was growing and we were doing well. Let us imagine how the worker in British Columbia, Nova Scotia, Newfoundland or elsewhere across the country thinks about the rhetoric in Ottawa. His pockets are empty. He is overtaxed and he is frustrated. It is abysmal that they can stand here and talk about how well we are doing.

We are not doing well, folks. We owe \$40 billion. We have a debt load of \$530 billion. We cannot delay any longer the implementation of a tough budget. We often talk about the baby boomers versus generation x, the next generation so labelled after us. To some extent the generation of baby boomers has been a fairly unrealistic group. We have overspent the last 20 years. Now we are whining about the fact that we have to cut. That is exactly what is going on across the way. They are whining.

We in this party have the courage to come up with a plan. That is exactly what we are doing and what we are going to proceed with. They can whine as much as they like. We are right and they are wrong. It is as simple as that. I think fish or cut bait should apply not only to the Minister of Fisheries and Oceans but to everyone sitting across the way.

One of the jobs I have in the Reform Party is to look at regional development grants. That is what I want to talk about today. Many of my colleagues have spoken about areas in their expertise, in their portfolios, but regional development grants are of particular interest. They represent about \$1.3 billion. We are advocating the phase-out of regional development grants.

ACOA is one of them. The Atlantic Canada Opportunities Agency has a budget of about \$376 million. I spoke about blueberry research the other day and a Liberal member commented. He said: "I am sick and tired of hearing anti-Atlantic Canadian comments coming from members of the Reform Party".

That is clearly not the case. Regional development grants are located in Atlantic Canada through an organization called ACOA, in western Canada through an organization called Western Economic Diversification, and in Quebec through an

organization called FORD–Quebec. FORD–Quebec has a budget of \$437 million each year of taxpayers' dollars to give out in its area and Western Economic Diversification has \$452 million.

A taxpayer sits in his home and says: "I am going broke. The taxes are more onerous every day. How am I going to survive?" And the government says: "That is okay. We cannot look at these programs because they are regional development programs and we best know how to spend your money". That is basically the way it is.

These agencies have about \$1.3 billion to know how best to spend taxpayers' money. I will go through some of the ways in which they spend the money and give some examples later.

The concept of regional development grants, as I understand from the government, is that it wants to support and promote opportunity for economic development and to foster development of entrepreneurship. That is an interesting one. A fellow who was given the entrepreneurial award of the year in one of the regions had six or seven grants from a regional economic development organization. I do not know what the Liberal concept is of an entrepreneur, but to me it is somebody who does not live off the taxpayers' dollars, who does not get any grants whatsoever. It is somebody who has done it on his own. He is not counting on government. They are not fostering the development of entrepreneurship in regional development grants. It is not happening. That is contrary to the concept, but the award was good.

(1755)

One concept is to increase the rate of new business formation and another is to improve the competitiveness of small and medium sized enterprises. We have done a lot of research into regional grants. How does one improve the competitiveness of a small or medium sized business in an area when the government comes along and says: "Just a minute. You want to update a motel. Here is \$67,000 for you", and the next motel says: "Wait a minute. What about me?" The government says: "There is none for you; this is going to be a competitive world".

He walks away with \$67,000 profit from the taxpayer. It goes out of the taxpayer's pocket to somebody else. That does not improve competitiveness and is why we have to start eliminating regional development grants. I am sure we will have a great debate on this matter, because that is not the way the government thinks.

The concept of entrepreneurs does not include government handouts, at least where I come from. If we ask businessmen in my community what an entrepreneur is, they will tell us that it does not include government money.

Government Orders

We all know that Canada has a serious problem. We all know the Liberals are facing a \$40 billion deficit. They are overspending each year. We know they have to cut it. They know they have a \$530 billion debt and the interest on that debt is increasing by the day, by the hour, by the second.

What are they going to do about it? They are going to close the gap. They are going to get it down to 3 per cent of gross domestic product. That is around a \$26 billion a year deficit. Imagine going to the bank, paying our bills on more and more debt, and the Liberals are saying: "We are going to look after that, folks. We are going to bring it down to about \$26 billion a year". That is insufficient.

Over a short three-year period let us look at what we will have. We could look at four years or over the whole mandate. We are adding to the debt load in excess of \$100 billion.

Who will pay for it? Our children will. If we think of nothing else in the country, we have to think of the little ones behind us. We have to think of the ones in university who are wanting to get out and get jobs. Jobs are stifled by business being overtaxed and by debt load. We have to give them something to look forward to. It is time to make some tough decisions. We know they do not like zero in three. We know they do not like to fish or cut bait, but we know they have to deal with the problem.

The average taxpayer uses a litmus test when he hears about giving a grant to any organization. A civil servant from the Department of National Revenue knocks on the taxpayer's door and says: "The motel down the street needs \$67,000 to upgrade its facilities. Would you give us \$3 out of your pocket to do that?" The individual would wonder why he would give him money out of his pocket and would ask: "Does he not make a profit? If he does not make a profit should he be in that business? I do not have \$3 anyway so I really have to borrow it".

What will the individual say? He will say: "No, I need that money. I am not going to the bank to borrow it and give it to you". That is exactly how the taxpayer feels.

(1800)

The government has taken it upon it itself to make the decision on behalf of the taxpayer to give out the taxpayer's money to projects he does not agree with. I only have a minute so let me mention a few: \$38,000 to acquire fencing and improve a go-cart race track; purchase of equipment for a luxury tour and outdoor recreation, \$15,000; purchase and renovate an inn to higher quality; acquire office furniture and computer equipment; construct a two bedroom cottage; and to refurbish an existing cottage. If we ask the taxpayers they will say: "No. If you want that then you earn your own profit and you upgrade your own facility".

Government Orders

I would love to say more but I am out of time. It is time to fish or cut bait over there.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I want to congratulate the member for finally coming out of the closet in front of the entire House, declaring that he is a baby boomer that is.

The member continues to mention that we have a deficit and we have a debt. Hypothetically if the Reform Party had formed the government over \$100 billion of additional debt would have been incurred even with their plans. It is almost as if there would be absolutely nothing happening.

The member said this very large debt was accumulated over the last 25 years by the baby boomers and that they are the ones who are going to have to pay it back. I wonder if he would care to comment on whether he feels that seniors were in any way responsible for any of this debt. Does he feel that seniors should pay some portion of that debt?

Mr. White (Fraser Valley West): Mr. Speaker, do you know who is responsible for this debt? They are sitting in here. The politicians in this place are responsible for the debt. The Liberals and Conservatives are responsible for this country's debt regardless of their age. Do not blame it on the average taxpayer. It is politicians, the ones sitting right in here.

[Translation]

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, I will try to be brief. The point I want to make to the hon. member from western Canada is that we are not only separated by distance: We also have diverging views on economic development.

Economic development in the east means something specific, whether it is in Quebec or in the Maritimes—I do not want to speak for the Liberals, they are quite capable of digging a hole for themselves. It is a development tool to help people; for example, instead of providing transfer payments and social assistance, you give people tools to look after themselves.

In this respect, I wish the hon. member would be careful when addressing easterners.

[English]

Mr. White (Fraser Valley West): Mr. Speaker, once again I have been informed to be careful about how we talk about the east. I thought I opened this up with the Western Economic Diversification Board, Quebec and ACOA. The facts are that a lot of the dollars given out as grants in all three of these all across the country are not serving the purpose for which they started out, the concept which I described earlier.

Please, let us not get into being careful how we talk about Atlantic Canada, or Quebec, or western Canada. It is the concept

that we have to look at, the larger picture of economic development in this country. Is the money better off in the hands of the taxpayer or in the hands of the politicians?

