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(HANSARD)

Monday, March 9, 1998

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Monday, March 9, 1998

The House met at 11 a.m.

Prayers

GOVERNMENT ORDERS

• (1100)

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from February 26 consideration of the motion that this House approves in general the budgetary policy of the government; and of the amendment.

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, it is with pleasure that I rise to comment on the government's budget. It is a budget which I see as a missed opportunity, a shallow budget and it does not deal with the issues.

However, let us deal with the positives. In most things there are positives and negatives. The positives will be brief. This is the first balanced budget in 28 years, something we can all celebrate and be proud of.

The next question, after a balanced budget, we have to ask ourselves is what are we going to do with the surplus, if there is any, and how are we going to go in the years ahead.

I want to inform the House that I did a poll in December and received just short of 2,500 responses. An overwhelming number of people from Saanich—Gulf Islands responded to the poll.

• (1105)

One of the questions I asked was what we should be doing with any future surpluses. I asked is our spending just right, do we need tax relief, do we need debt reduction, what should the priorities be.

I want to inform the House that 95% of the 2,500 respondents from Saanich—Gulf Islands stated very clearly that the priorities have to be lower taxes and debt reduction. This government does not have it yet.

Now we are going to the downside of the budget. It was actually 2,491 respondents who replied to the survey. What we have, and it scares me, is a bunch of ministers who are now lined up at the Prime Minister's door with their Christmas wish lists, and this government has just gone into a spending binge like it has never seen money before. That really scares me.

What we saw in this new budget is \$11 billion for spending over the next three years. There are a number of my colleagues around me from British Columbia. If anybody can talk about high taxes in this country, British Columbians can. They are crippling the economy. The British Columbia economy will, out of all the provinces in this country, have the best economic growth. Why? We are one of the highest taxed provinces.

That has to start out of this House. This House has to lower the taxes. The government has a priority. What have we seen? Not lower taxes, but this is the very government that has brought tax increases which caused the downturn in the recession of British Columbia.

We have seen the single largest tax increase, the Canada pension plan increase. This government is proud of it. It is one tax increase after another. Yet we see the minister stand up, very proud of his so-called tax reductions, but they are insignificant. Those members stand up and go on and on. We have the new millennium fund. They talk about that providing an education for students, giving them opportunities.

If the so-called slush fund of the Prime Minister is dissected and if we ask what it will do for students, we will see that it will help a handful of them. A whopping 6% of all the students are going to see one dime of that money. The other 94% will not see five cents worth of it. The government has not addressed any of the real problems at all.

The other factor the government did not address is the debt. We know we need tax relief. Canadians are telling us loud and clear that we still have a massive debt in this country.

This government since 1993 has added \$75 billion to this debt. Every Canadian taxpayer's first \$3,200 goes to pay interest on the debt. That does not talk about paying down the debt. It the first \$3,200 that people send into this House right here. There is something wrong and this government has to make it a priority.

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There is no money allocated to debt reduction. We have seen the Prime Minister say we will put \$3 billion into this new fund and after three years we will decide if we want to put it on the debt.

The government has no vision. It has no plan. It does not know which programs and how long the wish lists are of its ministers. It wants to make sure it has enough money in this little fund to accommodate all the wish lists first. Then, and it is a big if, it is a maybe, like everything with this government, it will tell us if it will put anything on debt reduction.

I do not have a full 10 minutes since I spoke for a few minutes last time, therefore I will go right to the back end. This is what disturbs me the most regarding this budget.

We have heard the word discrimination used in this House. If we want to talk about discrimination, here is a budget that is discriminatory. It really troubles me.

This government has not only failed to address the importance of parents who choose to stay home to raise their children and the value they bring into society, but it is discriminating against them, which is worse.

• (1110)

The government has increased the limits for child care expense deductions to \$7,000 for children under age 7 and to \$4,000 for children ages 7 to 16. These deductions are only available to people if they are working. When a person chooses to stay home and care for their families, it is in my view probably the single most important role we have in our society today, and this government puts zero importance on that. It is an absolute disgrace.

The Liberals should be ashamed of themselves. They can sit over there and hang their heads, which they should. They not only failed to address the important role stay at home parents play in society today, but they made it worse for them.

There are so many areas in our tax act which could allow one parent who recognizes the importance, value and contribution this makes to our society to stay at home. I have had many personal experiences of these things happening in society. When these people apply for a bank loan they are asked what they do. They say, for example, "I am just a housewife".

We have a responsibility in this House to change this and make it a priority. However, there is absolutely nothing in this budget which does that. I think this is an absolute disgrace. The government should scrap the refundable child care tax credit and make it available to all families' children whether the parent is working or not. Maybe that stay at home parent, who has been working a lot more hours than anyone who goes out into the workforce, wants a day to themselves and be able to put their children in child care. Maybe they would like one day a week to do something. But they

do not get that chance. If someone is working the government will pay for day care but it will not look after the child care expenses for the stay at home mom.

We often talk about crime, which is a serious problem. My hon. colleague from Esquimalt—Juan de Fuca introduced a private member's motion a few weeks ago concerning crime prevention as opposed to crime management. I suggest that this goes to the very root cause of some of our societal problems. We need to have people who place importance on the value of raising children in the home.

I appreciate that not all parents can do that. It is very expensive in our society today and many families are forced to have two incomes to survive. However, they at least should not be discriminated against. They should be able to choose. They have enough of a challenge living on one income. We should at least give equal benefit to those parents who choose to work.

There are a number of issues in this budget but I would like to remind the government that its number one priority is the taxpayers and it is high time it gave them some of the dividend that is due to them.

I saw many media reports that stated the Minister of Finance has finally balanced the budget. Imagine that, the finance minister has balanced the budget. I think he is sadly mistaken. It is the Canadian taxpayer who has balanced the budget. I suggest the finance minister was probably clueless about this. Six months ago he was telling us that he had a \$17 billion deficit. That was when the election was called. The minister did not know what was going on and that was his best guess.

If the truth be known, this government has raised taxes which are, ironically, all sneaky and hidden taxes. The Liberals stand up and say they have no real tax increases. However, we have gone through the list and there are 34 or 35 of these sneaky hidden tax increases. I have just been advised that there are 37 sneaky and hidden tax increases. This government should be ashamed of itself. It is time it paid that dividend back to the Canadian taxpayers and then put some on the debt, which is what is going to kick start this economy. It is not the minister's wish list lined up at the Prime Minister's door waiting to spend this great big pot of money that they can hardly wait to get their sticky fingers on.

I take interest in the fact that the members on this side of the House are listening. Hopefully they will take this message back to their caucus and rethink this one.

• (1115)

Mr. Speaker, I have just been advised that I was supposed to announce that I was splitting my time. I did announce it at the beginning of my speech, just before the break. I spoke for three minutes and I understood I had seven minutes to complete my speech. There was some confusion.

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The Deputy Speaker: The hon. member had the advantage of getting a full 10 minutes on this occasion because he was starting up following the vote on the amendment to the amendment which took place. He is now making a new speech on the amendment which is now the subject of the debate before the House. He got the benefit of an extra three minute bonanza. I had assumed that he was going to do a 20 minute today and really let the government have it. That is fine.

Questions and comments on the hon. member's speech. The hon. member for Calgary Southeast.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I commend the hon. member for Saanich—Gulf Island for his eloquent remarks.

During his remarks he addressed the question of tax fairness for stay-at-home families, families that choose to stay at home.

During my election campaign in Calgary Southeast I debated a Liberal candidate from Calgary West, Alderman David Bronconnier, who said that by wanting to eliminate the tax disparities that exist in the tax system for stay-at-home families, namely by wanting to eliminate the child care tax deduction and replace it with a refundable credit available to all parents, including those who stay at home, Reformers wanted to put women barefoot and pregnant back in the kitchen. I wonder if the hon. member could comment.

Does he believe that women and men who choose to stay home and care for their children, who give up the second income, who make the financial sacrifices and who get no tax recognition of that effort, does he believe that they are barefoot and pregnant in the kitchen? Does he dismiss their effort in that kind of arrogant way or does he believe that they should be treated fairly by our tax code?

Mr. Gary Lunn: Mr. Speaker, I am glad that it was not me who heard those comments during the election because I would have been absolutely disgusted and appalled.

I can give the member a personal experience. My brother-in-law, who has been married to my sister for four years, chose to stay home and raise his three daughters while my sister worked as a teacher. I made it very clear that this is not a gender issue. We are in the 1990s. Maybe some of the Liberal people who ran in the election were not aware of that. It is an issue where families have chosen to stay at home, especially when children are young and it is so important that they get that important start and that they get the nurturing, love and caring that they need and that they get the values.

Some families are just not in the financial situation where they can. Some have chosen that the second parent will only work half time because they want to be their for their children to give them that most important start.

If this government could recognize that there is so much unfairness in our tax system to these families, it might be able to

have more people stay home if it gave them the same opportunities that it gives both parents who work.

If my wife went out and got a job for zero money, I would be further ahead because we would both be working and would be given different tax incentives which we are not now entitled to. That is the point. We could deduct \$7,000 off our income for child care expenses. It is incredible.

The situation in my family is we have two very young children, ages 2 and 4. My wife was a professional and gave up her career. She would some day love to go back to work. Right now she believes it is so important for our two children. They need her at home right now. She is staying at home and gets zero, absolutely zero. What is even worse is that she does need time for herself. She does need a half a day. She does need a day. She would not get the same thing as if somebody takes her children off to day care. This is only one example. There are many, many areas in our system today where we do not recognize the importance of raising children as an important role in society. This tax unfairness is only one aspect.

• (1120)

We have a very important role to ensure that this gets recognition. This is one of the most important occupations in the land. I think it will go a long way to starting to change this kind of discrimination and tax fairness for all. I am going to be addressing this in the months ahead and pressing this government.

Mr. Werner Schmidt (Kelowna, Ref.): Mr. Speaker, it is an honour and a privilege to enter the debate on the budget and what has been presented to the House of Commons. There are three words that I use as a focus for my speech this morning. The three words are stop, look and listen. These words are addressed to the Minister of Finance and to the Prime Minister: stop, look and listen. These are the three words that we often use when we prepare young people and children when they are going to cross the street: stop, look and listen before you cross to make sure that you are safe.

Why have I chosen these three words in terms of the context of a budget? There are a number of reasons. The first one is the finance minister should stop increasing the debt to larger than it is already. He says we have stopped that, we have balanced the budget, there is not a deficit this year. He did that, he says. No, he did not do that. He increased taxes and taxpayers balanced this budget. Fine, we will grant that the deficit continuation has been stopped. That is good.

Let us go on and ask why it is that it should continue to be stopped. We tell our children to stop, look and listen because we love them. Because we cherish them, we want to preserve the good quality of life that they have. We here in Canada are enjoying a quality of life that is the envy of many parts of the world. Many organizations, agencies and countries have declared Canada as the preferred country in which to live. If we do not stop the burgeoning

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of the debt, we are going to be in trouble and we will lose that preferred point.

We want to go now to the next word, which is look. Look where the Prime Minister and the finance minister are standing today. If we look at this very carefully we will recognize almost immediately that Canada is standing at the precipice of fiscal disaster. All we need to do is step forward and go into that debt creation spiral once more and we will create a problem not only for ourselves but for generations to come and reduce Canada's position in the world.

Why do I say this? I say this because we need to address a particular question. What are the social consequences of maintaining the position of not preparing and stopping this growth of the debt.

First of all, we should remember that we have in Canada an absolutely inadequate research funding proposal. I want to draw attention here to what has happened in terms of our research and development funding in Canada. In fact, we rank number six and number 14. Let me list the countries that are in a better position than we are in terms of spending on R and D. Sweden spends 2.9% of its GDP on research and development; Japan, 2.87%; Switzerland, 2.8%; United States, 2.75%; Germany, 2.6%; France, 2.4%; United Kingdom, 2.08%; Finland, 2.2%. Netherlands, Norway, Denmark, Belgium, Austria, all of them spend more on R and D than we do.

● (1125)

We claim that we are one of the preferred countries of the world. We say that we want to be competitive. We want to compete successfully in the international marketplace. How can we expect to do this when these other countries are spending more money on research and development than Canada?

It is impossible for us to maintain that position. Why? Because Canada is essentially an exporting nation. We depend upon other countries to buy our products. If they are spending more money on research and development of new ideas and new discoveries, how can we hope to compete with them? The time has come to look at this very seriously.

Then we have the gall of the Minister of Finance telling us that the research money has been put back into the funding councils like MRC and NSERC. All that happened is that the money that was taken away five years ago has been put back.

It has not been put back in one amount. Listen to what the Minister of Industry said in his recent publication that he sent to all MPs. New funding he calls this. New funding for the granting councils will be increased over a three year period beginning with an additional \$120 million in 1998 to 1999, continuing with \$135

million in 1999 to 2000 and levelling off at \$150 million in 2000 to 2001. This will restore the councils' funding levels to 1994-95. Now is that not an interesting twist of logic. First of all he starts off with new funding and then he says this will restore their funding to where it was in 1994-95.

There is no new money here. This is just replacing what they took away. What does this do? Not only does it threaten our competitiveness and our ability to innovate, it demoralizes and challenges, in fact it discourages, the brightest and finest of our intellectual people. Why? Because the material and equipment that they need to use to do their research is inadequate. There is a lack of appreciation for the work that they are doing, there is decreased motivation to pursue new ideas.

What do they do? They leave the country to go elsewhere where their efforts are supported and where they can have better equipment and where their particular work is encouraged and developed.

I want to refer to a particular article that was given to me from the *Ottawa Citizen*. This is a very serious development that has taken place. In this instance, the declining of money for R and D, the story chronicled the departure of 11 of 17 research scientists. That is well over half. They went to other nations because of the funding cuts in Canada. Eight of these went to the United States. We cannot afford to have this brain drain happen in Canada because that means our brightest and finest are leaving this country and going elsewhere.

It is not just research funding that is the problem here. There is also the question of taxes and salaries. Let us compare a person earning \$50,000 in the United States. That person pays, in the United States, \$4,910 in taxes. In Canada, that same person earning \$50,000 pays \$10,647.

Not only is the money there to provide for the equipment and for the research and development but also in the personal taxes that these people pay. Is it any wonder that they leave?

We need quality research. We need to develop it further. Let me point to one particular development at the University of Saskatoon and the establishment there of the Synchrotron facility. That needs to be developed and expanded so that it can do the kinds of things that need to be done in this country.

Medical research has slipped back. The application of new ideas and the development of new technologies is in jeopardy. That is not all. The other social costs that come out of this is that students are unemployed; 16.8% are unemployed. That is far too high. First of all when they graduate, they carry on their shoulders a government debt of \$20,000 because of the huge debt that is there. The average student has another \$25,000 of student loans. That is a \$45,000

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debt charge right off the top and that poor student has to start paying income taxes the minute he reaches a salary of \$25,000.

What kind of justice, what kind of fairness is that in this particular country?

• (1130)

Not only do we need to look at the social consequences of not stopping the marshalling and the growing of the debt but we have to listen.

In four different high school classes last week I was told for the first time ever by young people that it was not fair that those who graduate from post-secondary institutions have to begin to pay for the debt the government was unable to pay for. The government spends money on their behalf so that they live a standard of life they are not prepared to pay for. They think it is not fair they should be saddled with a tax bill that is so large they are groaning under its burden.

The time has come for the government to stop wasteful spending, to stop giving grants and subsidies to business and industry, and to look at where it is and where it is going. Government should listen to what the people are saying. It should reduce the debt and lower taxes.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I listened attentively to the comments of my colleague opposite. I want to make a couple of points regarding the debt.

The debt is certainly declining. The debt to GDP ratio will decline 63% over the next two years, the largest drop of all G-7 countries.

I want to focus on the stop, look and listen idea put forward by the hon. member. Yes, we have stopped the deficit. We have stopped the rise of the debt. Certainly we will continue to look and listen to Canadians, to reflect Canadian priorities and to ensure that those priorities are reflected in budgets.

This brings me to my comment about this budget. Essentially it is an education budget. The hon. member says that we are doing all these terrible things when in fact we are giving young Canadians an opportunity.

I draw the attention of the hon. member to the *Globe and Mail* article of this morning. It says quite clearly that the work is going to those who have earned a university degree, a college diploma or some other form of post-secondary educational certificate. If young people can do anything to insulate themselves from joining the unemployed, the data paints a pervasive picture that the answer can be summed up in one phrase: stay in school.

We have reinvested in young people, reinvested in the Canadian priority and provided some vision with respect to education. That is

the linkage that provides competitiveness for this great country which will bring us into the next millennium.

We could talk about restoring funding to the granting councils. The member is unequivocally correct that we are restoring funding to 1994 levels. He must realize—and I am sure he does—that Canadians have waited 30 years to balance the budget. We have finally done that. We are reinvesting in Canadian priorities.

How could the member honestly ridicule the budget and say that it does not reflect Canadian priorities? It does. I draw the hon. member's attention to the article in the *Globe and Mail*. I could pass a copy on for him to read.

Mr. Werner Schmidt: Mr. Speaker, I thank the parliamentary secretary. I read the article. I know the budget apparently is balanced. I think that is wonderful. That is great. The Prime Minister says that there is a millennium scholarship fund. It is to be a wonderful thing.

Is it not interesting how Liberal logic works? First, they cut the spending for education penalizing all students. Then they come in with a great big millennium scholarship fund which will maybe benefit 6% of students. Is that not interesting?

They take it away from 100% and give it back to 6% and say this is what they have done for the citizens of Canada. What a bunch of misleading logic.

Are there some good things in the budget? Have the Liberals listened? I am glad the hon. parliamentary secretary said that the deficit has been stopped and that they are going to listen. Notice he said that they were going to. They have not done it. They have not demonstrated that in the budget.

The time has come for us to get serious about exactly what we are going to do. When will government pass a law that says there shall be no more deficit spending or that it will be a liability for each MP who voted for going into a deficit position.

We need such a law. We also need to recognize that the people have said that if there is a surplus it should be used to pay down the debt and reduce taxes. We need to get serious about that. We do not need new spending.

• (1135)

We did not hear people ask the government to spend more money. They have asked for taxes to be cut and the debt to be reduced. That is what they said absolutely, unequivocally and very clearly all across the country. The CFIB said it. The Canadian Chamber of Commerce said it. The Chamber of Commerce in Kelowna said it. Ordinary citizens on the street say it. Students in the schools say it. I say it. The official opposition says it. The government should listen.

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Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.): Mr. Speaker, the member talked about not spending money. Then he came after the government about spending money on research and development. It just does not jibe.

What does he have to say to the president of NSERC, the president of the NRC, the presidents of the universities in my riding including the University of Waterloo, Wilfrid Laurier and Conestoga college, and to students who have praised the budget for what it does for the future of the country? I do not want to see him sucking and blowing at the same time.

Mr. Werner Schmidt: Mr. Speaker, we need to put money into NSERC and into research and development by reallocating funds.

If the member would have listened carefully as he should have, he would have heard me say that we need to cut wasteful spending. EI premiums should be reduced so that we do not have an \$8 billion surplus there. We need to do away with grants and subsidies to industries that do not need them. We need to do away with the wasteful spending that exists and many duplications in various departments. Then the money will be there for reallocation to essential research and development. That is the answer.

[Translation]

Hon. Hedy Fry (Secretary of State (Multiculturalism) (Status of Women), Lib.): Mr. Speaker, I am proud of the fact that, for the first time in 20 years, we have a balanced budget.

[English]

I am proud to speak to the budget as Secretary of State for Multiculturalism and the Status of Women and as a member of parliament from British Columbia.

[Translation]

Balancing the budget was our initial objective, and one we shall continue to pursue in the next millennium. This balance will have a profound impact for years to come.

[English]

The budget is not a stand alone budget. It builds on past budgets. It is a building block for future budgets. The budget is providing a solid infrastructure for Canada for years to come. It tries to address the things we need today while it looks for the things we will need 20 and 25 years down the road. That is one of the reasons I see it as a very important budget.