The Deputy Speaker: Resuming debate. The hon. member for Wild Rose will end the debate in about two minutes.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, my speech was prepared for a lot longer than two minutes but I will try to reduce it.

The basis of this whole topic which bothers me is that it appears the government does not realize we are out of time and that we cannot afford Cadillac services any longer. We have to take a step backward. We have to drop the frills. It is time to trade in the Cadillac for a smaller car and realize that the days of wine and roses are over.

It amazes me. We asked for a simple thing. It would be a nice gesture on the part of the government to give up \$10 million a year. Maybe it could go to the hungry children that the minister of human resources keeps talking about. It would be a good gesture. From the Bloc, from the Liberals and from everywhere else but the Reformers we hear: "No way, we are not giving up the good old pension plan, not for a moment. It is the rest of the country that has problems. Let them figure out what they are going to do. We do not want to do anything".

I look around the Hill and I see those blue cars courting ministers wherever they want to go. There are green buses that will take us any place we want to go on the Hill.

I understand that if they were willing to sacrifice a little, they each could cough up \$45,000 a year that would really go well in the hands of the Children's Aid Society in Ottawa or Toronto. That is the kind of attitude I would like to see.

[Translation]

The Deputy Speaker: It being 6.05 p.m., it is my duty pursuant to the order passed on Thursday, November 24, 1994, to interrupt the proceedings and put forthwith the question necessary to dispose of Motion No. 17 now before the House.

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 will please say yea.

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And more than five members having risen:

Government Orders

Call in the members.

And the division bells having rung:

(1825)

[*English*]

Mr. Boudria: Mr. Speaker, I think you would find unanimous consent that we proceed with the vote on Bill C-57 and then proceed with the vote on Motion No. 17.

[*Translation*]

The Deputy Speaker: Is there unanimous consent to proceed in that fashion?

Some hon. members: Agreed.

* * *

WORLD TRADE ORGANIZATION AGREEMENT IMPLEMENTATION ACT

The House resumed from November 29, consideration of the motion that Bill C-57, an act to implement the agreement establishing the World Trade Organization, be read the third time and passed.

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

(*Division No. 121*)

YEAS

Members

Alcock	Allmand
Anawak	Anderson
Arseneault	Assad
Asselin	Axworthy (Winnipeg South Centre)
Bakopanos	Barnes
Beaumier	Bellehumeur
Bellemare	Bergeron
Bernier (Gaspé)	Bernier (Mégantic—Compton—Stanstead)
Bertrand	Bethel
Blondin—Andrew	Bodnar
Bonin	Boudria
Bridgman	Brien
Brown (Calgary Southeast)	Brown (Oakville—Milton)
Brushett	Bryden
Bélisle	Campbell
Canuel	Caron
Catterall	Chamberlain
Chan	Chatters
Chrétien (Frontenac)	Clancy
Cohen	Cowling
Culbert	Cummins
Dalphond—Guiral	Daviault
Debien	de Savoye
Deshaias	Dhaliwal
Discepola	Dromisky
Dubé	Duceppe
Duhamel	Dumas
Duncan	Dupuy
Eggleton	English
Fillion	Finestone
Flis	Frazier
Fry	Gagliano
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Gagnon (Québec)
Galloway	Gauthier (Roberval)
Godfrey	Godin
Goodale	Graham
Gray (Windsor West)	Grey (Beaver River)
Grose	Guarnieri
Hanger	Hanrahan
Harb	Harper (Calgary West)
Harper (Simcoe Centre)	Hart
Harvard	Hermanson
Hill (MacLeod)	Hoepfner

Hopkins	Hubbard
Ianno	Ifody
Irwin	Jacob
Jennings	Kirkby
Knutson	Landry
Langlois	Laurin
Lavigne (Beauharnois—Salaberry)	Lavigne (Verdun—Saint-Paul)
Lebel	Leblanc (Longueuil)
Lefebvre	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Loney
Loubier	MacAulay
MacLaren (Etobicoke North)	Maheu
Malhi	Maloney
Manley	Manning
Marchi	Martin (Esquimalt—Juan de Fuca)
Massé	Mayfield
McGuire	McKinnon
McLellan (Edmonton Northwest)	McWhinney
Mercier	Meredith
Mifflin	Mills (Broadview—Greenwood)
Mills (Red Deer)	Mitchell
Morrison	Murphy
Murray	Ménard
Nunez	O'Reilly
Pagtakhan	Parrish
Paré	Payne
Penson	Peters
Peterson	Phinney
Pickard (Essex—Kent)	Pillitteri
Plamondon	Pomerleau
Proud	Reed
Regan	Richardson
Rideout	Ringma
Ringuette—Maltais	Robichaud
Rompkey	Schmidt
Serré	Shepherd
Silye	Solberg
Speller	St-Laurent
St. Denis	Steckle
Stewart (Brant)	Stewart (Northumberland)
Stinson	Strahl
Szabo	Thalheimer
Thompson	Tobin
Torsney	Tremblay (Rosemont)
Vanclief	Venne
Verran	Volpe
Walker	Wells
Whelan	White (Fraser Valley West)
Wood	Young
Zed—185	

NAYS

Members

Althouse	Axworthy (Saskatoon—Clark's Crossing)
Blaikie	de Jong
Robinson	Solomon
Taylor—7	

PAIRED—MEMBERS

Augustine	Bachand
Bevilacqua	Bouchard
Caccia	Campbell
Cannis	Collins
Crête	Guay
Guimond	Lalonde
Lee	Marchand
Marleau	Nault
Patry	Picard (Drummond)
Rocheleau	Sauvageau
Sheridan	Tremblay (Rimouski—Témiscouata)

*Government Orders**[English]*

The Deputy Speaker: I declare the motion carried.

(Bill read the third time and passed.)

* * *

BUDGETARY POLICY

The House resumed consideration of the motion.

Mr. Boudria: Mr. Speaker, a point of order. I believe you will find that the members of Parliament who just voted on the previous motion could be recorded as having voted on the next motion, with Liberal members voting yea. The whips of other parties will indicate how their colleagues are intending to vote.

The Deputy Speaker: Is there unanimous consent to proceed as proposed?

Some hon. members: Agreed.

[Translation]

Mr. Duceppe: Mr. Speaker, Bloc Québécois members oppose this motion.

[English]

Mr. Silye: Mr. Speaker, I think you will find all the Reform Party members present today will vote yea.

Mr. Solomon: Mr. Speaker, as the New Democratic Party caucus whip, New Democrats in the House today vote no.