The budget builds a strong and stable infrastructure for Canada in the future, a strong and stable infrastructure for Canada in terms of its economic growth, its human resource development, and its ability to have clear committed social programs to assist those who

are disadvantaged or who have barriers to achieve the opportunities they need to move forward and become contributing citizens.

The budget therefore builds on youth employment as have past budgets. It builds on money that was put forward to assist with child poverty as have past budgets. It assists with tax incentives and with student loan incentives as have past budgets. It continues to build on slow changes in tax initiatives. It is a brick by brick budget. It is a budget by budget budget. It is a balanced budget. It is a budget of balance because it reflects the values of equal opportunity and social justice for all Canadians.

Given the situation we were in, let us not forget that when we first talked about deficit reduction we promised that in three years we would bring our deficit down to 3% of GDP. We are now at four years and we have eliminated our deficit entirely. We did not only do what we said we would do. In the same very measured, very controlled, very conservative manner, we managed to do more than we said we would do. We have even surpassed our own expectations.

• (1140)

Last year we brought the debt down by \$13 billion. We do not need to be defensive about the budget because it speaks for itself. We have done something that no other government has done in 30 years. In the next three years we will have done something that has not been done in the country for 50 years. We can stand it up against anything anyone chooses to say about the budget.

We talked about how we would slowly move into debt reduction. We talked about how we would at the same time not do one thing at the expense of another. We have looked at how we are building an economic base and how we are building a social infrastructure. We have also looked at tax relief.

This is a very measured budget. It cannot do everything for everyone. That is how we have managed to get to a point we can be proud of today and to speak about the changes that have been made in the country over 50 years.

This is not a one fell swoop budget. Some people across the floor would like us to say "Let us target one thing only and let the others go by the wayside; let them take care of themselves". That is not the Liberal way. The Liberal way is to look at how we balance things and at how we ensure that we set priorities. We look at all our communities and the things that are needed across the board.

We decided as well in the budget that since we could not do everything all at once we would set our priorities and our targets so that low income Canadians and moderate income Canadians are our first priorities.

As the Secretary of State for Status of Women, I want members to know this is a budget that has listened to the collective voices of women across the country. It addresses the diversity of women's

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needs and priorities at every stage of their lives. Given that women make up 51% of Canadians, it is completely unacceptable to decide that we would build a strong country, build a competitive nation and not make sure 51% contribute to the social economic growth of the country. No business people would ever do that. No business people would take 49% of their resources, stretch them and then ignore the other 51%.

Clearly it is one way of building human resource potential. According to the Bank of Montreal study last year women are not victims. Women are employers. Women are able to form businesses. Women are able to contribute to the economic growth of the country. In so doing they take the power for themselves so that they can deal with their lives, move forward and contribute fully. We have looked at women not only in one phase of their lives. We have looked at women from students to entrepreneurs, from single mothers to caregivers.

One of the most significant elements in the budget for women is the recognition for the first time of unpaid work in the home. Unpaid work is part of the foundation of our economy. Even by conservative estimates we know that women do two-thirds of the unpaid work, community work and volunteer work. When women do this work it means that the government does not have to pay for that work to be done by other sectors. It also means that women are contributing without any reimbursement whatsoever to the gross domestic product of the country. This was recognized in the budget. Only one other country in the world has such a recognition, and that is Norway.

I am extremely proud of the budget. There are those who will say that value for unpaid work by women is too little or not enough. We recognize that the budget will be a building block for future budgets. We have done something extremely historic and important this time.

The budget proposes that a new caregiver credit will reduce federal tax for up to \$400 for Canadians providing care and support for elderly or disabled family members. That tax exemption will also apply to GST and harmonized sales taxes for any expenses incurred from providing care for a person with limited means of self-care. It targets people who need help the most right now.

In the budget we looked at low income families. That was one place we felt we would start first. We needed to help low income families, especially low income families with children. Some 85% of low income families with children are headed by single women and 65% of those women are living in poverty.

● (1145)

This budget has built on the last budget when we committed \$850 million to the child tax benefit. This budget commits another \$850 million over two years. This brings it to a total of \$1.7 billion

to help low income families with children, which consist of very many single women.

We also look at how we help women to get an education so they can become independent workers and can move on if they choose. It is about choice. This budget is about the most important thing to Canadians, the ability to choose.

Women with dependants can now go to school and can extend the education tax credit for part time work. Women with children tend to go to school part time. This is very important for them. It also increases the child care expense deduction for part time schooling.

The opportunities strategy is going to give up to \$3,000 a year in a grant, not a loan, to persons with dependants who are in financial need. This goes straight to the heart of all of those women with children or those women who care for someone in the home and cannot afford to go to school. They are going to be given money that they will not have to pay back. This is about building the human resource potential of this country.

The student loan repayment initiative is going to be based on helping those who are in financial need. This again touches very many women who are in this particular class.

I heard the millennium student fund being bandied about across the way. Obviously members do not seem to understand that when we give money directly to people as we are doing, and if we focus on people who are in need and who have talent and ability, it strikes at the heart of what we have all believed as Canadians, that one day our children will be able to do better than we have done. This means that children or young people who have ability and talent but who do not have money will be able to get money so they can have a post-secondary education, a college education or skills training in any kind of school. Then they can find work and put their talent to work for the benefit of this country.

There are so many things in this budget that assist women and which I am extremely proud of. There are also some things which as a member of Parliament for British Columbia I am extremely proud of. I just talked about all of the student initiatives. I have one of the largest student populations in my riding. All of the things that are going to happen today, the students who need loan repayment assistance, the ones who will need to go to school in the future, the single women students in the riding are going to be assisted.

There are three universities in my riding and there are many hospitals which are doing valuable research. The money that has been given back to the research councils is going to be very important for many of these universities and hospitals in my riding. I have already heard from them. They have called me up to say well done, that they needed this and that it is very important. It is

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something that says we believe in the ability of the creativity of Canadians to continue to lead in the technological age.

Tax measures are an important tool. We know having done some very important gender economic indicators with the provinces over the last two years and in which every province participated, that income tax assists women. It is one of the most important tools to equalize women's income. Women do better after taxes than before.

The tax relief for low and middle income Canadians this budget provides is good news for millions of men and women across this country. In fact over the next three years some \$7 billion in tax relief will be provided to low and middle income Canadians.

As of July 1 the government will raise the amount of income that can be earned tax free by low income single Canadians by \$500. Most of them are women. It will go to \$1,000 for a family. I can assure this House that the women who are partners in those families will welcome the relief, even if that relief helps to go to what is putting down money so that their children when they reach 18 can go to go to university.

We hear those across the way talk about how we have done nothing about tax relief, that we have done nothing on income tax. It depends on who you think are your constituents. We think our constituents happen to be the low and middle income Canadians who need our assistance right now, not the very well-heeled friends of my friends across the way.

• (1150)

Effective July 1 some 83% of taxpayers who are earning under \$50,000 will see the 3% general surtax eliminated entirely. For middle class Canadians and middle class women this is an extremely important piece of tax relief.

The Bank of Montreal recently said that small and micro businesses run by women entrepreneurs are increasing at three times the rate of male entrepreneurs. This budget introduces changes for self-employed Canadians who cannot incorporate. We know that these Canadians run very small micro businesses. Many of them are run by women and nearly always from their homes. These women cannot incorporate. They will now be able to deduct health and dental benefits which they would not have been able to deduct before. That is very significant.

We know that women entrepreneurs earn far less than their male counterparts. However, last year they created more jobs than the top 100 Canadian companies. We are talking about job creation. At the same time we are talking about empowering the people who are proving to be the best entrepreneurs in the world.

Everyone has been talking about health care. I think I know a little about health care. It is an issue of vital concern to many women, to me, as well as to the many women in my constituency.

Not only are women the major consumers of health care, they make up the bulk of the health care workforce. They are the health care providers. They have taken responsibility for many of the health care services which communities can no longer afford to provide. When the hospitals close down their acute care units and send people out into the communities, the people who pick up the slack are women. That is why the tax credit for caregivers is a very important move.

Important research is being done in my riding. There are also important things being done elsewhere in British Columbia and right across the country. Today I heard an hon. member say that we should not be subsidizing or lending money to businesses in Canada that do not need it. The initiative taken by Industry Canada has assisted business innovation in this country. Businesses have been able to move forward. It has put us at the forefront of world technology.

Recently in my riding the government lent \$305 million to RADARSAT II which is based in Richmond. This will provide leading edge technology for mapping the whole world. Canada is the only country in the world which has been able to achieve this kind of technology. Just think of the spin-offs which will come from that kind of loan.

Bombardier just received \$2 billion in international business as a result of a very small loan.

In British Columbia Ballard industries has moved into leading edge technology with respect to environmental pollution and new energy sources for cars.

Forty million dollars of loan assistance has brought billions of dollars from the rest of the world which is looking for Canadian technology. That provides jobs for Canadians.

We are thinking in a very holistic way. We are not thinking in a linear way with blinkers on. It is a little difficult for my friends across the way to take their blinkers off and look in a broader and more long term way at what we need to do in this country.

This budget's reaffirmation to address aboriginal issues and youth unemployment will have an impact on many young people across the country. We know that Canada's youth are looking for something which will give them hope for the future. We cannot simply look at youth as one set of people between the ages of 17 and 25. If we look at the unemployment rates of young people in this country we will know that aboriginal youth have an unemployment rate of almost 40% and that visible minority youth have an unemployment rate of 27%.

• (1155)

We need to understand that some youths in this country face extraordinary barriers. We are trying to address some of these barriers. It is not the one size fits all policy. It is not a let us throw

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everything out to everyone and see who can catch the best because it is the people who jump the highest who will always catch it.

We have to talk about how we marshal for ourselves in the 21st century a country that is going to build its human resource potential. It is a country where our young people will take the talents they have, where our businesses will take the technology they have, where the 51% of our human resources who are women will prove to be the employers and will move forward and contribute to Canada's growth in the way we know they can.

This is a remarkable budget. I am proud to be a member of the government that has brought this budget down.

The Deputy Speaker: I can see there are a lot of questions. We have 10 minutes of questions and comments so what we will do is five one-minute comments and one-minute responses. That should take up the full 10 minutes.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, that does not leave us much time.

I simply must point out that some of the assertions the minister made were perhaps a little bit misleading. First, the minister suggested that the federal government is the first government to balance a budget in 30 years. I would point out that just the other day Manitoba announced its fourth balanced budget in a row. I would point out that Alberta and Saskatchewan have done the same. I would point out that municipal governments balance their budgets as a matter of course every year. The government should not be patting itself on the back so heartily for something that is regularly done by most governments.

I would also point out that taxpayers are the ones who have balanced the budget. The member asserted that it was her government that balanced the budget. However it was taxpayers overwhelmingly who balanced the budget through higher taxes.

The minister has stated that taxes are going down. In fact when one includes the hike in CPP premiums and bracket creep, taxes have been going up each and every year of the government's mandate. I do not know how the minister can make her assertion. How can the minister assert that taxes in fact are going down? When one includes CPP premiums and bracket creep, the effect is that taxes are actually going up.

Hon. Hedy Fry: Mr. Speaker, the 3% surtax was put on by the Conservative government ostensibly to bring down the deficit. What it in fact did was it kept the deficit going up and up and up. We had promised to take that surtax off and it has now been taken off. That is going to affect 83% of taxpayers. The 3% may not be a

lot of money to some people in this House but for some of my constituents it represents a great deal of money.

When we talk about bracket creep and taxes going up, the member is not taking into consideration the middle income Canadians who are going to be helped by this measure.

It is very fine to talk about other people who have balanced their budgets, but we are speaking here about the federal government. We are the ones who inherited a \$42 billion deficit.

[*Translation*]

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, I suspect the minister does not read the same newspapers we do. This budget cannot be described as taking a number of realities into consideration, particularly with the manoeuvrability left to the government after the many cuts that have been made.

The minister is responsible for the status of women. The \$850 million in child tax benefits are far too little. Moreover, a number of groups, Campaign 2000 for one, are calling for \$2 billion to be invested immediately, not two years from now. What this budget indicates is that a step in this direction will be taken next year or in two years. There is therefore no short term strategy in place to help children, among others.

In my opinion, this budget does not take into consideration the overlaps in Quebec. As we saw in this morning's newspapers, students are calling for compensation to adapt a program to the reality of Quebec. The true problems of students are not being addressed.

We also know that the pickings were pretty slim where the status of women was concerned—

The Deputy Speaker: Order, please. The hon. secretary of state.

[*English*]

Hon. Hedy Fry: Mr. Speaker, first and foremost we probably do not read the same newspapers. The newspapers I read have an overwhelming number of students saying that this is a very important budget for them. They have applauded this budget.

Second, we talk about children. If we look at this budget and take it in isolation, one will recognize that it builds on past budgets and it is a building block for future budgets. In three years we would have spent \$1.7 billion on the child tax benefit. That is not in isolation.

• (1200)

Provinces are working in partnership with this government to put up equivalent amounts of money that will equal \$3 billion between the two levels of government to assist children. The provinces will look at the services for assisting these children while we hand them money.

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Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I listened to the hon. member and heard her say that the budget is remarkable. What is remarkable is that this budget has absolutely failed poor kids in this country, it has failed the unemployed, it has failed women and it has failed students.

I would like to ask the minister, if this is such a remarkable budget, why is it that only 7% of students will be covered through the millennium fund?

If it is such a remarkable budget why is there nothing in this budget that addresses women's equality and pay equity? If this is such a remarkable budget, why is it that poor kids in this country will have to wait until next year to get a measly 80 cents a day through the national child benefit when we have heard repeatedly that what is needed is about \$2 billion to ensure that those kids are helped.

What is remarkable is that this budget has failed.

Hon. Hedy Fry: Mr. Speaker, again, I think there must be some sort of collective mental block across the hall because when we talk about this budget building on the last budget and being the building block for future budgets, we are talking right now about what was promised in the last budget—the \$850 million that will be starting in July and the other \$850 million that will come over the next two years—together with the provinces which are anteing up money to put into services to help those same children who live in poverty, there will be a total of \$3 billion over the next three years between the two levels of government. It's pretty simple math.

Mr. Jim Gouk (West Kootenay—Okanagan, Ref.): Mr. Speaker, the secretary of state talked quite a bit about the millennium fund.

The fact is that this is only going to put about \$300 million in to replace the money lost to the provinces which were the recipients of a \$7 billion cut a year. So it is a small drop in the bucket.

She said specifically she has a lot of students in her riding, and to quote her words "who need to be able to go to school tomorrow". How does she think that she can stand and talk positively about a Liberal budget that puts in a small portion of what was taken away in transfer payments? It is not going to help people until the year 2000 so it can build a monument for the Prime Minister.

Hon. Hedy Fry: Mr. Speaker, there are the up to \$3,000 a year grants for students in financial need with dependents.

That is going to be happening now. Perhaps the hon. member might like to listen to my answer so that maybe in future he will understand the realities of the budget and not continue to find some very strange interpretations of it.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, only Liberal arithmetic could talk about this budget as being a benefit to Canadians.

As a matter of fact, if you look at the budget very carefully—which we have done and they obviously have not—you will see that because of the budget there is no net gain for Canadians. In fact, there is a net detriment to Canadians to the effect of \$4.8 billion in increased taxes by the year 2000 since the Liberals came to power.

I want to specifically go back to the health care issue of which the member is so proud. The fact is that the Liberals have cut \$7.5 billion out of health care and education since 1993. They are putting \$1.5 billion back into it. That is a net loss of \$6 billion.

Even the NDP party can figure out that is a net loss. Why can the Liberal Party not figure that out?

Hon. Hedy Fry: Mr. Speaker, I might want to point out that it is Liberal arithmetic that got rid of a \$42 billion deficit in under four years.

That is real arithmetic. That is not imaginary. But you know, it is interesting to say that there is a sort of tunnel vision when we talk about the budget. Probably why the arithmetic is mixed up and our arithmetic managed to do positive stuff is that when you look at the fact that you are talking about taxes, let us look at the assistance for the deduction of health and dental benefits for unincorporated small businesses. These may mean nothing to hon. members across the way, but it sure means a lot to a lot of the women in this country who are trying to make ends meet.

• (1205)

When we talk about the holiday from payroll taxes for people who hire young people between the ages of 20 and 24 who do not have a high school education, until the year 2000 there is a holiday from those taxes. These are real taxes. People pay them. It is a way of assisting business to be able to help employ young people. This is real money that is being offered up. I think hon. members might want to look at some Liberal arithmetic for a change and learn something.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I will be sharing my time today with the member for Surrey Central.

It is interesting that the member across the way just finished talking about this tax relief for business in regard to the EI premiums. I can tell the hon. member that I was in business for over 25 years as a small businessman and I never hired one single person because there was some money available from the government. I hired additional people because I thought that my business could improve and make money by having more staff. So these government programs that the hon. member is talking about really

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are not a big incentive for businesses to expand. I want her to know that, particularly in the small business sector where the small businessman has to be very cautious in his approach to expanding, and I have that experience.

I am pleased to speak to the budget today. I have done a reasonable amount of travelling in my life in Canada, in the U.S. and in some other countries of the world. What struck me when I was travelling outside of Canada was how people from some other parts of the world believe that Canada is a caring country, a country that looks after its citizens.

Today, across the House, is a government that claims to have the best interests of Canadians at heart. In the last few months I have talked to Canadians from all parts of Canada, all walks of life, all sectors of employment and I have noticed one thing, and that is that they simply do not buy this line about a caring Liberal government.

After decades of massive overspending, helped on by their brothers and sisters in the Tory party, massive debt, the highest tax rate among industrialized countries in the world, after seeing education costs skyrocket, after massive tax hikes that the Canadian people have endured, after watching our health care system crumble like ancient ruins, after all this there is no way that this government can sell this idea that they care about the citizens of this country. This budget will simply harden and strengthen this opinion that they are not the caring government that they claim to be.

Let me start at an obvious point: our children. A caring party would see children as the key to Canada's future. It would want to make sure that they get the very best start in life possible. A caring party would make the families of these children the highest priority in a budget, but the Liberal budget does not do this.

For instance, the increase in the child tax benefit will not replace the billions of dollars in cuts to health care and education that families are having to face now. It will not even begin to lift our poor families out of poverty because the increase in benefits, as small as they are, will be taken back through increased taxes.

For example, the 15% in income for a \$21,000 income a year two child family is taken back by their income tax burden, up 15% since 1992. The increases in the child care expense deduction will not help families much either, especially—and these were overlooked—single income families where one parent chooses to stay home to look after the children. This government treats single income stay at home parents as second class families in this country. The official opposition, the Reform Party, would end this discrimination by extending the child care deduction to all parents, including stay at home parents. In short, Reformers would make staying at home to raise children a choice, not a sacrifice. That is what Canadians want more. They want to have choices and they want the freedom and the tools to do it. Reformers would also increase the spousal amount from \$5,380 to \$7,900, levelling the playing field for all parents, all families.

• (1210)

Our policies in the Reform Party put families first because they deserve to be first, and certainly they should be first in a budget by this so-called caring Liberal government. But these things are not in this government's budget.

Children grow up fast. The first thing you know, they are off to college and university. Does the Liberal budget help a young Canadian currently with a \$25,000 student loan debt? If the student is maybe one of the lucky 6% to get the maximum each year from the Prime Minister's personal trophy, the millennium fund, their outstanding debt would go down to \$10,000. At first glance that looks good.

That is fine until they go out and get a job and they are finished university. If they happen to be making the average industrial wage of \$36,900, then whatever help they may have got through the millennium fund is quickly eaten up by the tax burden they are going to have to endure as soon as they start working.

Students do get a little tax relief on the debt, but it is quickly eaten up because over the next 12 years they would pay a 73% CPP tax increase, they would pay every cent and more back to the government that they ever got from the millennium fund and they would still have the leftover portion of the student loan.

What we are talking about here is sleight of hand budgeting by the Liberal Party. On one hand the government gives to students and on the other hand it takes it back. That is what this budget represents. What we have here when you do all the math is a zero net benefit to our Canadian students.

Looked at this way, the millennium fund is sleight of hand funding for students. It helps only about 6% and it leaves the current students with heavy debt loads simply out in the cold.

The official opposition has a lot more compassion for the younger generation than this so-called caring Liberal government. As a start, we would restore health care and education funding by putting \$4 billion back into it, not the \$1.5 billion that the Liberals have so generously said they were going to. We would put \$4 billion back into it.

This will do a lot more for the students and the Canadians worrying about their health care than the millennium fund or the small amount of the \$7 billion that the Liberals have cut from health care and education in the last three years.

Canadians wanted a budget that has some compassion for the seniors in our country. When it comes to overspending, patronage or pork-barrelling, these Liberal governments can never be accused of dragging their feet, but somehow they missed the seniors.

This budget offers no benefits for Canada's seniors. Two years ago the Liberals announced the new seniors benefit proposals. Two years later, now, seniors are still waiting to find out what it is all about. Two years later, seniors are still wondering how it is going to affect their retirement plans. When the seniors benefit kicks in, if it

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does, seniors will be looking at it, wondering what it has been all about because there has been precious little released on it.

They do not know how to plan for their retirement appropriately to work into the new seniors benefits because they do not know what is in store for them. They are angry and afraid. For instance, this great benefit will not even begin to help the poorest seniors. It will provide them with a scant 17 cents a day in increased benefits and that is not enough to buy a cup of coffee in this country.

At the same time, this being zero help to the poor seniors, the benefit discriminates against the middle income and upper income seniors by taxing back up to 75% of their personal retirement savings that they have sacrificed and put away so they can be secure in their retirement.

What it means is that the poorest seniors will not benefit and the seniors who make sacrifices in their working career will be penalized for doing so.

• (1215)

So this is the heart of the matter. Canadians expected a budget that would respect the challenges and the sacrifices they have made in their lives. They wanted a budget that tells them that the government appreciates the challenges they face and thanks them for the sacrifices they make; for the young boy up on his father's shoulders looking around believing every dream was possible; for the students up late at night studying, trying to make their dreams possible; for the mid-career Canadians hoping for their dream of a secure retirement; for the seniors who have had their dream of retirement with dignity shattered. Where in the budget are the dreams of Canadians? There are no dreams, only nightmares.

There are high taxation levels, promises of debt reduction that have been broken and increased spending programs that give ample evidence that the tax and spend days of the Liberals are back again. The only thing that happened was that Canadians woke up to the reality that this Liberal government is not the caring government it claims to be.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, I have a couple of points. I find it somewhat amusing to actually have a member of the Reform Party talk about the fact that this is not a caring government.

I only want to remind the hon. member that some of the documents that the Reform Party has put out talk about reduction in program spending to 10.5% of GDP, which equates to \$10 billion, another \$10 billion to be found somewhere. The Reform Party talks about spending more on education and health care and

reinvesting in Canadians when in fact it does not talk about where it is going to get that money.

The Reform Party offers up a bunch of one time savings that even the auditor general says are only one time savings. It talks about ongoing expenditures. It talks about cutting equalization which will affect the majority of provinces. That is what the Reform Party is talking about. At the same time it talks about caring.

It talks about student loans and that this budget does nothing for students. We spent the last week talking to a number of university students and college students who talked about the investment that this government has finally made in education so that students do have access.

I would like the hon. member to stand up and say that this budget was wrong when it now allows a student to write off the interest cost they incur for their education, just like a business writes off the costs that it would incur to run its business. What is wrong with that?

The member focuses on the millennium scholarship. It is a seven point program. The hon. member should take the time to read what the education package is all about so that he can go out and speak intelligently with the students in his own riding and not just focus on one particular part of the strategy that he does not like. I would submit that Canadian do support it.

Mr. Dick Harris: Madam Speaker, the old Liberal arithmetic is going full force over there.

The member absolutely knows that the millennium fund is a trophy for the outgoing prime minister. It is going to benefit only 6% of the students in this country. What about the other 94% who will not be able to take part in it? For those 6% it does benefit, the tax increases this government has put in have ensured it will get back every single penny and more from those 6% once they start their jobs. That is the fact.

Let us also look at the economy. The one thing the Liberals do not get as far as building a healthy economy is that there is a undeniable direct link between lower tax regimes and lower unemployment and an economic growth. There is a direct link. Countries with low or even reasonable tax regimes have much lower unemployment than we have in Canada and they have a healthier economy that is growing at a better rate than Canada's. These Liberals do not get that because it is not in their philosophy to give a reasonable tax regime to Canada. They do not get it.

• (1220)

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Madam Speaker, I have been listening very intensely all morning to the

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so-called sharing and caring Liberal government and now I have a question for the hon. member for Prince George—Bulkley Valley.

I have heard about the money flowing back into education and the health care system from this government. My understanding is that it has ripped billions out of this system and is now basically giving us back pennies in return. I would appreciate if the hon. member could address this.

Mr. Dick Harris: Madam Speaker, the fact is, to use the words of the finance minister, that since 1993 the Liberal government has ripped seven and a half billion dollars out of the health care and education systems. Now it is looking for the crown of heroes for putting a billion and a half back. That is a net loss of six billion dollars. The government is putting the money back by specifically targeting it for pure political means.

Mr. Gurmant Grewal (Surrey Central, Ref.): Madam Speaker, I rise on behalf of the people of Surrey Central to voice our views on the budget. Six provinces already have balanced budget legislation in place but this government does not. Balanced budgets should be mandatory for every government by legislation.

It is not the pen of the finance minister filled with the black ink given to him by the Prime Minister but the Canadian taxpayers who have made the balanced budget. Seventy per cent of the deficit was eliminated by the increase in tax revenues. Canadians now pay 56% more tax than the average of the G-7 countries and 23% more tax than the average of the OECD countries.

Since it took office, this government has increased taxes 37 times and has squeezed every dollar from the taxpayers. It has squeezed \$48 billion worth of revenue from taxpayers and has added \$83 billion to the huge debt that now stands at \$583 billion. This has been accumulated by the mismanagement and lack of vision of this Liberal government and previous Tory governments one after the other.

On average Canadian families pay \$6,000 per year just to pay the interest payment of \$45 billion on the debt. A third of each dollar goes to service the debt. A newborn baby is not assured of good health care, education, a job or a pension. That newborn baby is assured of one thing, a \$20,000 debt. That is shameful in this country.

This government has made no real effort to give tax relief to taxpayers or to lay out a plan to pay the huge debt. It is this debt and the high tax rate that discourage domestic and foreign investment in Canada. The debt and the high tax rate stagnate job creation in Canada. The debt and tax rate hinder economic growth in Canada. The debt and the high tax rate cause the brain drain in Canada.

Budget day was a martyrdom day for this country. The Liberal finance minister has sacrificed the future prosperity of Canadian taxpayers. He has made martyrs out of Canadian taxpayers. If a budget is balanced by increasing tax revenue alone, it could have been done 25 years ago. Where was this Prime Minister who was

then finance minister in the Liberal government? Where was that bottle of black ink 25 years ago if he wanted to balance the budget? It has not reduced federal spending at all. It has not pursued the elimination of waste in the government. This government has all kinds of credit cards and cheque books even for future generations and is issuing one cheque after the other.

• (1225)

In this budget the government has already announced 17 new spending initiatives worth \$11 billion. This shows that the government completely lacks vision and accountability.

The other day the Leader of the Opposition and other colleagues gave many examples of irresponsible spending by this government. Let me turn for a minute to my critic role. This budget adds \$90 million to foreign aid this year and \$50 million to it next year, while foreign aid donated by other countries around the world has decreased. The private sector investment is increasing.

By throwing out more money, this government is rewarding the CIDA minister for her failures, inefficiencies and mismanagement. The CIDA minister has said before the committee on foreign affairs and international trade “the cuts in the budget have made us work smarter”. What a funny quote. Why could her ministry not work smarter before the cuts were made?

On the other side, on page 29 of red book II it promised that 50% of a surplus would be used to reduce the debt and the other 50% would be used to address social and economic needs through program expenditures. But this government, like its GST promise, its jobs, jobs, jobs promise, and like 136 other promises, has again betrayed the trust of Canadians. We know that Canadians will not forget this great betrayal by this government.

Two economists from the major banks are saying that the government is understating its surplus by \$5 billion to \$6 billion this year and \$9 billion to \$10 billion next year. This government should not play political football with the future of Canadians.

I am also a member of the Standing Committee on Public Accounts. We have been very disappointed with what we have learned about the political mismanagement by the Liberals of federal government affairs which were brought, one after the other, before the committee. According to the Auditor General of Canada, the Liberals have overstated the 1996-97 federal deficit by \$800 million. How? It has paid the \$800 million to a dummy organization which did not even exist in that fiscal year. What a shame. That \$800 million was paid to a company that did not even exist in that fiscal year.

I have another example. The auditor general insists that the Liberals eliminate their \$20 billion gap between their estimates and the actual liabilities of the federal government's employee pensions. The auditor general made it very clear that the \$20 billion figure was based on a political decision and not on an accounting

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decision. The Liberals are using creative accounting practices, something no small or medium size business could ever use.

The auditor general has scolded the Liberals for not following the generally accepted accounting principles or the public sector accounting auditing board guidelines. If it is not a cooking of the books what is it? They should not follow the laws of the cooks but the laws of the books.

The government should be credible, honest, clear, straightforward and accountable to Canadians. It must maintain transparent accounts. This is not leadership by example. How can Canadians trust this finance minister regarding what he calls a balanced budget? Why does this minister use a surplus to play politics with?

Rather than caring about the future of Canadians, I think this budget looks like a shell game. Canadians cannot be fooled by this shell game.

• (1230)

A few years ago in Canada on average one parent used to work and the other parent took care of the children and the family at home. Nowadays and for some time both parents work and the average family makes less money. Parents get less time to spend with their children.

When those children go to school they have to struggle to get quality education with the competition and it being so expensive. They go to schools which are famous for drugs, gangs and crime. When they graduate they have to struggle to get jobs. There is 18% unemployment rate for youth. When they get jobs they go on the same vicious cycle of paying taxes and in the end when the time comes for retirement the situation is terrible. There may be no money left for their pension.

The system is unfair and the government lacks accountability. The government lacks vision. Every corner of our lives is mismanaged by big government. It may be the Young Offenders Act. It may be victim rights. It may be the multilateral agreement on investment. Whatever we talk about, the government is famous for mismanagement.

Mr. John Richardson (Perth—Middlesex, Lib.): Madam Speaker, I just listened to a maze of questions that led nowhere. The member never got out of the maze. The facts and figures he laid on the table were typical after the fact set-up by Reform Party. If there was any intelligence I could not find it.

I would like to know the basis of the facts he presented. This is the number one country in the world for the third year in a row. It is leading the G-7 in its fiscal responsibilities. It is looked up to all around the world. However people across the way are so close to the problem they are blinded by the reality.

I ask the member to give us some facts to support his statements.

Mr. Gurmant Grewal: Madam Speaker, the question by the hon. member suggests that he is out of touch with the books. He is out of touch with Canadians. He is out of touch with his constituents who will tell him that Canada is paying 56% more tax than the average of the G-7 countries. The average Canadian is paying 23% more tax than the average of all OECD countries.

The hon. member on the other side should spend some time looking at the auditor general's report. He will find the same facts and figures I am speaking about in that report. They will show that the member is out of touch. He should read those books and tell the finance minister what the auditor general is saying.

Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.): Madam Speaker, when I listen to the member for Surrey Central it sounds like he is speaking about a third world country. We have the best country in the world and there is an historical reason why that is so.

When I listen to the member talk about credibility I have to ask him for which party he ran for nomination in the last election. He lost that nomination and then went over to the Reform. That is credibility.

He made a comment regarding the auditor general's finding on \$800 million which relate to the infrastructure fund for renewal of research infrastructure. That \$800 million commitment was made in the last budget. The liability occurred in the last budget. All the member can criticize is the fact that we were up front with taxpayers. We said that we incurred an \$800 million liability in the last budget and that we would experience a debt in that fiscal year. If that is not honesty in accounting, I do not know what is. There was a genuine disagreement with the auditor general. Most members of the public accounts committee disagreed with the auditor general.

• (1235)

The member opposite who likes to flip-flop from one party to another is trying to confuse the issue. When will he stand in the House to acknowledge the fact that Canada is the best country in the world in which to live? Immigrants and refugees from all over the world want to come to this country. When will he stand up for Canada instead of running it down continually?

Mr. Gurmant Grewal: Madam Speaker, I ask the member to withdraw the false statement he made in the House that I ran for nomination for another political party. I ran only for one party and that is the Reform Party. I believe in the principles of the Reform Party. I ask the member to withdraw the false statement he just made.

I would like to answer his question. His facts are not right because he never bothers to read the facts. The Canada Foundation for Innovation was formed in April 1997. The payment was made to the foundation on July 31, 1997. The books of the government

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closed on March 31. The \$800 million is a commitment, not a liability. The government cannot put commitments on the books. Liabilities have to be put on the books. If the people who run private businesses did that they would be thrown into jail.

I would ask the member to check his facts before he speaks in the House. I would also ask him to withdraw—

The Acting Speaker (Ms. Thibeault): The time for questions and comments has expired.

Hon. Andy Scott (Solicitor General of Canada, Lib.): Madam Speaker, I am particularly delighted to participate in the 1998 budget debate because the deficit which has plagued us for so long has finally been vanquished and despair among Canadians of all ages is giving way to confidence and optimism.

I pay tribute to the Minister of Finance whose leadership in the past five years in making this extraordinary feat possible—

Mr. Gurmant Grewal: Madam Speaker, I rise on a point of order. I am sorry to interrupt the hon. member during this debate, but a false statement has been made in the House which damages my personal character and personality. I ask the hon. member to withdraw the statement. He alleged that I sought the nomination for another party, which I did not do.

The Acting Speaker (Ms. Thibeault): I advise the hon. member that I will be checking the blues and I will get back to him as soon as we check the statements made by the other hon. member.

Hon. Andy Scott: Madam Speaker, I would like to pay tribute to the Minister of Finance whose leadership over the last five years has resulted in making this extraordinary feat possible. Prospects for Canadians have not been as good in a very long time. It is through the responsible stewardship of the nation's finances that we have reached the enviable position we find ourselves in today. One need not go much beyond the various countries of the world that are glowing in their praise of what we have been able to accomplish in Canada in very short order.

This remarkable turn of events required discipline in terms of the leadership of the country but, most important, it required a considerable sacrifice from rank and file Canadians.

What the government did to balance the budget under the leadership of the finance minister was not based on ideology. Rather it was based on sheer necessity.

• (1240)

In 1993 we inherited a \$42 billion plus debt. The recovery process was hard on Canadians, was hard on Atlantic Canadians. As a progressive Liberal myself, I am reminded of the challenges

faced by the government to secure the long term sustainability of our social safety net. It has certainly not been easy.

However it had to be done. Re-engineering, restructuring, downsizing, reorganization and ultimately the reining in of government spending were necessary. Now that the fiscal house is in order, the far-sightedness of government allows us to begin the process of recovery and building a secure future for all Canadians.

The budget speaks to two principal objectives in that regard, the first being prosperity. Job creation is recognized as the basis upon which Canadians will share in a more prosperous economy. Illustrative of the prosperity strategy in the budget of 1998 is the Canadian millennium scholarship foundation. By putting aside \$2.5 billion this year, by the year 2000 funding will be solidly in place to provide 100,000 scholarships both full and part time for each of the next 10 years.

There are other important prosperity initiatives in the budget: the Canada study grants, tax relief for students to retire their debt, encouraging educational savings, more R and D, and helping Canadians upgrade their skills in the area of life long learning. Prosperity for this generation and the next is based on knowledge, skills and education infrastructure.

Canada is a generous country, more especially so when Canada is prosperous. If we take away prosperity, equity is no doubt affected. If we take away equity, prosperity is tainted. Both equity and prosperity are what Canada therefore must stand for.

The second objective in the budget is equity. The Canadian millennium scholarship foundation, for example, makes it possible for Canadians, regardless of their ability to pay, to access educational opportunities. This is equal opportunity at its best.

By introducing the scholarship fund this week the Prime Minister has helped raise the bar for thousands of Canadians who will now be able to attend our universities and colleges. If there is any doubt as to what I have just said, hon. members should ask the president of the University of New Brunswick student association, the student association president at St. Thomas University in Fredericton and students anywhere in Canada, what equal access to post-secondary education really means.

Hon. members should ask Cynthia Hilliard, Ontario community college student, parliamentary association president who said of the budget that at long last we were seeing a government make a commitment to life long learning instead of giving it lip service. They should ask Lucie Bohac Konrad, executive director of the Canadian Youth Foundation, who said that overall it was a good day for Canadians and with the budget young people could look forward to some relief from the crushing burden of almost a decade of youth joblessness and increasing shares of education costs.

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The 1998 budget contains several other equity pieces as well: tax relief for interest on student loans, education credit for part time students, child care deduction for part time students, tax free RRSP withdrawals for life long learning, increased child care expense deductions, enriching the Canadian child tax benefit, helping those caring for families, eliminating EI premiums for students under the age of 24, deducting health premiums for self-employed Canadians, and tax relief for volunteer emergency service workers.

There is also an important feature in the budget in terms of its regional impact. All initiatives in the budget assist Atlantic Canada significantly but none of them marginalizes Atlantic Canada. Atlantic Canada benefits by the improved educational infrastructure. It ultimately will benefit by stemming the brain drain. This then is the prosperity and equity agenda at work.

Two weeks ago I announced through ACOA a \$7 million technology initiative at UNB, putting it at the cutting edge in Canada.

• (1245)

Before Christmas I participated along with St. Thomas University in the establishment of a criminal justice degree program at that institution. A week ago I announced a project in New Brunswick that will allow young Canadians with disabilities access to the labour market.

These are national programs that make sense in Atlantic Canada. I want to emphasize how important ACOA is to our region. I say so because Canada has such diversity that regional development instruments are required and regional agencies are a way for us to make national programs tailor made for regional needs. ACOA is critically important to Atlantic Canada.

I would like to address briefly my own ministry, a ministry with an annual budget of over \$2.6 billion. To our office, to our ministry, public safety is overarching. That is the business of the Ministry of the Solicitor General.

This year we have two major priorities, dealing with organized crime and effective corrections. On the organized crime front, it seems to me that only an organization as large and as national as the ministry, in particular in this case the Royal Canadian Mounted Police, with that kind of breadth in Canada can take on a leadership role to deal with what is a significant issue in Canada, organized crime.

We have gone to great lengths in the last Parliament and in this Parliament to revive law enforcement agencies and the tools they need in terms of anti-gang legislation, proceeds of crime, the new DNA legislation. We have gone to great lengths to provide tools in law enforcement but we also have to recognize a huge obligation

on the co-ordination side, given that we have access to all corners of this country.

In the area of effective corrections, we want to provide alternatives for low risk offenders so that those people who would be more appropriately dealt with in the community will be there, reserving of course the opportunity in the institutions available to the correctional service to deal with offenders whose crimes are more dangerous and more violent and who pose a greater risk to society.

By making that delineation more effectively, and great efforts have been made in the last Parliament to do so, we are going to get better and more efficient results.

We have to build up the infrastructure in communities to allow us to do that. That is a principal part of what we are going to be doing this year in the area of effective corrections.

Linked to these priorities of course is the all important matter of crime prevention. To break the cycle that leads to an overloaded justice system and overcrowded prisons, it is very important that we recognize the root causes for crime, be they poverty, economic circumstances or regional issues.

The fact is at the end of the day the country is going to be all the safer if we get to those root causes and not deal only with these issues after the damage has been done. The result of course will always be a safer, healthier community.

Also, inside the ministry there will be responsibility for aboriginal policing in corrections, national security and the integrated justice system.

The bottom line for the Solicitor General of Canada is the safety of Canadians. I am proud to say that Canada's law enforcement and corrections systems are among the very best in the world.

In conclusion, the 1998 budget symbolized by the Prime Minister's millennium scholarship fund is a perfect example of a national policy that pursues both prosperity and equity. This is the hallmark of the great Liberal Party.

[Translation]

Mr. Jean-Paul Marchand (Québec East, BQ): Mr. Speaker, I listened with great interest to the remarks made by my hon. colleague in praise of the last budget.