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

*(Division No. 122)***YEAS**

Members

Alcock
Anawak
Arseneault
Axworthy (Winnipeg South Centre)
Barnes
Bellemare
Bethel
Bodnar
Boudria
Brown (Calgary Southeast)
Brushett
Campbell
Chamberlain
Chatters
Cohen
Culbert
Dhaliwal
Dromisky
Duncan
Eggleton
Finestone
Frazer
Gagliano
Galloway
Goodale
Gray (Windsor West)
Grose
Hanger
Harb
Harper (Simcoe Centre)
Harvard
Hill (MacLeod)
Hopkins
Ianno

Allmand
Anderson
Assad
Bakopanos
Beaumier
Bertrand
Blondin—Andrew
Bonin
Bridgman
Brown (Oakville—Milton)
Bryden
Catterall
Chan
Clancy
Cowling
Cummins
Discepolo
Duhamel
Dupuy
English
Flis
Fry
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Godfrey
Graham
Grey (Beaver River)
Guarnieri
Hanrahan
Harper (Calgary West)
Hart
Hermanson
Hoepfner
Hubbard
Ifody

Irwin
Kirkby
Lavigne (Verdun—Saint-Paul)
MacAulay
Maheu
Maloney
Manning
Martin (Esquimalt—Juan de Fuca)
Mayfield
McKinnon
McWhinney
Mifflin
Mills (Red Deer)
Morrison
Murray
Pagtakhan
Payne
Peters
Phinney
Pillitteri
Reed
Richardson
Ringma
Robichaud
Schmidt
Shepherd
Solberg
St. Denis
Stewart (Brant)
Stinson
Szabo
Thompson
Torsney
Verran
Walker
Whelan
Wood
Zed—143

Jennings
Knutson
Loney
MacLaren (Etobicoke North)
Malhi
Manley
Marchi
Massé
McGuire
McLellan (Edmonton Northwest)
Meredith
Mills (Broadview—Greenwood)
Mitchell
Murphy
O'Reilly
Parrish
Penson
Peterson
Pickard (Essex—Kent)
Proud
Regan
Rideout
Ringuette—Maltais
Rompkey
Serré
Silye
Speller
Steckle
Stewart (Northumberland)
Strahl
Thalheimer
Tobin
Vanclief
Volpe
Wells
White (Fraser Valley West)
Young

NAYS

Members

Althouse
Axworthy (Saskatoon—Clark's Crossing)
Bergeron
Bernier (Mégantic—Compton—Stanstead)
Brien
Canuel
Chrétien (Frontenac)
Davault
de Jong
Deshaies
Duceppe
Fillion
Gauthier (Roberval)
Jacob
Langlois
Lavigne (Beauharnois—Salaberry)
Leblanc (Longueuil)
Leroux (Richmond—Wolfe)
Loubier
Ménard
Paré
Pomerleau
Solomon
Taylor
Venne—49

Asselin
Bellehumeur
Bernier (Gaspé)
Blaikie
Bélisle
Caron
Dalphond—Guiral
Debien
de Savoye
Dubé
Dumas
Gagnon (Québec)
Godin
Landry
Laurin
Lebel
Lefebvre
Leroux (Shefford)
Mercier
Nunez
Plamondon
Robinson
St-Laurent
Tremblay (Rosemont)

PAIRED—MEMBERS

Augustine
Bevilacqua
Caccia

Bachand
Bouchard
Campbell

Cannis
Crête
Guimond
Lee
Marleau
Patry
Rocheleau
Sheridan

Collins
Guay
Lalonde
Marchand
Nault
Picard (Drummond)
Sauvageau
Tremblay (Rimouski—Témiscouata)

The Deputy Speaker: I declare the motion carried.

It being 6.38 the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[English]

EXECUTIVE SALARIES

Mr. John Harvard (Winnipeg St. James, Lib.) moved:

That this House support the principle of disclosing the salary ranges of all senior executives of crown corporations and publicly traded companies incorporated under federal charter.

He said: Mr. Speaker, in this motion I am asking the House to support the principle of disclosing the salary ranges of all senior executives of crown corporations and publicly traded companies incorporated under federal charter.

I admit right off the top that I do not think this motion really goes far enough. That was suggested by the *Globe and Mail* newspaper which suggested that the motion include boards and commissions of the federal government.

I tried to keep the motion as simple as possible. Adding other entities, in my opinion, only complicates the issue. I wanted, in a fashion, to set the bar as low as possible so that we could get some kind of easy discussion on this matter.

I wanted to discuss this issue so that Canadians can get an idea of how members of Parliament feel about generous and sometimes extremely lucrative benefits which executives of public companies and crown corporations receive.

(1840)

Why did I introduce this motion? It has not been designed to settle the impossible question of what executives are worth. I am not trying to do that in this motion. After all we live in a free market economy in which employers can pay employees whatever they feel is acceptable.

If my purpose is not to determine an executive's worth then why the motion? Consider how the public would feel if both politicians' and senators' salaries and benefits were not disclosed. People would be very unhappy. People want to know how public servants or public representatives treat themselves. Similarly, and I think in a growing fashion, people want to know

Private Members' Business

how powerful, influential people in the private sector treat themselves.

Also consider the province of Ontario which under its securities act requires companies currently trading on the Toronto Stock Exchange to disclose the compensation packages of senior executives. Ontario is the only province with this requirement. The Ontario example provides a basis for us. Summaries of all companies should be required regardless of location in Canada and whether that company is publicly traded or a crown corporation; in other words, extend the Ontario example right across the country.

Ontario's securities act was implemented several years ago. It was implemented to force companies trading on the Toronto Stock Exchange to disclose the compensation packages of senior executives. As well, the Ontario legislature has given first reading to two private members' bills relating to salary disclosure.

Bill 108 would amend provincial access and privacy statutes to provide access to information relating to the salaries of public service officers and employees at the provincial and municipal levels. Bill 114, entitled an act to provide for the disclosure of executive compensation in the public sector, would require the Ontario government to report annually the salaries of the five most highly paid officials in each government ministry and crown corporation.

Perhaps through example we can more clearly understand the motivation for the introduction of disclosure regulations. Let me give some examples.

Hartland MacDougall, the former chairman of Royal Trust was handed a combined salary, bonus and severance package of \$2.9 million for 1993. That came after the collapse of Royal Trust.

Marvin Marshall is CEO of Bramalea Ltd., a real estate firm. In 1993 even though Bramalea lost something like \$90 million Mr. Marshall was paid almost \$1 million in salary, \$971,225.

Bill Stinson, CEO and chairman at Canadian Pacific, received a 31 per cent increase in salary in 1990, earning \$1,181,895 despite the fact that Canadian Pacific's profits declined by 52 per cent in that same year.

Paul Stern, former CEO of Northern Telecom, left that company in 1992, receiving \$164,000 for two months of employment. Stern also took with him a compensation package totalling \$6 million. Also we cannot forget another \$1.5 million in stock options.

When Stephen Banner joined Seagrams he received a signing bonus of 200,000 Seagram shares with a market value of \$5 million as well as his salary and a bonus package worth \$1.2 million. In addition Mr. Banner received a \$1 million interest free loan to buy a house in Montreal and additional stock options

Private Members' Business

worth \$2.1 million. As for his performance that has to be yet evaluated.

Those are examples. Some people might say those are examples of lucrative benefits. Some people might say that is an example of greed. There are cases where greed is not so apparent.

Paul Desmarais, the chairman of Power Corporation of Canada, a Montreal based firm, paid himself \$1.6 million while the firm's net earnings were \$201 million.

(1845)

In my opinion such salaries become more than a simple matter of disclosure, but disclosure is at the heart of this issue. Executives of large firms and crown corporations are powerful people, perhaps in some instances more powerful than ministers or even the Prime Minister. In this respect there needs to be some legislation to inform Canadians how corporate moneys are dispensed with or spent.

One reason for introducing this as a motion rather than a bill is that several legislative changes would be required in order to facilitate salary disclosure. I do think though that salary disclosure means that salaries or compensation packages would be tied more closely to performance: the better the performance, the better the compensation package; lower performance, lower remuneration.

Disclosure at the federal level would require all kinds of legislative changes. For example, under the existing legislation in section 3(19)(iii) of the Privacy Act the federal government is now required to only disclose the salary ranges for senior civil servant positions. The Federal Court has interpreted salary range as meaning the exact salary amount of officials and shall remain personal information and not subject to public scrutiny. However, the Canada Business Corporations Act does permit public access to documents such as letters patent and annual returns which do not include certain information on a corporation's directors.

Federally there has been an effort to amend the Privacy Act to require the exact salary to be announced with order in council appointments. In a 1987 report the Standing Committee on Justice and the Solicitor General recommended but did not implement the amendment which would have made specific salaries of government officials mandatory.

Financial institutions are major corporations incorporated under federal charter. Several acts would have to be amended to effect this change, namely the Bank Act along with its counterparts, the Insurance Companies Act, the Trust Loan Companies Act, and the Co-operative Credit Associations Act.

The Canadian Business Corporations Act could also be amended to include an order to state executive remuneration. When filing annual returns with the Superintendent of Financial

Institutions a corporation could be required to report the salaries of its senior directors. This information would be accompanied by a report of the corporation's operations and activities of its directors already provided to the superintendent in accordance with section 262 of the act and open to public scrutiny as required under section 266.

It may also be necessary to make an amendment to the definitions in the Privacy Act to clarify the intent and need for salary disclosure for the sake of public interest. The amendments mentioned here could sufficiently cover the salaries of private sector executives.

Those are some necessary legislative changes. That is down the road. Right now we are more or less talking about the principle of disclosure.

As politicians we are continually reminded of the notion that absolute power corrupts absolutely. I am not trying to imply that senior executives are morally corrupt or have ethics that are worse than any other person. I do not think they are any more greedy than anyone else, but I do think that because of their influence and power they may be in a better position to act upon the greed they may possess. I suppose we all have some greed in us.

I am saying that senior executives are so powerful that even though they are technically employees their compensation can be extreme relative to the company's economic performance. Currently some executives can virtually set their own salaries and bonus packages. I suspect there would be a considerable debate on this point, but they are very powerful, especially in their own realm within their own companies.

Senior officials are also in a position to stack or heavily influence advisory boards or shareholder boards with friends and allies. Corporations are not the most democratic institutions. One might ask at this point: Why not leave this matter to the shareholders?

(1850)

I do not expect private companies to be as democratic as this old institution we call the Parliament of Canada is. Given the fact they are not that democratic I do think that shareholders need a little helping hand to open up the process and to provide better disclosure. We have to remember that shareholders in private corporations are a disparate group and are spread all over the place. It is very difficult for them to get together to make things happen.

Legislation would do executives a favour in some instances, in those cases where salary and compensation packages are reasonable relative again to company performance. They would receive strong public support and it would be good for their image. In cases where remuneration is unreasonable there would be some reason to worry and they would have to bring about some adjustment on account of adverse public opinion.

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Countless times executives are quoted as saying that the government should cut back on its expenditures. What I am proposing in this motion would require that private sector executives practise what they preach. Or, if one believes that executives in private corporations already practise what they preach maybe this kind of disclosure would ensure that they would continue to practise what they preach.

During the recent recession a number of companies lost a great deal of money, yet executives of some of these companies were rewarded handsomely. In some cases executive salaries went up despite the fact that the performance of their companies went down. The greatest irony is that in many of these cases it was these individuals who made decisions which cost their firms a great deal of money, yet they were in receipt of greater rewards and greater compensation. Should we be rewarding bad decisions and bad choices? If we do that then I suppose the Conservative Party would still be ruling this country.

Crown corporations also play a significant role in the economy and should be subject to the same rules of disclosure. The fact that executives can earn more money while the companies they work for lose money suggests that executives have the power to design their own packages in secrecy, behind closed doors and out of sight of public scrutiny. The public should know how the packages of crown corporations are established.

In recent days there has been a controversy surrounding the head of CNR. We discovered that as part of his package he was in receipt of a \$300,000 loan interest free, which probably makes it worth another \$30,000 or \$40,000. There is no need in my opinion to hide that kind of thing. If in this case the head of the CNR deserves that kind of assistance, if we want to put it that way, then it should be open and above board. He has no reason to hide it. My guess is it was made as obscure as possible because the man involved did not want that kind of information out. He probably thought it would add to his discomfort.

Disclosure is not intended to embarrass executives. It simply outlines the need for constraint. Disclosure gives us those constraints.

Initially this action may be considered intrusive. However, in the case of crown businesses they are the businesses of the government. Because they use government money they are using tax dollars. Furthermore, these businesses are important to the Canadian economy. Consider for a moment the significance of General Motors, Canadian National Railways, the Bank of Canada and the Department of Finance.

In conclusion, I wish this motion had been made votable but the powers that be decided otherwise. I wanted it to be votable because it would have given us the vehicle to express ourselves

on this issue. I think Canadians want parliamentarians to express themselves on this matter.

(1855)

In the remaining 40 minutes of this debate, I welcome the comments and the insights of my colleagues. If there are members who believe that executive compensation is nobody's business but their own, then let us hear about that. If in the opinion of some members disclosure is deemed to be harmful to the public interest or harmful to the private sector, I would like to hear about that too. Let the debate continue.

[*Translation*]

Mr. René Laurin (Joliette, BQ): Mr. Speaker, I would like to start by commending the hon. member for Winnipeg St. James on the way he presented his motion. His motion was well researched, and his arguments were excellent. I just wanted to say that. I would also like to take this opportunity to bring another perspective to the subject of this motion.

The hon. member for Winnipeg St. James moved: "That this House support the principle of disclosing the salary ranges of all senior executives of Crown corporations and publicly-traded companies incorporated under federal charter". I think I should add, for the benefit of those who are watching and listening, that there are three types of companies. First, private companies which usually belong to a single owner or are family-run businesses. Publicly-traded companies are usually big corporations or could be SMEs but, as a general rule, they are traded on the stock exchange market and the owners are shareholders. Finally, we have a third type of company, Crown corporations, which have a single owner: the government.

I may recall that in October 1993, the TSE, following the example of the New York Stock Exchange, required companies traded in Toronto to disclose the salaries and bonuses of their five most senior executives. The remuneration of these executives includes salary, bonuses, options or share premiums as agreed by the issuer. It also includes allowances, annual dues and life-insurance premiums. This policy applies to all companies trading on the TSE and the Montreal Exchange. Companies trading on both exchanges are subject to the regulations set by the TSE.

With this measure, the Ontario government makes it incumbent on heads of Crown corporations to give an account of their remuneration to shareholders. The TSE's policy follows the example of American exchanges, and about 3,700 Crown corporations have been affected by the TSE's new policy.

Quebec, however, seems to be the exception in North America. The Montreal Exchange requires only disclosure of the total remuneration of the five best paid executives of companies trading on the exchange. Toronto requires disclosure of the salaries of these executives, while Montreal simply wants to

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know the total amount, without requiring detailed information in each case.

(1900)

In December 1993, the Quebec minister responsible for finance, Mrs. Louise Robic, said that she did not believe that it was necessary to require the disclosure of individual salaries of executive officers of companies listed on the Montreal Stock Exchange. She mentioned their need for privacy.

The Conseil du Patronat in Quebec was of the same opinion. Its spokesperson, Ghislain Dufour, opposed the Ontario policy for the sake of protecting the right to privacy.

Yet, the Ontario policy already applies to a vast majority of companies listed on the Montreal Stock Exchange. These companies are usually listed on both exchanges and, since they must abide by the rules of the Toronto Stock Exchange, they have to make public the salaries of their best paid executives. At the time, Mr. Dufour praised Mrs. Robic's decision.

We should add to this the opinion the Deputy Premier of Quebec, Mr. Bernard Landry, expressed when his party was in opposition. He said, in January 1994, that his party was totally in favour of the disclosure of executive salaries. He said and I quote: "We are following the example of the Americans", and he went on to say that the public and semi-public sectors would have to follow suite.