Can he acknowledge the fact that, in Quebec alone, the cuts made in transfer payments to the provinces and in employment insurance have resulted in the number of welfare recipients increasing by 200,000? According to a recent study by Montreal economist Fortin, there are now 730,000 more Canadians on welfare. This is not necessarily good news.

My colleague also talked about how great the millennium scholarships were, saying "Ask any student in Canada; they'll tell you how great the Prime Minister's scholarships are".

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• (1250)

Perhaps my hon. colleague could ask Nicholas Ducharme, the president of the Quebec students' association, who views these millennium scholarships as an ego trip on the part of the Prime Minister, in the sense that they constitute a monument to his political career.

After all the cuts made in health and education, if it really cared about the student debt load, this government might have given this money directly to the students and right away, not two or three years down the road and without creating yet another administrative structure, as suggested by Mr. Ducharme, this student who is the president of the Quebec student's association. Indeed, he suggested that the federal government should give the money immediately to the students through the existing grants and loans system, which is excellent in Quebec.

I would like to know if my hon. colleague thinks that the increase in the number of people living on welfare in Canada is a good thing and that introducing these millennium scholarships is really an ego trip on the part of the Prime Minister.

[*English*]

Hon. Andy Scott: Mr. Speaker, I thank my colleague for the questions. I can answer them relatively easily.

I do not think the exercise is an ego trip on the part of the Prime Minister. Quite the contrary. What this speaks to very specifically is that the future prosperity of Canada is inextricably linked to our ability to provide a well educated and to the largest extent possible publicly financed well educated students. It is not only a matter of economic priority, although I can see that is a significant piece of it. It is also a matter of fundamental fairness. I believe people who have the capacity and ability to go to university should have that opportunity.

In recent years the Canada student loans program was designed to offer that access. Because of the economic circumstances following graduation and because tuitions were increasing, Canada student loans could no longer serve that purpose. It was very important to deal with that. I am glad that the Prime Minister and the Minister of Finance did.

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, this morning we heard one of the government members describe the budget as remarkable. Just now we have heard another hon. member from the government describe this budget as an equity budget. I find this astounding.

I would like to ask the member to explain to the people of Canada that if this is an equity budget where in the budget is there a guarantee that pay equity will be provided for the women who work

for the federal civil service. If this is an equity budget, why is it that only 7% of students will have access to the millennium fund? Why is it that there will be no increase in transfers for education to the provinces to ensure that tuition fees will not continue to skyrocket?

This is not an equity budget. I would ask the minister to explain to the people of Canada what he means by an equity budget?

Hon. Andy Scott: Mr. Speaker, I appreciate the opportunity to do just that. There are many elements and I have recited a large number of those in speaking to the budget. Access to university has significantly improved. The student associations in my constituency of the universities of New Brunswick and St. Thomas have said so glowingly and publicly.

We have not been able to deal with all the things that fair minded Canadians would like to see us deal with. Ultimately we would find ourselves in five years going through the exercise which we have just gone through if we thought we could accomplish everything that we would like to without regard for how much resources are available to accomplish those things.

I point to those things in the budget that speak to questions of equity and I applaud them.

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, it is with great pleasure that I rise today to comment on the 1998 federal budget.

• (1255)

The Minister of Finance is to be congratulated on leading this nation from a state of economic stagnation and a deficit of \$42 billion to a balanced budget, the first in almost 30 years.

Brian Neysmith, president of the Canadian Bond Rating Service, stated: "The Minister of Finance and the Liberals have accomplished what they actually set out to accomplish. They achieved a balanced budget. They achieved it ahead of schedule, and from that point of view, you have to give them full marks".

I have been disappointed to see the members of the opposition take such partisan approaches to this accomplishment. Canadians clearly support this approach and the determination of the government to get our fiscal house in order.

Opposition members harangued the government about the deficit. Now that the books have been balanced and now that we have a balanced budget for the next two years, we hear cries of "shame" because it was not balanced the way they would have done it.

Harry Houdini is alive and well and living on the opposition benches. They would provide deep tax cuts, eliminate the debt and provide social programs, it seems, through various magic vanishing acts. The government, however, has to deal with reality.

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The end results prove that the government made the tough decisions and with the support and understanding of Canadians it made Canada the first G-7 nation to balance its books.

Governing is about choices, it is about leadership and providing a clear vision for the future. This budget has mapped out a vision of economic and fiscal planning that will secure a bright road ahead for all Canadians.

I had the opportunity to host a post-budget breakfast in my riding last week. I had representatives from the chamber of commerce, community organizations, social agencies, young people and municipal councils. A common theme was heard during the discussions. We have our priorities straight. Debt reduction is front and centre, followed by new expenditures for skills development and health and selective tax reductions.

The three key elements were welcomed by the participants at my meeting, namely a two year fiscal plan based on prudent economic planning assumptions, as the current plan commits to balanced budgets over the next two years; the inclusion in the fiscal plan of a contingency reserve of \$3 billion in each year; and the use of a contingency reserve when it is not needed to pay down the public debt.

This could mean that if the contingency reserve is not needed, up to \$9 billion could be used to pay down the public debt. The minister has been cautious and prudent in his calculations. The debt to GDP ratio is the most relevant measure of a country's ability to manage its debt. It represents a true measure of debt burden. The government has already paid down almost \$13 billion in market debt so far this year. More important, however, the debt to GDP ratio will be put on a permanent downward track through sustained economic growth and debt repayment plan.

The government is committed to bringing down the debt quickly and it has a strategy in place to do so. Given the effectiveness of the government in dealing with the deficit, I believe Canadians support this approach.

The St. John's *Evening Telegram* stated on February 25 that while the \$13 billion payment will not cure everything overnight, it is a promise that the country will not be plunged into the debt more deeply in the future, that it will no longer mortgage our children's futures, and with the economic returns on the fiscal year yet to come in, even more may yet be applied to the debt.

The budget speaks to youth. As Lucie Konrad, executive director of the Canadian Youth Foundation stated, overall this is a good day for young Canadians. With this budget, young people can look forward to some relief from the crushing burden of almost a decade of a youth jobless recovery and increasing share of rising education costs.

The Canadian opportunities strategy provides a co-ordinated set of measures building on the 1996 and 1997 budgets to create

opportunity by expanding access to knowledge and skills needed for better jobs and higher standards of living in the 21st century.

As a former educator I applaud the minister on placing a very high priority on providing greater opportunities for young people to prosper in the new knowledge based economy.

The budget demonstrates leadership by announcing the Canadian millennium scholarships and Canada study grants, tax relief on student loan interest and improvements to the Canada Student Loans Act, supporting youth employment through education, insurance premium holidays for employers for the young Canadians they hire in 1999 and 2000. These are investments in our future. Young people must be encouraged to dream and to seek opportunity in Canada.

• (1300)

The government has listened to the concerns of our youth. Heather Taylor of the University of Alberta student union stated that these educational measures in this budget are things for which we have been fighting for the past eight months. It shows the government is listening to students. It will have a huge impact on students.

The 1998 budget provides for the first time tax relief for interest on student loans. Beginning in 1998 all students will be eligible for a 17% federal tax credit on their student loan interest. Interest relief extensions will help about 100,000 graduates.

The editorial in the Toronto *Sun* on February 26 stated: "We applaud the finance minister. We think he has made the right choice in the first post deficit budget. The nation has a responsibility to help the 600,000 young Canadians who fear they will never have a good job or a decent career".

The opposition has talked about a need for tax relief. The government will deliver \$7 billion of tax relief over the next three years, tax relief for low and middle income Canadians through an increase in the basic personal exemption and the elimination of the 3% general surtax on Canadians with income up to \$50,000. Those are two measures that will take 400,000 Canadians off the tax rolls and reduce taxes for 14 million Canadians by the year 1999-2000.

This government does not just talk tax reductions. It has taken clear and firm actions in this area. The government is continuing to provide targeted tax relief. I believe Canadians have examined the budget and have strongly indicated it is a balanced approach to the economic well-being of Canada.

I remind members of the opposition that we have a four to five year mandate. Obviously during that time we will be able to take other measures which I am sure Canadians will be supportive of. The next few years will continue to see tax relief and continued social spending in the area of health care. The impact of the 1998 budget over three years is clear. Forty per cent of new government

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spending focuses on investments in social and economic priorities and sixty per cent is targeted toward debt reduction and tax relief.

The government has demonstrated solid economic leadership that bodes well for the economic well-being of all Canadians.

Mr. Howard Hilstrom (Selkirk—Interlake, Ref.): Mr. Speaker, last Friday the Manitoba government brought down its budget which indicated that \$150 million would go to pay down the debt. That figure is related to a timetable that brings down the debt to GDP ratio by the year 2028. It is a hard and fast timetable to get the province of Manitoba at a manageable level of debt.

Could the member advise this House of the government's timetable for reducing Canada's overall debt?

Mr. Bryon Wilfert: Mr. Speaker, I thank the hon. member for his question. When the government was able to bring down the deficit, it was because we were controlling our own spending. The government has indicated three, three and three in relation to the debt.

I suggest to the member that these figures are conservative. There is no question that if the performance of the economy continues to be bright, which I believe it will, we will be able to put more money toward debt reduction. I indicated in my comments that \$13 billion was earmarked for the debt and it has already brought down the debt measurably.

I am confident in the strategy the government has put in place. Let us be clear that the finance minister has put a clear debt reduction strategy in place. The opposition wanted to know where we stood on it. We have placed it front and centre.

• (1305)

[Translation]

Mr. Jean-Paul Marchand (Québec East, BQ): Mr. Speaker, I would like to return to the issue of education my colleague raised in his potpourri speech.

As we know, education is a provincial matter. I would ask my colleague whether he thinks the federal government could improve on what the provinces are doing currently with loans and grants by setting up the millennium scholarship fund.

Second, I would like to know whether, given the existing student debt load, he thinks it would not be better to give students money now rather than wait three or four years.

[English]

Mr. Bryon Wilfert: Mr. Speaker, I thank the hon. member for his question.

There is no question that education is a provincial responsibility, although we know that the federal government provides significant dollars to the provinces for post-secondary education. There is nothing in this budget which would suggest in any way that the federal government is interfering with provincial jurisdiction as far as educational curricula is concerned.

The government is providing needed assistance to students in this country. The government is showing leadership. I cannot believe that anyone would be opposed to providing financial assistance, whether it is through tax credits or tax points, to students.

Clearly the response of students, both inside and outside of Quebec, has been very positive. Finally they are seeing true leadership in education. The government is providing the necessary financial assistance to students. That bodes well for students in the future. We do not want them graduating from university with significant debt, and the figure often quoted is \$25,000 per student.

Mr. Paul Bonwick (Simcoe—Grey, Lib.): Mr. Speaker, first I would like to congratulate the hon. member for his involvement in the past budget. He played a very integral role, as we saw in caucus, and he should be congratulated.

I was wondering if he would respond to some of the accusations which have been made by members opposite that perhaps the government was not in a position to invest in youth and education. Would he care to respond to that and tell us if we actually were in a position to do so?

Mr. Bryon Wilfert: Mr. Speaker, I thank the hon. member for his question and his kind remarks.

I would point out that in fact the government is targeting very clearly skills development. The government clearly has looked at the role which youth will play in the next century and is providing the necessary dollars.

We have the Canadian opportunities strategy. Whether it is increased funding for advanced research, tax relief on student loans or assistance to employers through tax relief in terms of hiring in future years, the fact is that this government has made these things a high priority.

The human resources development committee met with representatives of student associations from right across the country. It met with representatives from the banks. It listened to what they had to say and it is now acting.

In this four to five year mandate I expect to see increased support for students in this regard.

[Translation]

Mr. Gilles-A. Perron (Saint-Eustache—Sainte-Thérèse, BQ): Mr. Speaker, if you will allow me, I will share my time with my charming colleague from Drummond.

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I applaud this first balanced budget since the 1970s. Do not get me wrong, however. I am not congratulating my friends opposite. My congratulations go primarily to the provincial governments, which have had to manage cuts to their social, health care and education transfers. They go as well to the employers and employees who have suffered the adverse effects of the government's shameless dipping into the employment insurance fund in order to balance its budget. That is scandalous.

I applaud the people of Quebec and of Canada, the poor and the middle class, who contribute in no small measure to this government's revenues through increased taxes.

• (1310)

Let us move on now to my comments on the budget. Like most Canadian politicians, the experts and journalists, I find nothing or next to nothing in this budget. The proof is in the press reviews the following day, which said "That's it, that's all". Journalists and experts were describing it as lacking substance and vision. The economists were calling it weak and insipid. I will leave it at that, otherwise I will be spending my ten minutes commenting on the budget.

It is so nebulous that those opposite have started a promotional campaign and are asking their ministers, their big guns, to visit the ridings and sell the budget. The President of the Treasury Board was in my riding last week to sell the finance minister's budget. What he finally said was that he was there to hear people's views on what the government should be doing.

I have some advice for the President of the Treasury Board. Quit wasting your time. This same finance minister started the practice of having the finance committee travel across Canada to take the public's pulse. I even held a prebudget meeting in my riding. All this work by the experts did not reach the finance minister's ears. He was deaf to it, or perhaps too busy worrying about Bill C-28.

The cross-Canada committee, as well as people from my riding, had some good suggestions for the finance minister. They suggested he stop cutting provincial transfer payments, put an end to the disgraceful waste of this government, clean up existing programs, index taxes and tax credits, reform taxation, lower the premiums paid by employers and employees to the EI fund by a significant amount, not a measly 20 cents, implement job creation programs, introduce an anti-deficit bill, and on and on.

What did the Minister of Finance do? He ignored these experts. He did absolutely nothing.

Yes, there was the Millennium Fund, and I would like to talk about that. What do we know about it? Not a great deal, except that it will perhaps be based on need, or merit, it has not yet been decided, and that its president will be Mr. Landry, the president of

Chrysler Canada. This is a good opportunity for him to advertise his automobiles. That is all that we know.

There is one more thing that we know, and that is that this government has cut between \$2.3 and \$2.7 billion in education since 1993. Now it is preening itself over a \$2.5 billion fund. This government is going to continue to make cuts of over \$10 billion in education between now and 2003. But still it creates a fund.

What are the stated and unstated purposes of this fund? Is it a way of boosting the Prime Minister's image before he leaves active politics? Is it a springboard for the finance minister in the race for leadership of his party? The Prime Minister himself has admitted that one of the goals is to distribute or promote the Canadian flag. On February 26, the Liberals and the Reformers showed us in this House how good they are when it comes to promoting the Canadian flag.

• (1315)

There is another thing that is condemned by everyone and confirmed by the following media report: "It is the government's stated goal to provoke and to get directly involved in the affairs of provincial governments, under the pretext of helping our students, starting in the year 2000. But students need help now. The government should be ashamed of playing politics at the expense of our students".

Let me provide some background on Quebec's loans and grants program. It was in 1964 that a true Prime Minister, a true Liberal, Lester B. Pearson, a Nobel Prize winner, set up the Canadian student loans program to help students continue their education.

At the request of the Quebec premier of the day, the Hon. Jean Lesage, who wanted to manage and implement a program that would meet Quebec's needs, Mr. Pearson decided, after giving the idea some thought and finding nothing wrong with it, to give Quebec the right, or rather the privilege, because it did not confer any special status, to establish and manage its own program. The other Canadian provinces could have availed themselves of the same privilege, but they chose not to do so, preferring to manage an already established program.

The result is that Quebec now has a unique student loans and grants program that is superior to anything that exists elsewhere in Canada. Quebec spends \$600 million on a program designed to provide loans and scholarships to 170,000 students. Our province also invested \$18 million in a scholarship program based on merit. The net result of this is that education costs in Quebec are lower than in the rest of Canada, and the average debt of Quebec students is \$11,000, compared to \$25,000 in the rest of the country. Ottawa must grant Quebec the privilege to opt out with full compensation.

I will conclude by referring to an article which said that in 1995, the federal Parliament adopted a motion recognizing Quebec's distinct character and formally guaranteeing Quebecers that the departments, institutions and agencies of the Government of

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Canada would take that into account when making their decisions. The Liberals must live up to their commitments.

[*English*]

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I wonder if the member opposite, in his discussion of the scholarship program, has approached the undergraduate students and the graduate students in Quebec who will be receiving this summer the science scholarships from the federal government which will allow them to work in the labs of the universities and the hospitals?

Has he considered approaching the students who are at present in Quebec universities and are undertaking degrees based on funds provided by the grants councils, the Medical Research Council, the Social Sciences and Humanities Research Council and NSERC, the Natural Sciences and Engineering Research Council? All of them are federal councils. All of them are providing money to students in universities in Quebec. Is he suggesting that those students should give up those scholarships they have at present and that they will have next summer and next winter?

[*Translation*]

Mr. Gilles-A. Perron: Mr. Speaker, I thank my wise colleague for his question, but I would remind him that the money being given out comes from Quebec.

• (1320)

I would also remind my colleague that *Le Quartier*, the University of Montreal newspaper, wrote "In the millennium fund, Ottawa should step aside for Quebec", and "Save the university". In *La Presse*, Claude Piché, no friend of the sovereignists, called it the "millennium catastrophe". The same press review also says, on the subject of the position adopted by the Quebec university students' association "millennium scholarships rejected". I am speaking on behalf of the people of Quebec.

[*English*]

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I have just a couple of points of clarification. I think the hon. member in his speech indicated that the transfers to the provinces were going to continue to go down. I would caution the hon. member that he should read the numbers again.

We have in fact seen a reinvestment in the Canada health and social transfer of \$1.5 billion a year. He will also see because of the system of transfers being made up of cash and tax points that transfers to the provinces will continue to increase.

I want to speak directly to the comments made on the millennium fund. What does the hon. member say to the Fédération étudiante universitaire du Québec and the Fédération étudiante collégiale du Québec when they say they would like to see both governments co-operate, to set aside political squabbles and find a formula so they can have access to these funds because they need them?

Essentially the students in Quebec and students right across the country are saying not to get into political squabbles, but to deal with the issues. That is what we have attempted to do with the millennium scholarship fund. There is a vast amount of support for this program by the students. If the hon. member wants to help students he should stand in his place and support this scholarship fund which will ensure that students get the money they need to access education.

[*Translation*]

Mr. Gilles-A. Perron: Mr. Speaker, my colleague opposite is hard of hearing or he did not listen to my speech, perhaps because it was in French.

We are saying duplication must end, that the \$82 million should come back to Quebec, that it must be sent, transferred to Quebec, and that Quebec is capable of looking after this \$82 million. We have proven it. By managing the program established by Mr. Pearson, Quebec has a less expensive system of education, and its students have the smallest debt load. Instead of spending money and treading on toes, the government should send the \$82 million to Quebec and let it look after it. Students would be better off.

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, I would like to thank my hon. colleague from Saint-Eustache—Sainte-Thérèse for sharing her time with me.

I too am pleased to take part in the discussion on this universally criticized budget. Even if we agree with the results, we can have some very serious reservations on the means used to accomplish them, because we know that this zero deficit plus surpluses has been reached at the expense of the provinces, middle-income families, the unemployed, the sick, students and welfare recipients.

But where does this surplus come from? In 1993, the Liberal red book said it was unrealistic to wish to eliminate the federal deficit in five years. The Prime Minister stated that such an objective could not be attained without pillaging social programs, and no Liberal government would agree to do such a thing. Four budgets later, the federal deficit is now eliminated, but at the price they refused to pay in 1993.

The main accomplishment of the Liberal government as far as beating the deficit is concerned can be summarized as follows: \$42 billion in cuts to hospitals, universities and welfare, an employment insurance reform which impoverishes the unemployed,

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coupled with an economic upturn combined with non-indexed tax tables. That is what the zero deficit is all about.

• (1325)

But, let us face it, this approach of getting other people to do what one is incapable of doing oneself has put the federal government in a position where, for the first time in a long while, there was the possibility of somewhat lightening the tax burden of Canadian and Quebec taxpayers, the working and the unemployed, in short those who are responsible for the situation we are now in.