The Parti Québécois favours openness. "What worker would agree to make sacrifices if he felt that the salary spread was much too great?" asked Mr. Landry. He points out that during its first term in office, the Parti Québécois came very close to making the individual disclosure of top executives' salaries mandatory. But at the time, it was not a requirement in Toronto, and such a discrepancy in the rules of both stock exchanges could have been a problem.

It is important to note that, in October 1994, the Quebec Deposit and Investment Fund issued a different policy in this matter. It is opposed to the individual disclosure of top corporate executives' salaries, preferring instead the policy adopted by the Montreal Stock Exchange. However, the fund adds in its regulations that it expects corporations to abide by the disclosure rules established by regulatory agencies such as the Toronto Stock Exchange.

The Quebec Deposit and Investment Fund clearly states its preference for a policy like that of the Montreal Stock Exchange, although it expects companies listed on the Toronto stock exchange to obey TSE regulations and authorize disclosure, as well as other companies entitled to follow the applicable

regulations. Companies are expected to comply with these regulations.

Let us go back to Motion No. 309 tabled by the hon. member for Winnipeg St. James. It is apparently aimed at extending the policy adopted by the Toronto Stock Exchange to everything under federal jurisdiction, including Crown corporations and publicly-traded companies incorporated under federal charter. Crown corporations have a single owner and are not currently required to follow the policy of the Toronto Stock Exchange since they are not listed on the TSE.

To give our viewers an idea of what these Crown corporations are, I would like to identify some of them. The list of parent Crown corporations includes the St. Lawrence Seaway Authority, the Canadian Wheat Board, the National Capital Commission, Canadian National Railways, the Canada Council, Canada Development Investment Corporation, Atomic Energy of Canada, the National Gallery of Canada, Canada Post Corporation, Canada Mortgage and Housing Corporation, the Canada Lands Company, the Canadian Broadcasting Corporation, VIA Rail Canada, etc. These are examples of what we are thinking about when we talk about parent corporations.

(1905)

This motion would require not only parent corporations but also other companies incorporated under federal charter to disclose the salaries of their senior executives.

The situation of publicly-traded companies incorporated under federal charter is more complex. We must keep in mind that most of these companies are listed on the TSE but that some Crown corporations are not. This matter comes under provincial jurisdiction and does not require the adoption of a federal law.

In fact, the federal government has been unsuccessfully trying for several years to control the securities industry. In any case, I do not think that this law should apply to publicly-traded companies incorporated under federal charter.

The motion should be restricted to parent corporations, although federal public corporations are already subject to Ontario or Quebec laws. I think that we should let them administer their own affairs as they see fit and let the provinces continue to regulate them as they have done until now.

[English]

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, the motion that stands before us today is interesting because it highlights a problem that has existed for many years.

In particular, I would like to address the issue of disclosure of the salaries of the executives of crown corporations. The motion strikes at the balance between the right of the individual to his

own privacy and the right of the taxpayer to know where his tax dollars are being spent.

Allow me to quote from *Hansard* of November 21, 1983, just about 11 years ago to the day. *Hansard* records a question in the House of Commons on that day, a question that arose out of the tabling of a report detailing all the orders in council appointees by the government, a report that is still regularly published today. The report was 264 pages long. It gave the salary ranges, not the actual salaries, of all order in council, and by that I mean cabinet, appointees.

On that November day 11 years ago, a Conservative member asked the Deputy Prime Minister why salaries of the heads of crown corporations were not publicly disclosed. In his characteristic fashion, the Deputy Prime Minister replied: "The information that was tabled was in compliance with the law passed by the Parliament of Canada. Obviously with respect to public servants we have made public the range of salary. In this particular case, because it is impossible to find anything equivalent to a range, we have shown the maximum salary and the minimum salary".

I am not sure exactly what that means but in any case the former Deputy Prime Minister in perfect Liberal fashion avoided answering the question altogether. That member is of course sitting in the Senate today.

The answer more coherent people usually give to this question is that while the public has a right to know what civil servants are being paid, those who are heads of crown corporations work at arm's length from the government. They are not purely public servants and therefore they have a right to their privacy when it comes to personal information like salaries. In a grand Canadian fashion we have compromised and split the issue right down the middle by publishing salary ranges, allowing us to say that we know but we do not know at the same time.

It kind of reminds me of the question: "Why did the Canadian cross the road?" The answer of course was to get to the middle.

Almost immediately after the Conservative government took power in 1984, it began to publish more accurate salary ranges of the heads of crown corporations because they had been the ones asking the government to do that for some time.

Please notice that it did not publish the actual salaries of the executives either, but it published the ranges with one significant difference from the Liberals. The ranges it began to publish were much narrower than had been previously published.

We learned from another question in the House asked by another Conservative member, again in November 1983, that the salary range of 18 employees of Canada Post was at the time \$63,000 to \$228,000 a year. Given this range, appointees could

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receive a salary anywhere within that range, maybe \$170,000 a year. That is a range.

That gave very broad anonymity to all 18 executives appointed to Canada Post in 1983. Today the situation is much different.

(1910)

The salary range for the chief executive officer of Canada Post is more accurately stated at \$255,000 to \$319,000 a year. This still leaves the actual salary of the CEO unknown, but it gives such a revealing hint that there is very little left to the imagination.

In addition, most order in council appointees are given a ranking number, called a governor in council rating that falls between 1 and 11, each showing a progressively higher salary with a range somewhere between \$20,000 and \$30,000. The yearly reporting of order in council appointees called "The Governor in Council Appointment Guide" also gives a complete list of 15 CEO salary ranges of senior executives of crown corporations and a few other executives. The salary ranges given have about \$30,000 between the minimum and maximum salaries for these positions.

Over the last decade and a half a trend toward greater disclosure has been established until we have today reached what I would call almost virtual disclosure. Although interest was high when salaries were fully veiled, now less is being left to the imagination, so interest in the topic I think is naturally waning.

If I were the CEO of a crown corporation I would argue that my salary has been virtually revealed and there is no more danger to the public from the small amount of secrecy that still exists. What is the harm in a little bit of secrecy?

On the other hand the taxpayer would argue what would it hurt to know the exact salaries? Since a trend toward greater openness has already been established over a period of years and since we already have full disclosure in all but name, since the privacy of these individuals with respect to salary is only a charade anyway, what is there to lose by revealing all? The taxpayer would feel that a corporation may well be at arm's length from the government in the legal sense, but the taxpayer is not at arm's length in any way at all.

Every time the CEO receives a pay cheque the taxpayer feels it directly in the wallet. The taxpayer would argue that he has a compelling interest in full disclosure, knowing the exact salary he is paying anyone, be it a clerk in a UI office or the chairman of CN rail. We have two opposing arguments with two competing interests. The question then becomes: Which group has a more compelling interest, the taxpayer or the one who serves the taxpayer either as a public servant or as an arm's length quasi-public servant?

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In my former life I operated a contracting company with about 230 employees. As the manager of those employees I had to know their exact salaries or I could not have run the company. The requirement of full disclosure is not only important, it is necessary for the manager. Just let the listener try to run his or her own household when they do not know all of their expenses. It is, of course, impossible.

If full disclosure is necessary to the financial manager, it begs an important question. Just who is the boss of Canada? Is it the government or the people who elect the government? I would say that the people of Canada are the boss and they have hired this government for a short period of time to manage the public affairs for them.

The government is not the boss, it is the servant. It is impossible for the taxpayer, the employer of the government, the real boss, to adequately judge the performance of its servant without exact information. This applies across the board, not just to the salaries of chief executive officers, but to government information across the great span of the federal government.

As a matter of principle, the taxpayer deserves full disclosure of all government expenditures. By receiving employment from the public purse and by fulfilling some type of a public mandate through their work, an individual gives up his or her right to privacy regarding salary. We can see why this principle is so important.

Just a few days ago the CEO of Canadian National revealed that in addition to his salary of something between \$324,000 and \$377,000 he has received an interest free loan of \$300,000 to mortgage his house. This practice of mortgage perks is long-standing. I would refer the listener to the 1981 report of Petro-Canada where we first got wind of this in which \$16.5 million was listed as mortgages. Is there anything else that the president of CN receives today for instance?

How can the ordinary member of the public judge whether the taxpayer has received a fair deal without knowing the details of the remuneration? If I owned a company and I found out that my manager was hiding important financial information from me, we all know what I would do. I would require that manager to tell me everything immediately or I would find a different manager. The principle becomes much larger and much more important when the poor taxpayer begins to delve into the government books and finds out how huge the whole system is.

(1915)

The governor in council appointment guide I referred to earlier now has well over 286 pages in it, not 264 as in former times. The guide has a list of political appointees, 51 pages long. There are 2,500 names on the list.

If we are to assume that each one of those persons receives \$70,000 a year, which is a fairly conservative estimate, it means that the salaries paid to those political appointees amount to

\$175 million a year. If we consider that these employees receive salaries within a range that is perhaps \$30,000 a year more, then the salaries build to \$250 million and so on.

The electorate will never see this information because it is hidden. The Liberal government, I would propose, has carefully hidden it so that we will not be able to see who gets what.

When we move on to other sectors of government full disclosure is even more necessary. For instance, the Department of Canadian Heritage gives out \$552 million in grants to 10,000 different groups every year. It is a shame. On August 18 I asked for that list. It is somewhere in the bowels of the department. I cannot get it. They will not give it to me.

To summarize my remarks today, the taxpayer has a compelling interest in full financial disclosure from the government. There are many aspects of individual privacy about which the public does not have a right to know. When it is an individual employed by the taxpayer to fulfil a public mandate in service to the taxpayer, the interest of the taxpayer to know outweighs the right of the salary to be held secret.

Disclosing where the taxpayers' dollars are being spent and just who are the beneficiaries are valid principles. Where the motion helps to accomplish this, I think I could support that.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I am very happy to take part in the debate on a very worthwhile motion by the member for Winnipeg St. James. I am very much in favour of his motion.

The motion really addresses, even though it does not quite say so, the concept of transparency and the possibility that people should be remunerated based on their performance. I do not think there is anything particularly wrong with that. In the case of crown corporations the customers are the taxpayers of Canada.

I have been involved with the Lobbyists Registration Act. People are concerned about the accountability of government and people working with government and interrelating with the public in general. Basically the motion attempts to address that accountability.

The Ontario Securities Commission requires the reporting of salary ranges in publicly traded corporations. This is a jurisdictional problem as the previous member from the Bloc pointed out. One advantage of having federally chartered corporations respond in that way is that it will actually be spread across the country. We could have federally incorporated companies which operate mainly in Vancouver now coming under the guise of this legislation.

Another important aspect, although it was not really addressed in the member's motion, would be to deal with some of the problems of the securities exchange commissions in the country. I firmly believe there is a definite need for a national securities commission that would have a uniform standard of

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securities legislation across the country. There are many people who believe that as well. It has an additional advantage in that it could possibly create new capital markets for small and medium sized businesses. That is an issue for another day.

We speak about transparency in corporations. The shareholders are very interested in what their executives are being paid. I can remember during some of the bad troughs of the last recession when our banks were having problems with Canary Wharf. I actually watched some of these institutions raise the salaries and remunerations of their executive officers, the very people who had made the decisions concerning that project. It was amazing to note at the same time that some foreign banks, especially some in the United States, were actually firing those people. It gives a different onus.

(1920)

I am sure the people in the Royal Bank and others were very happy to receive at least the information. Although they might not have liked the results, they were certainly pleased to be in receipt of the information that these people had decided to give themselves a salary boost.

The transparency aspect in the recording of salary ranges is not a matter of simple curiosity. The reality is that when we expose them people start thinking the very thing we are thinking: "What is it that you did to earn that money?" Having crown corporations provide that information is nothing but good.

For instance, Canada Post was mentioned earlier in the debate. Why should its remuneration not be more directly linked to its actions as a crown corporation? In other words there should be a portion, if not dollar for dollar, of its remuneration directly related to customer satisfaction which is basically the people of Canada who use Canada Post services.

Today I attended an interesting interview. Some people from IBM were telling us how they run their corporation these days. Ten per cent of the remuneration of their employees is now based on a combination of five per cent on the profitability of the corporation and five per cent on customer satisfaction. They have a way of measuring customer satisfaction. We have to go more toward that in our governmental institutions.

I take the train to Ottawa quite often. I have often thought the executive officers of VIA Rail should possibly be paid, at least partially, based on the performance of that service. It seems that every time that train is late we should focus on the profitability of VIA Rail and customer satisfaction. Of course a lot of people would understand that these people may well have to pay money to work for VIA Rail today. If that focus were available, we may well get more efficiency in government as well as in our private sector.

I will conclude to allow other members to discuss the motion by raising the aspect of the civil service. I do not want to be getting into a position where I always seem to be bashing the civil service. Many civil servants do worthwhile jobs. I am very conscious of their concern for the Canadian citizen. I would, however, like to restore the word civil to the term civil servant. I looked it up in the dictionary on the way to the Chamber today and the word civil means belonging to the citizens, polite, obliging and not rude. Those are some of the things that we would address by making the remuneration more directly related to the citizens of the country.

I am very supportive of the motion of the member for Winnipeg St. James. It is quite appropriate that he brought it before the House tonight.

The Deputy Speaker: I might indicate that the debate is to end at 7.37 p.m. If there are two members who wish to speak, perhaps they could divide the time.

Mr. Julian Reed (Halton—Peel, Lib.): Mr. Speaker, I will be quite brief. I rise in support of the motion. I congratulate the hon. member for Winnipeg St. James on his motion that will help to bring Canada fully into the 20th century in terms of business.

Other countries are ahead of us by many years in terms of the requirement to disclose. I approach the question perhaps a little differently than my colleagues who have spoken before. It has to do with the question of fiduciary responsibility. We know the term fiduciary responsibility applies to business, to stock companies and so on. That responsibility is to the stockholders, to the people who buy the stocks, who are entitled to attend annual meetings and who presumably are entitled to all pertinent information about the company, the financial information particularly.

(1925)

We have lagged behind in this country by not acknowledging that salaries, especially significant salaries of senior executives, have been exempt. It would seem to me, and I do not want to comment on the size of the salaries or the stock options, the perks or whatever, that a lot of senior executives probably deserve more than they are making. Perhaps some of them deserve less. Those are privately held opinions as often citizens hold about members of Parliament as to whether their salaries are adequate, overadequate or under, or whatever.

Since the incomes of those senior executives have a direct relationship with the profitability of the company and with the dividends that are paid and so on and presumably in the end the value of the stock that it would be in the positive interests of that business if those things were revealed. A prospective share-

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holder then would not be made aware of only part of the financial information it needs but would have all of the financial information. I believe that is correct.

In the case of crown corporations naturally the fiduciary responsibility is to the people of Canada, to the citizens. It seems to me that they are as entitled to that kind of information as are private shareholders in companies.

It is for those reasons that I rise in wholehearted support. I hope this goes ahead and the thrust of this motion prompts us to adopt legislation that will bring us into line at least with other countries we compete with around the world because it will be good for our business and good for investment in this country.