Fifty-four per cent, or more than half, of the cuts in expenditures made by the federal government between 1994 and 1998, moreover, were dumped onto the governments of Quebec and the provinces, to the tune of \$6.3 billion annually. An annual amount of \$6.3 billion is no trifle.

Yet in 1993, the Prime Minister stated "In our program, we have no intention of cutting payments to individuals or to the provinces. That is clear and it is in writing". I refer those who may want to know where this quote is from to the September 25, 1993 edition of *La Presse*. Of course, no one believed at the time that this promise would be kept any more than the others, the GST for example.

However, the current fiscal situation, which was achieved thanks to the efforts of provincial governments, permitted at the very least that the provinces be compensated for the losses caused by this offloading. To this end, the government could have given them as tax points 25% of the next two years' surpluses, thereby cancelling out the cuts imposed during the first Liberal mandate in the transfers for health, education and social assistance.

This would have enabled the provincial governments to regain the flexibility lost in previous budgets while not affecting the federal government's finances. Indeed, it would still record a surplus of approximately \$30.8 billion in 2001-02, even if 25% of the next two years' surpluses were paid back to the provinces.

There they go creating new programs. It has been known for months that the finance minister's latest budget would be a surplus budget, or at least a balanced budget. All the stakeholders, be it the Bloc Quebecois or the other opposition parties, the premiers and finance ministers of Quebec or the provinces, asked, begged the Liberal government not to start spending again before having made up for the losses resulting from the cuts made these past few years in health, education and social programs.

Nothing was done. The government has gone right back to wasting taxpayers' money, introducing a myriad of new measures that will duplicate or overlap what is already being done in the

provinces, and running the risk of again losing control of its spending and plunging us into a deficit spiral.

The best example of this renewed interference is the creation of millennium scholarships. This fund is a pointless affront to the governments of Quebec and of the other provinces and makes no provision for withdrawal with compensation. The Prime Minister is bent on sending out cheques with the maple leaf on them and was certainly not going to be stopped by considerations of jurisdiction, as defined in his own Constitution.

This morning, in an article about a new home care program, a health department official told us why the federal government was introducing this new program: "We want to see the maple leaf on the cheque". As one of my constituents said to me, if the Prime Minister is so interested in visibility, all he has to do is put his picture on the twenty-dollar bill.

Quebec already has a student assistance program that is a vast improvement on all similar programs in Canadian provinces. Not only is it the only program with loans that are advantageous for students, but it is the only one where they do not have to pay back scholarships when they graduate. The result is that the average indebtedness of Quebec students is half that of students in other provinces.

• (1330)

No one in Quebec wants to see that money wasted on some program that would duplicate what is already being done and done well. Even the education sector condemns this "operation visibility" which, in the end, will be conducted at the expense of the students themselves. Hopefully, the appeals to common sense made by Quebec stakeholders will be heard by the Prime Minister, before the upcoming meeting with Quebec government officials.

I also want to talk about health, since I am the critic on this issue. In Quebec, and everywhere in Canada, health is probably the sector where the federal government has done the most damage. Disconnected as it is from the medical realities in the provinces, the federal government offloaded its deficit onto provincial health programs, at a time when the provinces themselves were in the middle of a restructuring process. After blaming the provinces for its cuts, the federal government should have redistributed the surplus of the last budget to alleviate the negative impact that it helped create in the first place.

Yet, the new budget does confirm that federal cuts totalling \$42 billion will be made between now and the year 2002. However, it is silent on how the government will use the additional \$70 million that will be generated by the increase on tobacco taxes. The budget includes no new measures to deter young people from smoking, and it does not provide any compensation for sports and cultural events.

The Budget

But the biggest disappointment is the lack of any reference to the financial compensation the victims of Hepatitis C contamination have been awaiting for years, which the government can now afford to pay immediately. Unfortunately, a measure of this type did not fit in with the Liberal's objective of keeping a high profile. Yet the federal government could implement this immediately, without waiting for the provinces, which are already saddled with the costs of services provided to these victims through the health system.

The biggest surprise where health is concerned came, not in the budget speech, but from the mouth of the Minister of Health, when he brought into the open the federal government's true intentions as far as encroachments on health are concerned. This is unacceptable.

Since you are indicating I have only a minute left, Mr. Speaker, I will move on immediately to my conclusion, which is that the latest budget by the Minister of Finance has once again confirmed what the Bloc Québécois has been saying for a number of years, that the federal government's plan is to put the provinces in a shaky situation budget-wise, and then to come along to rescue them with new initiatives in areas that fall within provincial jurisdiction.

The best illustration of this approach is provided by the President of Treasury Board himself, with his statement that "When Bouchard has to make cuts, we in Ottawa will then be able to demonstrate that we have the means to preserve the future of social programs". Here we have both overlap and duplication.

[*English*]

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I listened as the hon. member went on and on about how the government was hell bent on creating duplication, overlap and all the rest of it.

Earlier I made a point about what the students of Quebec were saying. They want provincial governments and the federal government to work together to ensure that this program works, to ensure that students have access to post-secondary education and skills training so they can compete for the jobs, and to ensure they have the quality of life we all want them to have.

Over and over again the hon. member made reference to the millennium scholarship fund. It is not about creating a bureaucracy. It is not about overlap. It is essentially about putting money directly into the pockets of students. It is bypassing politicians. It is bypassing institutions. It is bypassing bureaucracy.

The hon. member said that the sole motivation of the government was to ensure there was a flag on every cheque. The sole motivation of the government is to allow young Canadians opportunity and access to skills training.

We saw in the *Globe and Mail* today that the difference between those that have opportunity and those who do not is education. That is the great equalizer. We want to ensure that every student has opportunity and access to that information.

● (1335)

The hon. member keeps talking about how the government wants to get in the way of the provinces. I disagree wholeheartedly. I believe that young Canadians who want to see access and want to see the millennium scholarship work support it.

I hope the hon. member will say that her motivation is to say that they want Quebeckers, young Canadians and Canadians in all other provinces, to have improved access to education and improved access to opportunity. I hope they will work with us to ensure that in fact will occur.

[*Translation*]

Mrs. Pauline Picard: Mr. Speaker, I can understand the secretary of state defending the budget. What I do not understand and what I reject is the extent of his lack of knowledge of the Quebec system of loans and grants.

The millennium fund simply duplicates things. He cannot deny that. If he understands the Quebec system, if he has examined it or if he is interested in it he will see that this fund duplicates what already exists. Why not give this \$80 million to the provinces in compensation and to help them improve a system they all approve?

All the provincial ministers of finance and education acknowledge that in Quebec we have the best system of student loans and grants. I do not know where he gets the idea that students do not agree with us and are in favour of the millennium fund, because it is not true.

He only need contact the various representatives of certain federations, such as the Fédération des universités et des cégeps and the Fédération des étudiants du postsecondaire to discover their total disagreement.

Currently, students receive an average of \$3,800 annually in grants open to all students, according to need. The millennium fund promises \$3,000 on the basis of need and merit, to be determined by a board of directors. This is a waste. Where is the system that will really ensure justice or determine a student's merit?

Do you think a student in debt, who is poor and has to work part time to pay for his studies, is going to do as well as a student whose parents are well off and can look after his needs? This is where the unfairness lies.

Regardless, what is being proposed at the moment is the duplication, in Quebec, of one of the best systems, a system praised across Canada. So why not give Quebec the right to opt out with compensation so it can help more students who are in debt?

The Budget

I suggest the government go back to the drawing board on this and, if it is really so open, allow Quebec to opt out of the millennium fund.

[English]

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, at the outset I would like to indicate that I will be sharing my time with the hon. member for Durham.

I begin my address today by extending my personal congratulations to the Minister of Finance. The minister has in this fiscal year achieved something that no other finance minister has been able to do since 1969. He has brought order to the country's finances. Not only are the books balanced this year but it is projected that they will balance for the next two consecutive fiscal years, a feat that has not been matched by any Canadian federal administration for half a century.

I come from a small and traditional farming community that was built firmly upon the premise of hard work. Over the years I remember several instances when, after completing a very long tiring and productive day in the fields or in the barn, all that I desired in the world was a few hours of rest. In short, often the most welcome reward for an honest day's work is a good night's sleep.

• (1340)

Let me be among the first to say that the minister has now completed the proverbial hard day's work and is to be congratulated for that. When the aforementioned theories are applied to the completion of the task of bringing order to our financial house, one would think an accomplishment of this magnitude would be a feat sufficient enough to warrant at least a momentary time of reflection; a break in what has been a constant four year crusade to eliminate the deficit.

That is what one might think. However, as a lifelong farmer turned politician I would have to say that national fiscal management is certainly not comparable to hard work on the farm. If it were, I am afraid that the cattle would long be gone and it would perhaps be too late to close the gate to the corral.

I guess what I am trying to say is that we have now balanced the books but we must not become too complacent. If we let down our guard we run the risk of permitting last year's crop of problems to once again take root. We must never forget it was only four short years ago that our annual deficit stood at over \$42 billion. Inflation was soaring. The only thing lower than consumer spending was consumer confidence.

In 1993 there were fierce storm clouds collecting on the horizon. This bleak economic outlook which was perpetrated by a blatant mismanagement of the public purse forced us into a position where we had to borrow over \$30 billion annually on foreign money markets just to service the accumulated public debt. In the most

basic of terms we were paying our Visa card's minimum monthly balance with our American Express in the hope that we would one day get a pay raise.

It was clear to anyone with even the most rudimentary of mathematical skills that this trend was neither practical nor sustainable. I cannot fathom that even one single Canadian or businessman would have attempted to justify this or to apply the practice to his or her own fiscal life without expecting dire consequences.

I am certain that to an outsider it must have seemed like we were building the social fabric of Canada in a manner which could only be compared to the construction techniques of a house of cards.

In 1993, with financial chaos looming over our heads, Canadians demanded that their government immediately move to rectify the problem of the treasury being in constant overdraft. Canadians called upon the Liberals to tackle the nation's financial crisis. Prior to 1993 the Department of Finance routinely set and missed its own targets, which caused international investors to become apprehensive at the mere mention of investing in Canada. In a nutshell, the confidence that our citizens and business leaders once enjoyed was rapidly and needlessly eliminated.

Immediately after assuming office the government took firm control of the financial reins of the country. In his 1995 budget the Minister of Finance declared "We have broken the back of the deficit". This was the first in a series of announcements which signalled the beginning of a long and overdue journey along the road to financial recovery.

On February 24 of this year the Minister of Finance announced that the goal had at long last been realized. For the first time in 50 years there seemed to be a genuine light at the end of the tunnel.

There is little doubt that the 1998 federal budget represents a turning point on the national course. Our path both socially and economically has been dramatically altered for the better, hopefully forever. No longer are we financing our current lifestyle by committing to a second and third mortgage on our children's future. In the words of the finance minister "the government has cut up its credit cards", an announcement that I am all too happy to hear.

Just prior to the budget I held a public forum to consult with my constituents on this issue. As always, I was impressed with the high quality of input I received from the residents of my riding of Huron—Bruce. Although the group was made up of people from several different political stripes, we checked our politics at the door and proceeded to have a productive discussion.

There was unanimity in the belief that our massive federal debt had placed Canada in an ever weakening position with respect to global economic credibility. Our capacity to effectively negotiate trade deals, direct the internal inflation rate, control domestic employment levels, and to set and to execute national priorities were all being seriously hindered. In short, the government's

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ability to effectively govern was in danger of falling victim to total erosion.

It was agreed that if we were to truly overcome our money problems we must adopt a two pronged approach. First, we must begin to pay down our massive federal debt. Second, we must reinvest in the areas hardest hit by cost cutting: health, education and skills development. In the report presented to the Standing Committee on Finance this notion was summarized by saying that we must not sell the house to pay the mortgage.

Since first assuming office in 1993 our government has maintained that after we managed to remove the red ink from the national balance sheet we would begin to tackle the problem of the debt and that we would expand upon our commitment to reinvest in valuable social programs, youth and skills development.

• (1345)

To that end, this year the budget theme is building Canada for the 21st century a strong economy and a secure society. Financially speaking we are now in a position to begin to reap at least some of the benefits accumulated as a dividend of over four years of belt tightening.

Along with balancing the books this government has once again resisted the urge to increase personal income taxes. Quite to the contrary, we have provided at least some form of tax relief to nearly 14 million low and middle income Canadians. This was done by reducing or eliminating entirely the 3% federal surtax for individuals who have income levels of less than \$65,000 per year.

We have also increased the basic personal tax exemption by \$500 and we have earmarked another \$850 million to enhance the child tax benefit. This is in addition to the various other tax credits and new exemptions that were announced on budget day.

I know that many of our colleagues claim we did not go far enough with our tax reduction strategy. To those people I would say that if reducing or eliminating federal income tax for 90% of the current taxpayers does not constitute real tax relief, then what does?

In the 1997 election the Liberals committed that it was our goal to, after a zero deficit had been achieved, put the debt to GDP ratio on a permanent downward track. Without question we have done just that. It should be noted that in 1995 the aforementioned ratio was hovering at almost 72%. By the turn of the century, it will sit at approximately 63%, nearly a 10% decrease in five short years.

In addition to that, we have managed to broker a new three year agreement with the Bank of Canada that will see a continuation of

the inflation control targets. This agreement promises to keep the national rate of inflation inside the range of 1% to 3%.

The objectives of this monetary policy are simple: to contribute to sustainable expansion, to support high levels of employment and a rising standard of living. These I believe are goals that every Canadian can support.

In addition to tax breaks for those who need them the most, in addition to balancing the books into the next millennium and in addition to cutting the cost of running the government, we have also begun to reinvest in education and health. Time and time again these have been clearly identified as national priority areas.

This budget announced measures designed to address the mounting problem of student debt and unemployment. To this end I believe that the \$2.5 billion millennium scholarship fund, the 17% of student tax credit, the EI premium holiday for small businesses that hire students and the increase to the RESP levels will go a long way.

I agree there are still unsolved problems facing us, however this budget represents a positive first step. Rome was not built in a day. And who are we to think that a country as great as this one can be repaired with one budget?

Canadians can be proud today. Together we have achieved what seemed impossible only four years ago. Fundamental problems have caused a fundamental change in the way that government operates. The days of wasteful overspending and foolish megaprojects are gone forever. They have been replaced by an era of strategic investment and co-operative partnerships.

We can argue the pros and cons of this budget until the cows come home but the facts are obvious. The business community has begun to once again regain its lost faith in the state of Canada's finances.

Since 1993 interest rates have dropped to record lows, consumer confidence has increased and our economy has begun to grow in leaps and bounds. In fact the latest projections place Canada in the best financial shape of all the G-7 nations.

This House is divided into five officially recognized political parties each applying a somewhat different philosophy and different agenda. As Liberals we have a very long history of fostering a strong sense of community responsibility. Canadians view many of our social programs as defining national characteristics. I am happy to hear that the 1998 budget reaffirms our continuing commitment to many of these core programs.

This budget clearly recognizes the need to stay the course with respect to fiscal prudence. Indeed this budget does many positive things. However its real strength comes from what it does not do.

The Budget

What it does not do is lose sight of the values that we as a country hold in the highest regard.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I thank the hon. member for his remarks.

One of the policy changes announced in this budget was an increase in the child care tax deduction from \$5,000 to \$7,000. The minister has claimed that this is an indication of the government's commitment to children.

• (1350)

This increase in the child care tax deduction merely increases the unfairness and inequity faced by single income families who choose to care for their children at home. They have access to no tax deduction for their at home child care even though they are forgoing a second income. They also do not have the opportunity to split their incomes and take advantage of all of the deductions and exemptions in the tax system.

I wonder if the hon. member could comment on whether or not he supports this increase in the inequity with respect to single income families proposed in this budget.

Mr. Paul Steckle: Mr. Speaker, I want to thank the hon. member for that question. It allows me the opportunity to expand on what I believe is an inequity in terms of how we deal with the families that have a spouse who remains within the home to take care of their own children.

As I said earlier this budget has not addressed every inequity in the country. To me, families are the highest priority we have. If children could find support in their mothers and fathers as we believe they should, we would probably find that we would have fewer social problems.

It is certainly my wish that in future budgets we address this whole issue of accommodating a tax credit for those spouses who stay home to look after their children. It hardly seems fair that someone can take care of my children and I can take care of someone else's children and we are given a tax credit.

We have begun the process. The process has a long way to go. It will be my commitment to this House to ensure that members on this side of the House at least understand the inequities. I will ensure that the minister responsible will be told of this. Hopefully we can address this in next year's budget.

[Translation]

Mr. Jean-Paul Marchand (Québec East, BQ): Mr. Speaker, coming back to the matter of education, more specifically the millennium scholarships, the member for Huron—Bruce touted this fund as one of the obvious pluses of the budget. But not everyone, even in English Canada, agrees with this initiative. I quote from an article by John Trent, a professor of political science at the University of Ottawa, who says:

[English]

“The \$2.5 billion Canadian millennium scholarship foundation announced in Tuesday's budget amounts to a rape of federalism. It is also politically egocentric, administratively inept and strategically stupid. Moreover it is unnecessary”.

[Translation]

Mr. Trent points out what many have said about the millennium scholarships. Basically, the government's strategy is once again to boost its visibility, but it is also determined to impose another administrative system on Quebec, and to do so in a clearly provincial jurisdiction.

Does the member agree or not that introducing a federal system of scholarships and loans adds an additional layer of administration to the existing provincial system? Does he, or does he not, agree that this amounts to interference in provincial jurisdiction?

[English]

Mr. Paul Steckle: Mr. Speaker, the simple answer is no, I do not agree with the hon. member's assumptions that we have interfered in provincial areas of educational responsibilities.

The kind of rhetoric I heard just a moment ago even if it came from a man as he has just mentioned does not surprise me. We hear that kind of rhetoric in this House. I am surprised that people in the position this gentleman is referring to would allude to such rhetoric, because I believe what we have attempted to do is to assist those who are being educated in our society. We are creating an incentive for them to go on to further education. We are doing this aside from the programs that are already in place through normal scholarships.

I do not believe that the students of today are the ones who are using this kind of rhetoric. I am rather appalled that we would find people in this House saying this, because we have not. We have made this fund available to Canadians everywhere in Canada, including the province of Quebec.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am sure the member for Huron—Bruce has heard from constituents and knows that for many Canadians there is deep disappointment about the absence in this budget of any new funds for health care transfers. He knows undoubtedly that we have a critical situation in every part of this country with overcrowded emergency wards. People are suffering because they cannot get the service they need. Hospitals are under so much stress.

• (1355)

Is the member for Huron—Bruce aware of any plans the government may have for starting to reinvest in health care and starting to put some money into the health care transfer payment

system? Would he have any idea when we can expect to see the government's millennium budget for health care?

Mr. Paul Steckle: Mr. Speaker, I think the hon. member would understand if she had read her budget that we have already applied \$1.5 billion in further transfers to the CHST.

Living in the province of Ontario I am quite aware of the kinds of arguments that are being made. I sympathize with those who are finding health services at a premium these days. The province of Ontario says the reason we are short is because the federal government has made cuts. What the people are not being told, and I can only speak for the province of Ontario as that is where I come from, is that the 30% the province is giving back in tax reductions only apply to those who are paying tax. The ones who are getting the most back are the ones who pay the most taxes and who need it the least. If the province had applied that, the province would have four times the amount of money related to the amount of money that we have withdrawn from health services.

I would suggest that if Ontario and other provinces want to complain, they had better look at how they are doing their own books and be more insightful in those areas.

The Deputy Speaker: Order, please. It being almost 2.00 p.m. the House will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

COMMONWEALTH DAY

Mr. Bob Speller (Haldimand—Norfolk—Brant, Lib.): Mr. Speaker, I am honoured to rise in this House as chair of the Canadian branch of the Commonwealth Parliamentary Association to draw the attention of my hon. colleagues that today is Commonwealth Day. This important event is celebrated annually on the second Monday in March to mark the establishment of the modern Commonwealth.

Our nation has benefited greatly from its membership in the Commonwealth. The Commonwealth stands as a symbol of international co-operation and it is a model for all nations to work together in friendship.