Mrs. Sue Barnes (London West, Lib.): Mr. Speaker, I rise today to speak on the motion put forward by the hon. member for Winnipeg—St. James respecting the principle of public disclosure of salaries of senior executives of publicly traded private corporations and crown corporations.

Unfortunately because of time I do not think I am going to get through my whole presentation but I thank my hon. colleague for sharing the time.

The issue as it relates to provisions of the Canada Business Corporations Act rests mainly with my colleague, the Minister of Industry.

[*Translation*]

For Crown corporations the government has a more direct responsibility because of the public policy purposes these corporations serve and has a strong interest in ensuring appropriate compensation levels.

[*English*]

The subject of salary disclosure of executives in Canada's corporate world has always been one of great debate and great importance. Our government has traditionally attempted to balance the right of the public to access information concerning both public and private institutions against the rights of individuals to privacy.

Disclosure rules in the private sector for publicly traded corporations reflect an increasing desire on the part of investors and creditors to exercise their corporate governance rights and responsibilities in ways that ensure that compensation packages to management harmonize to the degree possible with the interests of the shareholder. Compensation should reflect corporate performance and industry standards.

Provincial securities legislation deals with disclosure rules for public companies. For example, Canadian companies which do or may file debt securities which trade under the Ontario Securities Commission jurisdiction are required to file information on executive compensation for the presidents of the companies and the four most highly compensated officers. These rules

appear to be well designed to meet the needs of private investors and creditors. They provide assurance and accountability.

Disclosure of compensation for CEOs and chairpersons establish a reasonable and welcome degree of public transparency concerning corporate affairs for some of Canada's most important corporate bodies whose shares trade on the open market.

Sound corporate governance for crown corporations continue to be a matter of concern to this government. This past October the President of the Treasury Board hosted a conference of chairpersons and CEOs of crown corporations to discuss ways of improving the performance and accountability of crown corporation boards.

(1930)

I think it is fair to say that all crown corporations represented displayed sensitivity to the public's changing expectations concerning the responsibilities of corporate boards. This sensitivity extends to the development of appropriate compensation policies for corporate employees.

In recent years a number of studies in the area of corporate governance, including the report prepared by Mr. Peter Dey for the Toronto Stock Exchange, have addressed the changing role of the board of directors.

Crown corporation boards face difficult challenges complicated by the need to balance the corporate agenda with the public policy agenda. They also face problems similar to those in the private sector such as ensuring open communication programs with shareholders, stakeholders and other affected parties, and that includes the taxpayers of Canada.

In the Dey report there is a particularly challenging concept of a modern business corporation put forward by the Canadian Centre for Ethics and Corporate Policy. The centre sees "the modern corporation as both an economic institution and a social institution". The role of the "economic institution" is "to conduct affairs with activities with a view to enhancing profit for the benefit of the shareholders". This of course is the traditional role.

However, I think we can go further and say that "as a social institution a corporation in the conduct of its business activities must take into account those ethical principles and considerations that are reasonably regarded as appropriate for the responsible conduct of business" in Canada. This expands the traditional view and puts the onus on boards of directors to become accountable for much more than only the bottom line on a set of financial statements.

Crown corporations by their very nature have always had to consider the public policy principles and considerations to a much greater degree of public scrutiny than private sector corporations.

Furthermore, the Treasury Board secretariat continually reviews corporate government issues as they relate to federal crown corporations. The review of annual corporate plans and budgets, including salary budgets, is one aspect of their work. In addition, much information on crown corporations is now publicly available.

Hon. members are probably aware that for crown corporations, directors, chairpersons and chief executive officers, these are appointed by order in council and have their remuneration fixed by the governor in council. Salary ranges for these appointees are in fact now very much public information. The practice has been to provide easy access to information concerning the salary range of a particular person. This protects the privacy of the individual concerned, especially with respect to exact salary, while allowing the public to have access to significant information. Similarly, the salary schedules of senior appointments to federal agencies and commissions are publicly available.

Crown corporations seeking to issue debt instruments follow rules established by respective provincial securities commissions. They too are subject to disclosure requirements as are their counterparts in the private sector.

With respect to the current public sector wage freeze, all crown corporations have been asked to follow government policy. Order in council appointments such as board chairs have had their wages frozen. Senior crown corporation officials who are not government appointees have had their compensations set by the boards of directors of their corporations. Crown corporations subject to access to information or privacy legislation can be required to provide salary ranges and discretionary benefits of a financial nature for these officials.

The Financial Administration Act requires as well that any benefits other than remuneration paid to directors, chair or chief executive officers shall be fixed by the board of directors in accordance with the regulations made under this act. The regulations require that these benefits do not exceed any industry norm.

I would like to emphasize that federal crown corporations are subject to more stringent accountability and control rules than are publicly traded corporations.

The Financial Administration Act, part X, sections 83 to 154, establishes very thorough and comprehensive reporting requirements. This law requires corporations to submit annual corporate plans and budgets to Treasury Board for approval.

Corporations must conduct internal audits as well as being audited externally. In most cases, external audits are undertaken by the Auditor General who is empowered to make special

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reports on the matters he believes require the attention of ministers and Parliament.

In addition, crown corporations under part X must undergo a special examination at least once every five years. These examinations are established to ensure that systems and practices respecting financial and management controls are maintained in order to provide assurance that the resources of the corporation are being managed effectively and efficiently.

How much more disclosure is reasonable for other crown corporation executives? Is there a further need to add more rules for Canada's 48 crown corporations? Should smaller corporations which do not issue debt instruments and have only a handful of employees be treated in the same manner as a larger corporation? It would be premature to go beyond what we now have in the area of salary information reporting by crown corporations. Public accountability for crown corporations is now well and adequately established under a sufficiently rigorous statutory and regulatory framework.

(1935)

The corporate form together with this framework has served Canadians well. In the 1993 report to Parliament, the Auditor General of Canada stated:

In 1991, we reported that the control and accountability framework established in 1984 represented a vast improvement over the previous situation and provided for greater vigilance and stability. It has, in our view, improved the management of crown corporations as well as the receipt of essential information by Parliament on a more timely basis.

The government will continue to monitor this system to ensure its effective functioning and make whatever amendments are needed.

The Deputy Speaker: Under Standing Order 44, the member who began the debate is entitled to approximately two minutes in which he might close the debate.

Mr. John Harvard (Winnipeg St. James, Lib.): Mr. Speaker, I am not going to use up the whole two minutes.

In closing off the debate I want to express my sincere thanks to all the members who participated in the debate. I want them to know that I really appreciated their participation and contribution.

Tonight's debate, even though we did not have a vote, indicates that there is an interest, there are different points of view and we should not let this debate go. Perhaps we can pick it up again under some other format at some other time.

The public is interested and they too would not want us to let this go. It is a matter of importance to all of us. We in Parliament truly believe in transparency, openness and disclosure whether it applies to crown corporations or private sector corporations.

Adjournment Debate

Again, I want to thank all those members of the House who took part in tonight's debate.

The Deputy Speaker: The time provided for Private Members' Business has now expired. Pursuant to Standing Order 96, the order is dropped from the Order Paper.

ADJOURNMENT PROCEEDINGS

[English]

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

NORTHERN TAX ALLOWANCE

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I rise tonight to again raise the issue of the northern tax allowance, a matter that I and my constituents have expressed concern about for many years. This was an issue that concerned my constituents and other Canadians during my first election campaign in 1988. It was an issue that the Mulroney government completely misunderstood and in responding to the complaints raised it made the situation worse.

I have always seen the northern tax benefit program as a simple acknowledgement that not all taxpayers in Canada have equal access to the programs and services to which they contribute as taxpayers. Northern residents live at a considerable distance from the majority of federal government services and the northern tax program provided them with some relief on their income tax as a result.