The theme of Her Majesty's Commonwealth Day message is "Sport Bringing Us Together". Apart from more formal contacts between governments, the Commonwealth provides many special links between its members, one of those being through sport.

The Commonwealth Games which are being held in September in Malaysia are indeed known as the friendly games and for good reason. This great sporting event will bring together people from

every background proudly representing their countries, competing for the love of their sport and with only one goal, to be the best that they can be.

I hope all members and Canadians will join with me in wishing our Commonwealth friends peace and happiness.

* * *

INTERNATIONAL WOMEN'S DAY

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Mr. Speaker, yesterday was International Women's Day, an occasion to recognize the many women who have had an impact in Canada and abroad.

Women like Mary Ann Schadd, the first black newspaper women in North America and Charlotte Ross, one of the first female doctors in Canada, achieved success and recognition because of their abilities, their perseverance and their determination. These women were pioneers at a time when women were not even recognized as persons in the British North America Act. Even today many women around the world are denied their rights as individuals and this must be a concern to all.

Today I am pleased to recognize all women who have made valuable contributions to society as mothers, doctors, scientists, businesswomen and politicians.

* * *

[Translation]

QUEBEC FLAG

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, fifty years ago, Quebec adopted the fleur-de-lis as our provincial flag. Two years later, on March 9, 1950, Quebec's legislative assembly passed a bill giving this decision the force of law. It is this anniversary that I wish to remember today.

Quebec has seen many changes in the last fifty years. It has moved ahead with great speed in all areas. Over the years, people from all four corners of the globe have come to Quebec and played a role in making our province what it is today.

It has become a modern, dynamic and outward-looking society. As the new millennium approaches, Quebec has everything it needs to continue on this course.

The fleur-de-lis is obviously a reminder of the francophone identity that runs through our province's history, but it is also a rallying symbol for all Quebecers.

• (1400)

I look to it with pride in my beautiful riding, in my identity as a Quebecer and as a Canadian. It is my belief that, in the future, the fleur-de-lis and the maple leaf will continue to fly side by side.

S. O. 31

[English]

WOMEN HOCKEY

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, yesterday was International Women's Day, a day when women around the world marched for equality. It is with this in mind that I rise to pay tribute to women's hockey in Canada.

For most of us fans, the debut of women's hockey at the Nagano olympics showed that hockey is not only a man's sport. The world championship Team Canada with Cassie Campbell, Lesley Reddon and Jayna Hefford of Mississauga proved that by bringing home an olympic silver medal.

Most of the credit for the success of women's hockey must go to the Mississauga based Ontario Women's Hockey Association. As the only organization of its kind in the world, it was the driving force behind the establishment of the World Women's Hockey Championship and can take a great deal of credit for the inclusion of women's hockey in Nagano.

No tribute to women's hockey would be complete without mention of Mayor Hazel McCallion who earned \$5 a game playing professional women's hockey in the forties. As an active member of the board of directors, she has remained a strong advocate of the sport and was a key force on the road to the olympics. All Canadians can take pride in the achievements of Canada's women hockey players.

* * *

YOUNG OFFENDERS

Mr. Gurmant Grewal (Surrey Central, Ref.): Mr. Speaker, I rise on behalf of the people of Surrey Central to mourn the death of Sandor Nyerges, a veteran of the two world wars.

He was deaf, mute, 80 years old and lived alone. My constituent was left with the loss of his eyesight, hundreds of stitches in his head and body, a broken nose and he suffered two heart attacks following a beating. He was a victim of a ferocious beating that led to his death. The alleged assailant has a long record as a young offender.

We have urged this Liberal government since 1993 to get tough on crime. The Liberals are dragging their feet and sitting on their hands while seniors remain targets of violence day after day after day.

My constituents and I are furious. When will the Liberal's defend and protect our citizens? When will the Liberal's stand up for Canadians? Why was this freedom fighter not free from crime? Fix the Young Offenders Act.

INTERNATIONAL WOMEN'S WEEK

Mr. Paul Bonwick (Simcoe—Grey, Lib.): Mr. Speaker, Canadians join the world this week in celebrating International Women's Week.

The origins of International Women's Week can be traced back to labour strikes of 1857 and 1908. Conditions were overcrowded, dangerous and wages were paid more to men than they were to women.

This week communities of Simcoe—Grey and across Canada will be celebrating International Women's Week by giving their support and participation to a variety of special events. Further, the National Film Board of Canada is hosting a series of films this week highlighting issues affecting women's lives.

I pay tribute to all Canadian women and particularly those honoured Saturday evening at the annual Georgian Bay Fruit Growers Association where over 200 constituents came together to thank these women for their considerable contribution to the agricultural industry. Women have come far in their battle for equality but we must reflect on how far we also still have to go.

On behalf of my Liberal colleagues, I say hats off to women all over this world. Your sacrifice and contribution are appreciated.

* * *

[Translation]

RAIL TRANSPORT

Mr. Guy St-Julien (Abitibi, Lib.): Mr. Speaker, in yesterday's edition of *La Presse*, an article by journalist Camille Beaulieu of Rouyn-Noranda appeared under the following headline: "Study predicts the end of regional rail services".

The profitability of the railway system, the environment, road safety, competition, and even the survival of several plants and the development of new businesses will be compromised in the Saguenay—Lac-Saint-Jean, Haute-Mauricie and Abitibi regions if Quebec extends to these regions the changes in load limits for road trains, or tractors towing two trailers, implemented elsewhere in Quebec in June 1997.

The study showed that increasing the limit from 59 to 62.5 metric tonnes may jeopardize the viability of railway lines in areas where traffic volumes will drop below the critical level. The remaining customers, those for whom railway service is clearly valuable, may be hard hit.

Quebec transport minister Jacques Brassard should be advised that the people of Quebec want a public debate on his road train load reform as it applies to these regions.

S. O. 31

● (1405)

*[English]***THE SENATE**

Mr. Bill Gilmour (Nanaimo—Alberni, Ref.): Mr. Speaker, what are the qualifications required to become a Canadian senator?

Well, here they are. First, lose an election or, better yet, lose two elections. Chances are you will be a shoo-in for a Senate appointment and who better to represent the people than the candidate who people rejected at the polls.

Another way is to have blatant political connections, for example, working for a Liberal MP, or better yet, having the Prime Minister work for you and offering the Prime Minister a good deal on your company shares or co-chairing the Prime Minister's leadership campaign or chairing an election campaign or arranging candidate nominations.

Do your duty for the Liberals and you will be rewarded. So, Joan Cook of Newfoundland and Ross Fitzpatrick of B.C., come on down. Your seat in patronage heaven is assured.

* * *

COMMONWEALTH DAY

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, today is Commonwealth Day. It is a day to remember, celebrate and learn about the Commonwealth.

Since 1949 the second Monday in March was chosen to be the day when member countries around the world would observe their association as Commonwealth members.

The modern Commonwealth recognizes the Queen as head of the Commonwealth while being republics, indigenous monarchies, sultanates, elected chieftaincies or as realms. Canada plays an important role as a member of the Commonwealth.

Building partnership and mutual respect among a community of nations takes effort. Celebrating and observing Commonwealth Day is a strong symbol of this effort. Happy Commonwealth Day to all parliamentarians in the Commonwealth.

* * *

*[Translation]***INTERNATIONAL WOMEN'S DAY**

Mr. Daniel Turp (Beauharnois—Salaberry, BQ): Mr. Speaker, on this day celebrating the place and role of women in our society, I would like to add my voice to theirs.

During the recent conflict in Bosnia-Herzegovina, rape was widespread and it was used as a veritable weapon of war. To judge those who committed these atrocities, the international community established an international criminal court. For the first time in history, rape, one horrendous act among many, will be considered a war crime.

But while charges have been laid against them and their whereabouts are known, the alleged offenders have yet to be arrested, in spite of the fact that security forces from several countries, including Canada, are participating in the SFOR operations. This complacent attitude has lasted long enough.

I sincerely hope that those who committed rape will be arrested. I also hope that the Minister of Foreign Affairs and the Minister of National Defence will encourage SFOR to participate more actively in arresting criminals so that justice can be done for all women.

* * *

*[English]***IMMIGRATION**

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, I rise in the House of Commons as a proud Dutch-born immigrant who along with my father, mother and five brothers and sisters, immigrated to Canada in September 1956.

I cannot remain silent and allow this government to even consider in any way, shape or form the current recommendations of the minister's advisory group. Nor will I and my fellow New Democrats across this great country allow the racists and fanatical right wing to implement their own views on current policy.

My family came to Canada with very little English or French skills or very little finances. Within a very short time my oldest brother, Arnold, and my oldest sister, Roely, got employment to support the family.

My mother and father ran a group home for over 25 years to look after foster children, their way of thanking Canada for allowing their doors to be open for us.

I encourage all members of this House to denounce the recommendations of the minister's committee and to stand up and be proud to live in a country as compassionate and caring as Canada.

* * *

*[Translation]***INTERNATIONAL WOMEN'S DAY**

Ms. Raymonde Folco (Laval West, Lib.): Mr. Speaker, yesterday, the whole world celebrated International Women's Day.

S. O. 31

The Canadian government plays an active role in promoting equal opportunities and rights for all women, because it is clear that an enormous amount of work remains to be done in every part of the world.

Last week, I travelled to Algeria with the parliamentary delegation. On that occasion, Canada renewed its resolve to continue to press Algeria to amend its family code, which restricts the rights of women in that country. We were also moved by the despair of the most vulnerable people in Algeria, namely the women who became orphans or widows during the continued slaughter.

Women around the world have made giant steps toward greater equality. It is up to every one of us to rise and to affirm our rights, whether in the workplace or at home.

* * *

● (1410)

STATUS OF WOMEN

Mrs. Maud Debien (Laval East, BQ): Mr. Speaker, Canadian and Quebec women have made significant progress toward gender equality. In particular, they have gained notional rights to equality, wage equity and security.

However, there is a world of difference between theory and daily reality. Wage equity has yet to be achieved in the public service. Women are still afraid at night. Their salaries are still lower than those of men. They are still, along with their children, the most vulnerable members of our society.

The last federal budget is an insult to their intelligence. Women were asking \$2 per woman and girl child to continue their progress toward equality. They got nothing, absolutely nothing.

The Bloc Quebecois reminds the government that our society's progress toward equality is everyone's business, and that the federal government has a role to play.

Therefore, the Bloc Quebecois demands that the government review and increase the budget for the advancement of women. To invest in gender equality is a public responsibility the federal government must assume.

* * *

INTERNATIONAL WOMEN'S WEEK

Ms. Diane St-Jacques (Shefford, PC): Mr. Speaker, on the occasion of International Women's Week, I would like to draw attention to the work done by my fellow citizens, and especially that of Pauline Ranger, who, despite obstacles, has not only managed to put her personal life in order but has become involved in helping women who are victims of domestic violence.

Since 1995, Pauline Ranger and her team at the Maison d'hébergement pour elles have worked to promote respect for independence, differences and individuality in women's lives.

Women's great struggle for dignity, social equality and pay equity is being fought daily by men and women working as responsible partners to build a better world for everyone and for the future of our children.

* * *

INTERNATIONAL WOMEN'S DAY

Ms. Eleni Bakopanos (Ahuntsic, Lib.): Mr. Speaker, yesterday, Sunday, March 8, was International Women's Day and marked the start of International Women's Week.

This year the day was dedicated to all those working to raise the profile of women's rights, underscoring the commitment that will be required in the future to promote their equality.

[English]

Women's rights are human rights. Today for the third year in a row I gathered together representatives from diverse women's organizations for our breakfast in my riding.

[Translation]

We must, as the government, focus attention on the important work done by women in such organizations as Transit 24, Concertation-femmes, the Montreal Italian Women's Centre, Maji-Soi, the Maison buissonnière, Remue-ménage, Mono-vie Ahuntsic, Entraide Ahuntsic Nord et Sud, the Association de gardiennage d'Ahuntsic and the Centre d'action bénévole Bordeaux-Cartierville to name but a few.

[English]

I am honoured to work closely with these women to continue to make important change and improve the lives of all women in my riding. Let us all applaud these women as unsung heroes.

* * *

THE BUDGET

Mr. Maurizio Bevilacqua (Vaughan—King—Aurora, Lib.): Mr. Speaker, last Thursday in the town of Aurora I hosted my post-budget town hall meeting to speak with residents of Vaughan-King-Aurora, hear their views on the 1998 budget and to solicit their recommendations for future fiscal and economic policy.

Participants favoured the budget's balanced approach to economic and fiscal management. They approved of the government's plan to put the national debt on a permanent downward track, to provide tax relief for 14 million Canadians and to make wise investments in key priority areas such as health care, education, youth employment, technology and research and development.

Residents agreed that a balanced budget is not an invitation for a spending spree and share the view that we should not allow deficits to threaten our economic sovereignty or our ability to chart our own future as a nation.

Last Thursday, residents of Vaughan—King—Aurora showed a great deal of confidence. They feel that as a nation we are into a new era, an era of optimism and expanding opportunities for all.

* * *

TOBIQUE RIVER

Mr. Gilles Bernier (Tobique—Mactaquac, PC): Mr. Speaker, the Tobique River runs from New Brunswick's tallest mountain, Mount Carleton, to the wonderful village of Perth-Andover. It is a favourite vacation spot and supports many communities as the source of their drinking water.

Unfortunately, this delicate river is being contaminated by raw sewage that discharges into the river from the thirty year old Plaster Rock sewage lift station.

Who is responsible for defiling this beautiful river? Look no further than the solicitor-general and MP for Fredericton.

Last year I joined with the residents and village council of Plaster Rock in supporting a proposal that would have replaced the ancient lift station. This project was vetoed by the solicitor general because he thought the money could be better spent building shiny new offices for his Liberal colleagues in Grand Falls.

Shame on him. I hope that every time he takes a drink of water or takes a bath or cooks his food he will stop and think about what it would be like if his water was contaminated by raw sewage.

ORAL QUESTION PERIOD

• (1415)

[English]

THE SENATE

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, last week Environics released the results of one of the largest polls on Senate reform ever taken in Alberta. Ninety-one per cent of Albertans, including Premier Klein, want the right to elect their next senator. Only seven per cent want senators appointed by the Prime Minister.

Alberta has now called for a Senate election in the fall and it will elect two standby senators.

Will the Prime Minister respect the wishes of 91% of Albertans and appoint these standby senators to fill the next vacancies?

Oral Questions

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the hon. leader of the Reform Party should have listened to Albertans when he rejected an elected, equal Senate that was proposed in the Charlottetown agreement. The people on this side of the House voted for that.

Now the Reform wants to have a scheme that will perpetuate our current Senate system. There are more people in Alberta today, with six senators, than there are in the four Atlantic provinces with 30 senators. I am not against elections for senators. I voted for it and he voted against it.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, he knows as well as I do that Albertans wanted a triple E Senate and that is why they rejected the half baked Senate reform proposals in Meech Lake.

Three weeks ago we asked the Prime Minister about Senate elections. He said we would like to reform the Senate and the best way is to try to convince the provinces to do so.

Alberta has been convinced. It will have a Senate election this fall.

What is the Prime Minister's excuse this time? In this democratic age why should patronage appointments to the upper house continue instead of respecting democratic elections?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, he talks about a half baked Senate reform but he is proposing a one-third baked Senate reform because this has nothing to do with the equality of senators and an effective Senate. Why should we go with a one-third proposition? We had a proposition for an equal, effective and elected Senate and they voted against it.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, last month the Prime Minister said: "Senator Thompson should do the honourable thing and resign. The Canadian people are asking him to do so". Ninety-one per cent of Albertans are asking their unelected and unaccountable senators to do the honourable thing and resign to make way for elected senators.

The Prime Minister told Andrew Thompson to resign. Will he now tell the unelected, unaccountable senators from Alberta to resign their seats?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the father of the leader of the Reform Party was appointed to the Senate and he was a very respectable person. Nobody asked him to resign because he had lost something in accepting to serve in the upper chamber.

We have a system that was established in 1867. We did propose a change to it and he said no.

I am for the reform of the Senate. I want real reform of the Senate and I want to make sure the representation of the regions will be better balanced. If we were to take the advice of the Leader

Oral Questions

of the Opposition that would ensure we keep the same system for generations to come.

I am responsible and when I vote I know the consequences, something that—

The Speaker: The hon. member for Edmonton North.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, Senator Manning was always in favour of Senate reform and he still would be if he were alive today.

This past Friday the Prime Minister appointed a new senator from B.C. to fill a recent vacancy; another patronage appointment, his friend Ross Fitzpatrick. It just so happens that the Prime Minister was a director on the board of Fitzpatrick's company, Viceroy Resource Corporation, and the Prime Minister was offered up to 50,000 stock options.

Did the Prime Minister consult with the ethics counsellor before appointing a man who had offered him stock options worth potentially hundreds of thousands of dollars?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I worked for a corporation with Mr. Fitzpatrick when I was not in politics at all. I never realized the options that were offered to me for my services to the company and I received no remuneration when I was there. I am happy to quote the premier of B.C. about the appointment of Mr. Fitzpatrick.

• (1420)

He said he has a lot of time for Ross Fitzpatrick and has no criticism of him. He said he was a big help during the restructuring of Canadian Airlines and he believes he will be a good advocate for B.C.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, the people's republic of B.C. probably does not have a whole lot to say on that because the Prime Minister went ahead. The only Canadians who seem to be happy with the Senate the way it is are the Prime Minister and of course the current senators who love it.

Instead of an elected, accountable senator for B.C., British Columbians now have to live under a man whose chief qualification for that job is that he is a Liberal business pal of the Prime Minister.

Let me ask the Prime Minister, if a Senate seat in B.C. is worth 50,000 stock options, just how much would it cost for an Alberta seat in the Senate?

The Speaker: I will permit the Prime Minister to answer the question.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, talking about Senate reform, I would like to quote something and ask the member to apologize to the House for talking about a senator we appointed, Archibald Johnstone, who is a very respect-

able 73 year old man. She should apologize to him and to all seniors for saying "sir, retire, get a motorhome and go to Florida". What an insult to people who are retired.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, on October 31, the Bloc Québécois pointed out the disastrous effects of EI reform.

The Minister of Human Resources Development told us that "welfare figures in Quebec have not gone up since our reform". A scientific study has now shown, however, that Quebec's welfare roles have swelled by 200,000 because of these new policies.

Is the minister finally aware of the devastating impact of his reform?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I must say that I have not yet had the honour and the pleasure of reading the study by Mr. Fortin that the media drew to my attention this morning. I look forward to it with much anticipation.

Mr. Fortin, however, was trying to measure the impact of several successive EI reforms, and was not looking just at the reform it was my pleasure to introduce last year. He was also looking at the reform introduced by the Conservative government in 1990 and another reform in 1994.

I stand by what I have already said on this topic, and I see that the time—

The Speaker: The hon. member for Laurier—Sainte-Marie.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, Mr. Fortin was indeed talking about the last three reforms, one by the Conservatives and two by this government. That was his focus.

On the day after International Women's Day, when we know that women are the hardest hit by these reforms, what does the minister have to say to all the women who have now joined the ranks of those on welfare in Quebec as a direct result of the reform he presided over in the House?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I would like to begin by pointing out that the number of welfare recipients in Quebec is the lowest it has been in four years.

An hon. member: Oh, oh.

Hon. Pierre S. Pettigrew: Absolutely. Members can check the figures.

Oral Questions

I can also tell the House that the preliminary figures available to us show a decrease in the number of new applications from women, and in the total number of new applications. But I do not think it very likely that this decrease can be chalked up to the reform. There has also been an improvement in the economic context, with the creation of one million additional jobs. This means fewer people needing EI.

Ms. Caroline St-Hilaire (Longueuil, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

Women who work part time, and have to work twice as long to get half the benefits, and mothers who are no longer entitled to maternity benefits—these are the victims of the unemployment insurance reforms, one of the most devastating offensives for impoverishing women.

How can the minister claim that the reform is good for women when 10,000 fewer women were entitled to maternity leave in 1997?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, our reform was also for the benefit of women, because it modified the system, which had been based on the number of weeks worked. We brought in one based on the number of hours worked, which benefits part-timers, who are very often women.

• (1425)

Other elements of our reform are also extremely helpful to women. For example, they now have a far stronger attachment to the work force, and can take far greater advantage of active measures to help them return to work than in the past.

Ms. Caroline St-Hilaire (Longueuil, BQ): Mr. Speaker, the minister can certainly make fine speeches. He has been subjecting us to his fine speeches for two years now.

Will the minister admit clearly and openly in this House today that his reform is a real disaster for women?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, the number of women in this country whose work is now insured has risen by 450,000. In other words, 450,000 more women are covered by employment insurance, because access to the system is now hours-based.

With this new system, if they have been in the work force during the last five years, they are now entitled to active measures to help them return to the work force. This is a good reform, and one that will help women get back into the work force.

[English]

HEALTH CARE

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, this weekend the Minister of Health asked Canadians to lobby his own government for more money for medicare because he just could not get through to his cabinet colleagues. Obviously the minister pushed and lost at budget time. There was not one cent for home care and not one new dollar for health care transfers.

Will the Minister of Finance tell Canadians when they can expect new dollars for a crumbling health care system and for badly needed home care?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Minister of Health is very preoccupied, as we all are, with this matter. That is why we have legislation before the House at this moment to raise the floor for social transfers to \$12.5 billion, as recommended by the national forum on health.

In the last budget we committed \$60 million of new money for a blood agency and \$211 million over five years for an HIV strategy. There was an additional \$134 million in the last budget for medical research. Money was also given to care givers—

The Speaker: The hon. member for Winnipeg North Centre.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, even the Minister of Health did not call what was in the budget for health care an investment. He called it a forgone cut.

The health care system is crumbling yet there are no new dollars in the budget for health care transfers. Can the Prime Minister explain just what are his government's plans? Will there be an investment in home care this year? Will there be new dollars for health care transfers this year?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, when I met with the first ministers in December we discussed improvements for home care and pharmacare. They told me it was not their priority at this time. They said this has to be worked out among ministers. That is exactly what the Minister of Health is doing today with his colleagues.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, last August provincial premiers asked the government to make health care funding its top priority. Instead the recent budget reflects that it has no priority. As a result, Premier Binns wrote to Premier MacLellan asking him to speak with all the premiers and territorial ministers about an immediate meeting with the Prime Minister on health care funding.

Oral Questions

Will the Prime Minister meet with those ministers?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I had the occasion to reply to that question earlier. However, I will repeat that we have established a floor of \$12.5 billion. That was the recommendation. The hon. member will be invited to vote for it. It is exactly what the national forum on health asked the government to do.

On top of that we have committed \$60 million for a new blood agency, \$211 million over five years for a national HIV strategy and a \$134 million increase over three years for the medical research council. The Minister of Finance also introduced new care giver tax credits in the last budget. It is a fair amount for one budget.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, I take it that is a no.

• (1430)

Nova Scotia will continue to see federal health care funding go down over the next five years. That is the reality. Nova Scotia Conservative Leader John Hamm has called on Russell MacLellan to support a first ministers meeting on health care funding.

Last week the Prime Minister's solution to doctors who were asking for increased health care funding was to throw a \$10 bill in the bucket. Is that the Prime Minister's answer to health care funding, throwing \$10 at the doctors?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I realize that the leader of the Tory Party in Nova Scotia needs a lot of help.

The member has a very good premier. If I was in Nova Scotia I would vote for a man of experience like Russell MacLellan.

* * *

ABORIGINAL AFFAIRS

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, Bruce Starlight wrote a confidential letter to the Minister of Indian Affairs and Northern Development last year which was deliberately leaked to Chief Roy Whitney.

The Reform Party asked the privacy commissioner to investigate. The commissioner has now ruled that the minister's office broke the law and violated the Privacy Act.

Since the minister's own investigation has not identified the individual responsible, will she take personal responsibility for this illegal behaviour?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I have said on a number of

occasions in the House that I took the circumstances surrounding the Bruce Starlight letter very seriously.

I asked for an investigation and it was completed. The privacy commissioner too has completed an investigation and was unable to identify how the letter got into the hands of Chief Whitney.

Having said that, it must be a very trying time for Mr. Starlight. I apologize to him for anything that my department did to create that difficult time for Mr. Starlight.

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, the privacy commissioner is explicit and unequivocal in his ruling. The minister's office broke the law.

The record shows that the minister's office was in the habit of breaking the law, based on testimony by hundreds of grassroots aboriginals who have written to her. Yet we have not heard the hint of an apology, until right now, from this minister to Mr. Starlight.

Will the minister now stand in her place and apologize directly to Mr. Starlight and his family for the anxiety, pain and hardship they have had to endure because of her department's illegal behaviour?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I believe I just did.

* * *

[Translation]

CHILD CARE EXPENSES

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

In its last budget, the federal government announced that deductions for child care expenses would be increased. However, the Quebec government has already begun implementing its \$5 child care services. This means that, from now on, Quebec parents will have to pay hardly any money for child care.

Does the minister realize that, once again, a so-called national tax measure is going against what Quebec has already implemented, and that Quebecers will not really benefit from the federal initiative?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, this tax measure will greatly help parents in Quebec and I find it unbelievable that the hon. member would oppose such initiative.

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, my supplementary question is for the Minister of Human Resources Development.

Does the minister realize that, once again, a so-called national tax measure is going against what Quebecers want?

The Quebec government program to provide child care services for \$5 will result in tax savings for the federal government. Therefore, will the minister pledge to appropriately compensate Quebec for the savings that his government will achieve?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I think my colleague, the Minister of Finance, just gave a very good reply.

Obviously, we will make sure this tax measure benefits Quebecers in an appropriate manner, as we always do. Indeed, we also make sure the Quebec government and Quebecers get their share. This is why transfers of some \$10 billion are made to the Quebec government, something which should help Mr. Landry when he tables his budget next month.

* * *

[English]

ABORIGINAL AFFAIRS

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, last week the privacy commissioner declared that Bruce Starlight's personal information was improperly disclosed and that his rights had been breached.

Why does the Minister of Indian Affairs and Northern Development continue to dodge responsibility for the illegal actions of her department? If she is not responsible, who is?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, as a result of the investigation that was completed there were seven recommendations which came to me for implementation to improve the administration of such letters in my department.

• (1435)

We are implementing those recommendations as we speak. We have taken responsible action.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, Mr. Starlight's rights have been violated, yet this minister refuses to release the full investigative report into this very serious offence. The minister has censored six out of the nine chapters of that report.

Why is the minister so good at keeping secrets that would embarrass her department and so bad at keeping secret the confidential information given to her by Bruce Starlight in his letter?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, it is quite the opposite. Indeed it was very important from my point of view to share with the public the results, the conclusions and the summary of the investigation. We in fact briefed the opposition on the details of that investigation.

Oral Questions

As the hon. member will understand, the issue of the investigation is itself about privacy. Certainly there are procedures at play that we will very eagerly comply with if someone wants to employ—

The Speaker: The hon. member for Drummond.

* * *

[Translation]

HEALTH

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, my question is for the Prime Minister.

According to a persistent rumour, the Minister of Health is planning to establish a new \$1 billion national home care program.

Does the Prime Minister agree that this new program is first and foremost designed to ensure the visibility of the federal government, as suggested by a Health Canada official this morning?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, everyone agrees that home care is a new health priority for all the provinces and the federal government as well. That is why the Minister of Health is having discussions with his counterparts to try to come up with a program that is acceptable to all.

My apologies. I indicated earlier that the Minister of Health met with ministers this morning. The meeting was not with ministers but with members of the health community. He has already met with the ministers, he is now meeting with members of the community to look at how to further this issue, which is very important to all Canadians.

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, if the Prime Minister has money for health, why does he not heed the request by the Fédération des femmes du Québec to restore transfer payments to the provinces?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, that is exactly what I said earlier. The national health forum met and asked that we set the cash floor at \$12.5 billion and that is exactly what we have done. We have introduced a bill, Bill C-28, which is designed to ensure that transfers remain at the desired level. Bill C-28 should be passed in the next few days.

* * *

[English]

FISHERIES

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, the fisheries minister stated that he would replace senior bureaucrats if evidence showed they were responsible for the collapse of the Atlantic fishery.

Will the minister accept the evidence of hundreds of fishermen and scientists who testified before the committee about DFO's

Oral Questions

incompetence and cover-ups which have led to this disaster? Will he accept their evidence? Will he act now and fire the top bureaucrats?

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I think, out of deference to the House and its committee on fisheries, I as minister of fisheries should wait until I receive the report of the fisheries committee.

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, I am responding to comments made by the minister, not to anything else. These comments were made by the minister. They were in all the papers across the country.

Will the minister accept the evidence of thousands of fishermen on both coasts and scientists who have stated that the management of this fishery has been an absolute colossal disaster? Will he act now and accept their evidence? It is his comments I am asking about.

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, this is one of the most curious questions yet in the House. The hon. member asks me to look at the evidence before the committee that the committee itself is meant to evaluate. He wants me to substitute my opinion for that of 17 good members of Parliament whose job it was to examine the evidence.

If he and his party believe that the members of parties on a committee should be ignored, not considered, and that I should go directly to those who speak to them, that is an extraordinary approach for a member of the House.

* * *

• (1440)

[Translation]

NATIVE WOMEN

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, one of the recommendations by the Royal Commission on Aboriginal Peoples was that native women be included in the administration of aboriginal health and healing facilities, as a means of lessening the effects of the violence from which they and their children too often suffer.

Can the minister explain to us why, in the action plan presented last January in response to the Royal Commission, she does not assign any lead role to aboriginal women in community health programs and in the planned aboriginal health institute?

[English]

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, the effect of residential schools was devastating for aboriginal people. As a result, in our statement of reconciliation that we provided to aboriginal people on January 7 the government took responsibility and recognized the impact of past approaches to our relationship with Canada's first people.

In the particular case of residential schools, the Native Women's Association of Canada was offered a seat on the interim board and it denied taking that seat.

* * *

THE BUDGET

Mr. John McKay (Scarborough East, Lib.): Mr. Speaker, yesterday was International Women's Day. The budget was of considerable benefit to Canada's youth, to low income families and to students. Yet women continue to be disproportionately impoverished.

Would the Minister for the Status of Women tell the House what if anything the budget held for women?

Hon. Hedy Fry (Secretary of State (Multiculturalism)(Status of Women), Lib.): Mr. Speaker, there were significant initiatives in the budget for women across the spectrum.

For low income women with children there is a tax benefit of about \$1.7 billion. For middle income women a 3% surtax has been removed. For women working in the paid workforce there is an increase in the child deduction benefits. For women who work at home with no pay there is a caregiver tax credit. For women with dependants who are students there is an up to \$3,000 a year grant so they can go to school. For women who are entrepreneurs and who tend to have small incorporated businesses there is the ability to deduct a health and death benefit.

* * *

FRANCOPHONE GAMES

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, it has now been revealed that Ottawa-Hull won the 2001 francophone games after the federal government sweetened its bid by offering free air fare at a cost of several million dollars to athletes coming from competing countries.

At the same time I regularly receive correspondence from Canadian athletes who do not receive one thin dime for their travel to participate in olympic and world events representing Canada.

Could the minister tell our Canadian athletes why we are paying the travel costs of foreign athletes to come to Canada when we are not able to support our Canadian athletes participating outside Canada?

Mrs. Claudette Bradshaw (Parliamentary Secretary to Minister for International Cooperation, Lib.): Mr. Speaker, first I congratulate our minister for getting the games to Canada.

Yes, we are negotiating how many young people we will be bringing to our country so they can participate. As we take care of children and youth here in our country, we will do the same for the other countries when they come here.

Oral Questions

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, this is the House of Commons of the people of Canada. I am concerned about Canadian athletes.

In fact what was going on in that particular event, when we were trying to get the francophone games here, was that we simply outbid France and Lebanon in order to get them here.

I still ask the same question. What are our priorities? Why is it that when we do not have enough money to be able to support our Canadian athletes we can support foreign athletes, about 2,000 of them, at Canadian taxpayers' expense to come here?

Mrs. Claudette Bradshaw (Parliamentary Secretary to Minister for International Cooperation, Lib.): Mr. Speaker, we just finished the games in Nagano. We did very well and we are quite proud of our Canadian athletes, as we will be quite proud when we hold the games in our country. Let us do it the Canadian way by making sure that everyone will participate.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, a report by the economist Pierre Fortin shows that employment insurance reform has created 730,000 welfare recipients in Canada.

Barely 40% of the unemployed in this country qualify for employment insurance. Many people are therefore forced onto welfare.

• (1445)

Will the Minister of Human Resources Development use the employment insurance fund surplus to come to the assistance of these thousands of people who are suffering and to make it easier for them to gain access to employment insurance? Will he finally admit that these are rotten reforms and that changes must be made immediately to employment insurance?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, as I had occasion to state a little earlier in this House, I have not yet had the opportunity to read Mr. Fortin's report.

From what I could get from this morning's papers, this is a study which looked at the last three employment insurance reforms, back to 1990, and speculates on the impact on welfare over the next ten years. Thus a 20-year period is involved.

The figure of 200,000 additional recipients is over those 20 years. We will analyze it but I do not believe the way it has been described here reflects the scientific reality that is found in the report.

[English]

FOREIGN AFFAIRS

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, will the Minister of Foreign Affairs tell this House what diplomatic steps Canada is taking to ensure that Serbia respects the autonomy and human rights of the citizens of the province of Kosovo? Can the minister also assure us that Canada will be in the forefront of advocating a concerted and immediate international response to a conflict which has such dangerous regional and global implications?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, our position is quite clear that the Federal Republic of Yugoslavia's government must understand that the repressive actions taken will not be tolerated by the international community.

In support of international efforts, we are prepared to take the following steps today: to put a halt to any export credit through the Export Development Corporation; to put on hold any negotiations with the Yugoslav airlines for landing rights; to put on hold any discussions on bilateral efforts; and to consider what kind of support we might provide on a humanitarian basis.

We will also have the opportunity tomorrow after the Prime Minister meets with Secretary of State Albright to talk about how Canada can join in a broader multilateral effort.

* * *

HEALTH CARE

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, last year the Prime Minister threw a sand bag to stop the flood in Manitoba. Last week the Prime Minister gave \$10 to stop the crisis in health care in New Brunswick. Every premier, every provincial finance minister, every health care worker and every Canadian says there is a health care crisis.

Is the Prime Minister going to rebuild the health care system or is he simply going to throw a sand bag on this particular crisis?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it seems that the hon. member will have a chance to vote for Bill C-28 very soon. This bill will establish a floor of \$12.5 billion, an increase of \$1.5 billion than was planned some months ago. He should know this because I gave a long list to his House leader.

The minister is meeting with the stakeholders today to discuss an expansion of the system because home care is a big complement to medicare. It is part of our program to help the provinces to establish a very effective system of home care.

Oral Questions

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, that answer is wearing very thin with Canadians, with premiers and with the provincial finance ministers. The government has not increased the floor of health care spending. It has simply stopped the expenditures.

The health minister said Canadians have to put pressure on the government to get more health care dollars. If the health minister cannot do the job himself with his caucus, is the Prime Minister prepared to replace the health minister with someone who can?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the hon. member should go back to Winnipeg and look at the budget of his provincial colleagues, the Tories, who reduced taxes but did not add one cent to medicare.

* * *

[Translation]

AGRICULTURE

Mr. Claude Drouin (Beauce, Lib.): Mr. Speaker, my question is for the Minister of Agriculture.

Last Thursday, the Government of Quebec announced that it had reached an agreement with the Government of Canada on a program to compensate full time farmers. The Government of Quebec is ignoring part time farmers.

Does the Government of Canada not feel that part time farmers should receive fair treatment?

• (1450)

[English]

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, we feel it should be a fair program for both part time and full time farmers. That is exactly why this government announced on February 17 that because of the ice storm we will treat part time farmers exactly the same as we treated part time farmers in the Saguenay and in the Red River region. I would encourage the Government of Quebec to come on side with a subsidiary agreement so it too will treat part time farmers the same as it treated part time farmers in the Saguenay.

* * *

CANADIAN ARMED FORCES

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, following the crash of a passenger plane in Manitoba on December 9, Canada's air force arrived at the scene four hours after a civilian helicopter. An inquiry into the mission found that unnecessary risks taken by the pilot, a lieutenant colonel, put the Hercules itself and

the town in jeopardy, yet the only one to be punished for this was the junior officer.

Does the minister of defence feel it is good for morale to allow a junior officer to once again be a scapegoat for his superior?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the matter is still under investigation. We must bear in mind that lives needed to be saved here. The aircraft sent in by the military went in under some very bad weather conditions. The pilot had to make a judgment to disperse the fuel so he could get in and out with the passengers at a lower level than would normally be the case. He did it in as safe a way as possible in a remote area north of the airfield. He got in and was able to rescue people who were then able to get to hospital.

* * *

[Translation]

STATUS OF WOMEN

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, my question is for the Secretary of State for the Status of Women.

Budgets for promoting the status of women have been severely cut in recent years. They now stand at a mere \$8.2 million for all of Canada, for over 400 women's groups.

In a period of budget surpluses, how can the Secretary of State for the Status of Women justify that she has not managed to come up with any additional money for women, when this is what women's groups unanimously recommended to the Standing Committee on Finance?

[English]

Hon. Hedy Fry (Secretary of State (Multiculturalism)(Status of Women), Lib.): Mr. Speaker, the budget cuts that came about for every department in the past is what has brought us to the point where we can now get rid of a \$42 billion deficit. We are now talking about what we gave to women in this budget. We had a choice, we made a priority. We gave money to women so they can live every day of their lives with the reality of extra money and extra help. This budget did that. In future budgets we will look at other things, but this budget addressed the reality of women's lives.

* * *

PAY EQUITY

Ms. Bev Desjarlais (Churchill, NDP): Mr. Speaker, my question is for the Secretary of State for the Status of Women.

Pay equity is a basic human right that is denied to many Canadian women. In acknowledging International Women's Week, the secretary of state talks of pay equity and human rights. As we celebrate International Women's Week, does the secretary of state

Oral Questions

intend to have her government settle the pay equity dispute within the public service? Will she put words into action and prove to Canadians that women are truly equal and worthy in this government's eyes?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, once again on the question of pay equity the government has made a very generous offer. It is now only a matter of the unions to answer that offer. We have gone from about \$300 million to \$1.3 billion. During this time, the unions have not even moved from their position. If anything they have increased it.

In the circumstances we are in favour of pay equity. We will continue to fight for it for the women who deserve it.

* * *

HEALTH

Mr. Gilles Bernier (Tobique—Mactaquac, PC): Mr. Speaker, four years ago at the age of 43 Wanda Bradstreet died from hepatitis C. She was a victim of tainted blood transfusions she received 10 years earlier. Her husband had to leave work in order to care for her because she was too ill to work. Eventually they had to sell their business to pay the expenses associated with her liver transplant. Mr. Bradstreet still has outstanding bills. The Minister of Health has been stalling. Why does this government not use some compassion and leadership and act unilaterally—

The Speaker: The hon. parliamentary secretary.

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, the hon. member in a moment of rationality will acknowledge that the minister's initiatives in this regard are the only things going. The minister has already acted unilaterally. He has shown leadership. He has invited his colleagues at the provincial level to participate with him in a joint program. He has given them very clear indications and parameters. He has invited them to sit at the table, to negotiate properly and to ensure that this issue is put to rest once and for all for the sake of all who suffered this regrettable tragedy.

* * *

• (1455)

FOREIGN AFFAIRS

Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.): Mr. Speaker, my question is for the Minister of Foreign Affairs.

The present situation in Kosovo where over 100 ethnic Albanians have been killed is intolerable. We cannot allow a repeat of the slaughter and ethnic cleansing that accompanied the break-up of the former Yugoslavia.

Will the minister consider supporting the extension of the authority of the tribunal for war crimes to include Kosovo and help to bring about a speedy resolution of the present conflict?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, as I said earlier, we have already taken a number of independent measures to send the message to the regime in the Federal Republic of Yugoslavia.