For example, an individual living in Pierceland, Saskatchewan has less access to federal government programs and services than does an individual living in Saskatoon. Therefore, it seemed the right thing to do when the original tax benefit program was initiated and brought into being.

However, there were problems in its implementation. Some communities achieved northern benefit status and others did not. There were arguments about why the residents in one community received benefits while residents in another did not. Instead of reviewing the criteria for the program and finding ways to increase its fairness, the Mulroney government appointed a special task force which reported to Parliament in October 1989.

The task force recommended that instead of fixing the problems the federal government should simply move the eligibility line so far north that few communities would argue about where the line was drawn. In other words, the task force recommendation walked away from the problem, took the easy way out and completely ignored the needs and desires of the people who were living in the area previously defined for eligibility.

(1940)

According to the Mulroney government, which accepted the task force recommendations, the people who were receiving the benefits would be best served if they lost those benefits, not all at once but slowly, phased out over three years.

Despite their protests, these residents will see the end of the northern tax allowance this year. When taxes for 1994 are calculated and the benefit taken into account, that will be it. In 1995 these hard working Canadians will lose their benefits.

As a result it also means that each and every one of these tax paying families will see a dramatic increase in their tax bill beginning in the 1995 tax year. At the time of the task force report, I said it did nothing but address the cash grab needs of the federal government and completely ignored the needs of the people who live in the areas designated to receive the benefits.

I acknowledged the unfairness of the existing program, but I suggested that a review and some new criteria would be better than completely removing the benefits from so many tax paying residents.

Although the Liberal government since its election one year ago has refused to review the northern tax allowance program at my request, I decided last week to try once again so that in the development of the 1995 budget the government might consider reinstating the program to ensure that additional tax increases are not going to be unfairly forced on northern residents.

I was pleased to learn there is the possibility of a review. I hope the government will again tonight confirm that it is going to look at this program and give the residents of a part of my constituency and other northerners some reason to be optimistic.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, the hon. member has asked that the government reconsider the phasing out of the tax benefits for residents of the north and isolated areas.

I would first like to clarify that the program is not being eliminated at the end of this year. Rather, a new approach to providing benefits to residents of the north was implemented at the beginning of 1991.

This new system was accompanied by a transition period ending this year for those communities whose benefits were being reduced or eliminated. I can appreciate that some individuals living in communities no longer eligible for some or all of the benefits might oppose these changes.

However, after reviewing the events that led to the implementation of the current system, I believe that the zonal approach is the right one. The current system was the result of a comprehensive study. It was implemented on the basis of the recommendations of the task force on tax benefits for northern

and isolated areas established in 1988 and of further consultations as well.

The previous community by community approach to allocating benefits was widely criticized as inherently unfair because it created border problems between adjacent communities that were treated differently for tax purposes.

The existence of ill-defined boundaries made inequities inevitable. The new system is based on carefully delineated broad zones and it minimizes inequities. I believe that the current policy will prove to be fairer, simpler and more effective than any of its predecessors, providing tax assistance to residents of northern and isolated areas.

CRTC

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, I asked a single question of the Minister of Canadian Heritage during question period on Friday, November 25.

I asked the minister to explain why cabinet had decided to order a review of the CRTC exemption order on direct home satellites. Even though cabinet had made its decision for the review, even though cabinet had directed the details of the review to be gazetted, even though cabinet had decided who would conduct the review and who would be on its advisory council, even though cabinet had decided that the CRTC would not be the body to conduct the review, the minister refused to answer the simple question I posed.

I was aware of the details concerning the review. Surely the minister was informed so he could respond to my question. It is unfortunate that he could not explain the reasons supporting this decision. The decision had been made on Tuesday and yet three days later, on Friday, he still refused to explain fully to Canadians the basis of the decision and why it was made.

Telecommunications policy in Canada is rapidly being out-paced by the developments that are being made in the industry. Technological convergence is occurring at an exponentially increasing rate and the government must recognize that it can no longer adequately regulate the industry while providing fair treatment.

(1945)

Competitive fairness is what this issue is about. The Reform Party does not oppose the idea of a review of the direct to home satellite distribution policy. We encourage such a review. However, we must ensure at all times that this review like all matters of government is dealt with fairly.

In order to maximize the level of fairness the process should be as unbiased as possible while still securing a high level of competency. At no time has it been suggested that competent people should be excluded from making contributions to the debate. However, we must ensure that no one interest is given more weight or is seen as being given more weight than any other.

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The cabinet also decided to appoint three members from private industry to advise it on the decision. First, I would like to know the criteria for the selection process. Second, how much will this six month process cost? Third, how much are these advisers to be paid? Fourth and last, what exactly is their role?

It is not even clear why the government needs advisers on this issue. Surely there are competent people within heritage, industry, and the CRTC who understand how DTH policy will affect both the industry and Canadian culture.

As well, the review calls for interventions from the public and then it allows for comments on the interventions. Without advisers the only one who could influence the process would be the minister. However, if the minister wants an independent review of DTH policy and how it affects Canadian culture, then he should either let the CRTC do it or give it over completely to an independent public panel where there will be no undue influence.

In conclusion, I support the review of this policy. It is important that we ensure government regulations accurately reflect the needs of the industry and allow for all interested parties to compete on a level playing field.

Unfortunately, the minister's in house review with advisers who many in the industry believe will favour one company over another cannot accomplish these goals unless he makes it non-partisan. No matter what decision results from the review it will be viewed with skepticism from the industry because it will appear to have been influenced. The only way to ensure a quality review is to overhaul the process before it begins.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, the Minister of Industry and the Minister of Canadian Heritage have launched a review of policies relating to direct to home satellite distribution undertakings because of the impact these new services will have on Canada's broadcasting and telecommunications system.

The new generation of direct to home satellites combine the use of high powered satellites, digital technology and small dish receivers to provide up to 200 channels of broadcasting and other services.

Some of these systems are operating now in the United States and there are plans to have Canadian direct to home systems in the near future. However, if Canadian systems are not competitive with the U.S. systems, then Canadians may choose to get their TV direct from American suppliers which have no requirement to offer any Canadian programming at all.

On August 30 the CRTC exempted Canadian direct to home undertakings from licensing provided that they meet a number of criteria. Some of these criteria limit the ability of the

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Canadian direct to home undertakings to compete with cable systems and with American direct to home undertakings.

On September 12 the Ministers of Industry and Canadian Heritage announced their intention to review policies governing direct to home undertakings. There is in no way an overruling of the CRTC decision. The CRTC has enunciated its views on how it would issue such orders in the future.

A notice was published in the *Canada Gazette* on November 26 seeking public comment on a range of policy issues raised by the introduction of direct to home satellite undertakings in Canada.

Issues to be examined include competition, Canadian content, programming distribution rights, and the use of Canadian satellite facilities among other concerns. In addition, as the member recognized, the Ministers of Industry and Canadian Heritage have announced Gordon Ritchie, Roger Tassé and Bob Rabinovitch as the panel who will review submissions and make recommendations which will assist the government in formulating policy in this area.

Although some have argued that the matter should have been referred to the CRTC, it is the government's responsibility to establish policy and the CRTC's job to implement it.

The introduction of direct to home systems will have an impact on individual Canadians and on a range of industries. Concerns have been brought to the government's attention from a number of sources on this issue. We intend to balance the interests of all parties and consider the best interests of the Canadian public in formulating policy in this area.

The Deputy Speaker: Pursuant to Standing Order 38 the motion to adjourn the House is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 7.50 p.m.)

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