In London today the contact group for the Balkans did recommend that the international tribunal take under advisement applying its jurisdiction. That should be discussed with the chief prosecutor.

It is certainly a measure which the Prime Minister and I will have the opportunity to discuss tomorrow with Secretary of State Albright.

We will participate in international actions to try to bring peace and stability to Kosovo under the circumstances which we think are the most effective.

* * *

TAXATION

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, imagine that Canadians have to leave the country to find work. That is not uncommon these days. Now the moment they leave the federal government is forcing them to pay taxes on their Canadian assets even though they have not yet been sold.

First it was the head tax on immigrants. Now it is an exit tax on all those economic refugees who are fleeing this country because of high taxes.

How can the minister expect Canadians to pay millions of dollars in taxes on capital gains they have not yet realized?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the measure to which the hon. member refers has in fact been in place for a considerable number of years. This is not a new procedure. What is happening is that it is being extended to other forms of property.

I would point out to the hon. member that one would not be obliged to pay taxes when leaving the country if in fact one was able or desirous of posting security.

* * *

[Translation]

CANADIAN CENTRE AGAINST SEXUAL ABUSE

Mrs. Maud Debien (Laval East, BQ): Mr. Speaker, my question is for the Minister of Justice.

In a letter signed on June 5, the former justice minister undertook to provide the Canadian centre against sexual abuse with annual funding of \$1 million over the next five years. Since then, the centre has been given to understand that it will receive only part of this money.

Privilege

Since we are still awaiting a reply from the minister, can she tell us whether or not she intends to honour the commitment made by the former justice minister and see that the centre receives the promised funding, or is this again—

[English]

The Speaker: The hon. Minister of Justice.

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I hope everyone in the House knows that this government is committed to fighting domestic violence wherever it happens.

My predecessor made a number of commitments in relation to funding for projects to address domestic violence across the country. We are negotiating with those groups right now to determine levels of funding.

* * *

IMMIGRATION

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, my question is for the Prime Minister.

The government has allowed only very limited public hearings on the immigration legislative review. Already there is resounding opposition to the discriminatory and biased recommendations particularly as they pertain to language, education and refugees.

Will the Prime Minister assure the House that these recommendations will be rejected by the government and that legislation will not be forced through?

Ms. Maria Minna (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Mr. Speaker, first of all this is the first time that a minister has gone out to consult on recommendations. This is not a government report nor is it government policy.

I have talked to the minister during the last 10 days. She is still holding consultations.

There are very good recommendations in the report, but there are sections which the minister herself has said publicly many times this past week that she has some very serious concerns with. She has expressed those views publicly and very clearly. There are sections in the report which also have some good recommendations. The report will be studied by the minister. She is consulting. It is a very good omen for this country.

• (1500)

The Speaker: That would bring to a close our question period for today.

Colleagues, I have notice of a question of privilege raised by the hon. House leader for the Progressive Conservative Party. I will hear that question of privilege now.

PRIVILEGE

HOUSE OF COMMONS

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, I rise on a question of privilege that arises from a circumstance surrounding a newspaper article which appeared in the March 8 edition of the *Ottawa Sun*. Within that article there were quotations attributed to members of this House which, in my view, constitute an overt and outrageous attempt to intimidate you, the Speaker of this House, and collectively the House itself.

It is my hope that the members involved will rise in their place and tell the House that they have been misquoted and that the remarks that were attributed to them are in fact untrue. Perhaps we should all recall what Samuel Johnson said when he said that patriotism is the last refuge of a scoundrel.

Mr. Speaker, I have sent you the article and have tabled it with the Table. This article, which appeared on page 7 of the March 8 edition, was headlined “Standing on guard for flag—MPs threaten Speaker’s job in flap over Maple Leaf, anthem”. I am not going to go through all of the quotations from within that article, but I would suggest that they were inappropriate and intended to intimidate or, at the very least, affect you in your ruling on this matter.

What we do in this House certainly is watched by the nation. I would suggest that this article, which appears in public, affects the integrity of this entire House. Members of this House are certainly entitled to agree or disagree with the wisdom of your rulings, Mr. Speaker. If they do not like the way the Speaker rules or they do not like the way you are acting in your office, they have every right to voice objections. However, they should do so by way of a substantive motion in this House.

What members do not have the right to do, I suggest, is to make statements on these matters which are before the Chair for adjudication and, through these statements, attempt to influence the judgment before it has been rendered.

Mr. Speaker, influencing your rulings through the media is totally wrong. It really will not matter, I suggest, what your judgment is for these statements have now prejudged whatever you do.

Mr. Speaker, the parliamentary authorities are clear and unqualified on this point. Erskine May states on page 150 of the 19th Edition:

To attempt to influence Members in their conduct by threats is also a breach of privilege.

You, Mr. Speaker, are a member of this House. It also states on page 230:

Reflections upon the character or actions of the Speaker may be punished as breaches of privilege. His action cannot be criticized incidentally in debate or upon any form of proceeding except a substantive motion.

I also quote from citation 168 at page 49 of Beauchesne's:

Confidence in the impartiality of the Speaker is an indispensable condition of the successful working of procedure, and many conventions exist which have as their object, not only to ensure the impartiality of the Speaker but also, to ensure that there is a general recognition of the Speaker's impartiality.

● (1505)

The material that is before you in this article touches upon your high office. It is not fair for you yourself to resolve this matter. I would suggest it is a matter that is best left for the judgment of the House itself.

While it might be argued that these statements were made outside the House and therefore should not fall under the purview or rubric of the question of privilege, I would suggest that it is clear from the precedents that this House has addressed such matters of contempt in the past.

Citation 78, page 21 of Beauchesne's again clearly speaks to this issue and it states the Speaker should be protected against reflections on his or her actions. Citations 71.2, 71.3 and 71.4 also provide direction on this point, Mr. Speaker.

I suggest it is therefore evident that this House has in the past considered media reports to be within the ambit of its jurisdiction. The statements attributed to the members of this House serve to undermine your authority by their very utterance.

They give the impression that the Speaker will give a judgment based on partisan consideration or that he will act out of fear or censorship from some members of this House.

The partisanship should not affect your rulings whatsoever. The speakership of the House is not to be brought into these partisan battles. In Beauchesne's again, as a point of reference, the essential ingredient of the speakership is to be found in the status of the speaker as a servant of the House. The presiding officer, while but a servant of the House, is entitled on all occasions to be treated with the greatest attention and respect by the individual members because the office embodies the power, dignity and honour of the House itself.

I repeat that duty upon this matter should be placed before the House. The reference for that, the Speaker should be protected against reflections on his or her actions at all times.

Your integrity has been brought into question and compromised by these statements. In matters such as this, I suggest it is up to the House to act. It would be inappropriate for you, Mr. Speaker, now to be put in the position of having to try to explain this situation or scold its members. This is not a matter for the Speaker. It is a matter for the House and it is incumbent upon us to defend you.

Privilege

Until there is a denial of these statements or until there is an apology tendered to this House, to the Speaker, there is a cloud over your chair in this House. Therefore, I would ask that you find that there is a prima facie case of privilege before this House requiring immediate consideration and in that event, I am prepared to move the following motion:

That certain statements attributed to members of the House of Commons may bring into question the integrity of the House of Commons and its servant, the Speaker, those comments appearing at page 7 on the March 8, 1998 *Ottawa Sun* be referred to the Standing Committee on Procedure and House Affairs.

[*Translation*]

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, first let me say that, at least as far as I am concerned, and I am convinced I am expressing the opinion of all the members of this House, we have, of course, full confidence in your work.

I would like to quote—and this may seem strange to you—what I said myself on February 26, 1998. At the time, I proposed the following to the House, and I quote:

In a spirit of calm, the House leaders of the parties will carry on their tradition, as the member for Roberval said himself, of finding some common ground on a number of thorny issues. Our behaviour this afternoon in this matter indicates just how thorny it is and perhaps for obvious reasons, without going into all the details.

For someone like myself who believes strongly in the unity of his country, flag waving is not provocation, but an act of pride. Someone of a different persuasion may see it differently, and I accept that. I find it regrettable, but I accept it.

A little further, you said yourself, and I quote:

We have had a suggestion from the hon. government House leader that the House leaders of the different parties come together to discuss how these things should be handled—

Mr. Speaker, you yourself offered to speak on behalf of the hon. member for York South—Weston since, as an independent member, he does not have a House leader.

● (1510)

What I want to say is that, at the time, we agreed to discuss the issue amongst ourselves and then make a recommendation to the Speaker, on behalf of the House leaders. The Speaker himself would have consulted the independent member.

[*English*]

That being said, I found the article rather unusual because in fact the article suggested that Mr. Speaker is going to rule on this today.

Of course this would be surprising to me because in fact the House leaders have not met. Therefore, we have not had the opportunity of making our recommendations to Mr. Speaker and presumably Mr. Speaker would not be ruling until having heard

Privilege

that recommendation, given what Your Honour said the last day we sat.

That being said, there will be a meeting of House leaders as early as tomorrow. While I cannot predict a conclusion of any discussions we will or might have tomorrow, I can surely say to Mr. Speaker that we will not be making a recommendation until at least late in the day tomorrow and possibly later.

Therefore, someone speculating on what the ruling of the Speaker might be today is very hypothetical, particularly given that the Speaker will not be making, I believe, a ruling on this issue today for the reasons I have just outlined.

Maybe we should all take another deep breath—as we did on Thursday, February 26—for a couple of days and let the events unfold as they should. In other words, the House leaders would meet, make a recommendation to Your Honour, then we can discuss it and a ruling can come down.

In the meantime perhaps we can all contribute by ensuring that our discussions are held through our various House leaders rather than by using other means.

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, I would like to comment briefly on the question of privilege raised by the House leader of the Progressive Conservatives.

I have two or three comments. First of all, we of course are kind of half way through the due process to be followed on this. As the government House leader has already mentioned, this has already been referred to not only yourself but also to the House leaders for discussion and hopeful resolution before it comes to a prima facie case of privilege and a full-blown debate here in the House.

We are already in the midst of dealing with this in whatever fashion is deemed appropriate and the due process I would say would be improperly interrupted at this time, to start a debate when that process has not had a chance to come to fruition.

Second, I kind of agree with the hon. House leader of the government that this speculation that today you were going to make a ruling again is, was, is, was, still is speculation.

I see in the other reports today that you are going to make another ruling tomorrow on this and you may not have even known that yet. The facts of the matter are not as printed in the article in the Ottawa paper.

Third, I have faith that when the time comes you will make a judgment and a ruling. I am not supposing that a single article in a newspaper is going to be the one that sways the Speaker one way or the other.

You will make a ruling, I am convinced, on the proper legality of the arguments and the soundness of the arguments. I do not think a newspaper article by anyone is going to particularly sway you.

I think we should take a bit of a breather on this thing, discuss it as was agreed during the last week the House was in session and I think we can come back with an agreement that will settle this once and for all.

[*Translation*]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, while recognizing the efforts made by the government leader and by the Reform whip, I would like to come back to the substance of the point raised by the leader of the Progressive Conservative Party in this House, which is an extremely serious one, in fact the most serious matter that has been raised in this Parliament since I, and many others I am sure, have been sitting in this place.

Here is what this is about. You have very clearly stated, to the satisfaction of all members of this House, that you would be ruling on the disturbance at question period the other day, which was brought to your attention.

• (1515)

What is serious about this matter is that members were named in the item and their remarks were quoted. They have threatened the Chair. Never in any Parliament—I do not know if this will get through—does anyone, even the Reformers, have the right to threaten the Speaker. To threaten the President is to threaten the Chair. And the Chair in any Parliament is the institution that ensures that all democratically elected parliamentarians can speak. To threaten the person in charge of protecting the right of parliamentarians to speak is to threaten Parliament itself.

Members of Parliament, including the Reform members for Edmonton East, Yorkton—Melville and Elk Island, clearly said the Speaker better watch himself because they would replace him. Such a threat cannot be tolerated.

Some hon. members: Oh, oh.

Mr. Michel Gauthier: Reformers had better listen up. At this rate, their beloved Parliament is threatened to disappear. There are also Liberal members involved, who, like the members for Timiskaming—Cochrane and Pickering—Ajax—Uxbridge, simply said “We will challenge the Speaker”.

Never will the Speaker of the House of Commons or the Speaker of a Parliament accept that members of Parliament, whose right to speak he is in charge of protecting, tell him through the papers to do as they please or face the consequences. That is a threat.

An hon. member: That is intimidation.

Mr. Michel Gauthier: That is unacceptable. That is appalling. That is intimidation, and those Reformers who are laughing probably do not understand what they are doing, because the best

Privilege

way to destroy a country is to destroy its Parliament. By destroying the Chair—

Some hon. members: Oh, oh.

Mr. Michel Gauthier: —they are destroying Parliament and their country.

[*English*]

The Speaker: I would like to hear what hon. members have to say on this matter. This is our parliament. It deals with our parliament. I hope we will extend to each other the courtesy of listening when one of us has to speak.

I am going to return to the hon. member for Roberval.

[*Translation*]

Mr. Michel Gauthier: Mr. Speaker, surprisingly, this is the second time in two weeks that I am obliged to rise in this House to explain to the great saviours of Canada, to those who want to preserve it at all costs, that they themselves are destroying their own country. It is totally ridiculous.

We are advocating a political option that threatens the existence of Canada in its current form. However, the members of the Bloc Québécois could never be criticized for failing to respect this country's institutions and the Chair.

We do not have the right, you do not have the right and no one here has the right to threaten the Chair, whoever may occupy it. You, Mr. Speaker, have always had the confidence of this House. We elected you. You the full respect of the government, of the Bloc—as we have said—of the Conservative Party, which is rightly concerned by events here, and of the New Democratic Party, most certainly.

• (1520)

The political parties in this House cannot allow individuals, who, obviously, do not know where they are headed when they make such serious accusations as this against the Chair, to destroy the institution of Parliament.

The best way to destroy a country is to destroy Parliament. We do not want to destroy Canada, we want to rework it and to make a Canada that functions well in partnership with a Quebec that functions well. We do not, however, want to destroy the institutions. They do.

I close by saying that your role, Mr. Speaker, is to protect the right of speech of parliamentarians and not to protect partisanship, which is what these people want you to do.

[*English*]

Mr. John Bryden (Wentworth—Burlington, Lib.): Mr. Speaker, I would like to submit that this is certainly not a case of

contempt of parliament because the comments and questions attack individuals and not parliament as a whole.

As it happens we in the House are always subject to criticisms and attacks. The Prime Minister is subject to it on a daily basis in question period. I submit, Mr. Speaker, that you should be subject to it from time to time as well, if MPs so choose to make these comments.

The very essence of free speech in a democracy is that every member of Parliament has the opportunity and the right to express his views no matter how unpalatable they are to the rest of us. It is the very essence of a democracy that the newspapers have a right to seek and report those views.

In this case there was no threat. There was merely speculation that you, Mr. Speaker, would be subject to extreme criticism from within this parliament because of whatever decision you might bring down in this instance.

I remind you, Mr. Speaker, you are an elected person. I can remember at the end of the last parliament there was a great deal of newspaper speculation about whether you would be re-elected in the next parliament as a result of some of the decisions that you made. This is normal. This is the kind of fair comment that should exist in a democracy.

We cannot stop MPs from expressing themselves even though the majority of us may disagree with what they say. It is a threat to free speech if in any way, Mr. Speaker, you rule that this is a case of contempt.

[*Translation*]

Mr. Benoît Serré (Timiskaming—Cochrane, Lib.): Mr. Speaker, you know the respect I have for you and for the role you perform in the House.

Mr. Yvan Loubier: You do not have any respect, saying things like that.

Mr. Benoît Serré: I will not get up on my high horse, like the member for Roberval. I will try to keep my remarks calm and rational.

Some hon. members: Oh, oh.

The Speaker: The member for Timiskaming—Cochrane.

Mr. Benoît Serré: I was going to say that you know the respect I have for you, for the role you perform in the House and for this institution.

The *Ottawa Sun* has attributed comments to me. You know that journalists take a half-hour conversation and boil it down to one sentence.

Mr. Yvan Loubier: No, no. It is a quote.

Some hon. members: Oh, oh.

Mr. Benoît Serré: I would ask the separatist members to have the respect to listen, as they asked us to do earlier. We were quiet and listened to the member for Roberval. We ask that you show the same respect.

Privilege

The comments I made to the journalists amounted to one thing: the position I took was that, as a Canadian citizen, elected by Canadians to sit in the Parliament of Canada, I felt—

Mr. Stéphane Bergeron: On a point of order, Mr. Speaker.

The Speaker: I am going to hear what the member for Timiskaming—Cochrane has to say. Then I will come back to the point of order. We are now talking about a point of privilege.

• (1525)

Mr. Benoît Serré: Mr. Speaker, what I was going to say is that, as a Canadian citizen elected by Canadians to sit in the Parliament of Canada, it is not only my right but my duty to promote the Canadian flag and all it represents.

If my comments are perceived by anyone as an attack against or a lack of respect to the Chair, I withdraw them and apologize. The point I wanted to make, is that I, as the member for Timiskaming—Cochrane, have taken the position that I have a right and a duty to show the Canadian flag in the House, in the Canadian Parliament, and that, regardless of the Speaker's decision on this, I am prepared to carry the flag and to face up to the consequences of the Speaker's ruling like a man.

Mr. Yvan Loubier: And he is sexist to boot.

[English]

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, I participate in this question of privilege on behalf of my party with a great deal of reluctance. However, having listened to what has been said, this is not a debate about the appropriateness of the flag or whatever.

Mr. Speaker, we made the arguments in the House of Commons in the usual thoughtful and eloquent way before we recessed. We asked that you make a decision on the appropriateness of what happened. That is the issue and you are weighing that decision now.

However, while you were making that decision and presumably looking at the *Debates* and contemplating the comments that were made, some members of this House—I do not want to identify them—made comments such as “he will demand the Speaker's removal if he rules in favour of the BQ”. Another person said “if he rules any other way I am most offended and I think we will have to call for the election of a new Speaker”. Somebody else went on to say “there will be grave consequences if he does not rule in favour of our position”. Another warned that the Speaker would face demands for his resignation.

Mr. Speaker, those are threats to you. People are going to demand your resignation. They are going to call for a vote if your decision does not go in their favour.

How many of us have listened to your decisions time and time again and the automatic reaction, whether or not we agree personal-

ly, is to accept those decisions and move on. We have to accept whatever decision you take as our representative elected by the House.

An hon. member: He hasn't made a decision.

Mr. Nelson Riis: That is the point. As the Reform whip has indicated, you have not made a decision but while you are considering the arguments, as the House leader for the Conservative Party put so eloquently, we ought not to be issuing comments that could be considered by yourself as a threat.

Before this ends it would be appropriate for those people who are quoted at least to indicate the point they were making if it was not a threat to the Speaker's decision. I put a simple question to bring this to an end. If it is not a problem, what were those comments intended to produce?

[Translation]

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Mr. Speaker, I am also rising to speak in light of the comments attributed to me in this weekend's *Toronto Sun* as well as the *Ottawa Sun*.

Those comments do not refer to the Chair or to yourself, but obviously to a larger question: the privilege of all the members in this House.

• (1530)

[English]

The thousands of men and women who laid down their lives for this country, in defence of the unity of this country, are being insulted each and every day with the continuation of this debate. They fought for a united country and a united flag.

It is for those reasons that I have absolutely no desire at this point to suspend free speech, to allow members of Parliament not to be able defend themselves when veterans are talking to them about what is going on in this great House.

There are grave consequences to whatever decision should be made, Mr. Speaker. That is not a reflection on you. However, this Parliament should not dismiss it, in a rather dilatory fashion, by trying to throw out a couple of interesting rules which are suddenly conjured up, especially when the country is concerned about national unity.

I may have an opportunity to be quoted by a person of the press as to my position with respect to the flag. If that causes any difficulty to the Chair then I sincerely apologize for it, but I do not apologize for the unity of my country, nor do I apologize for the Canadian flag, especially with the separatists.

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, I would like the leader of the Bloc to rise in his place and withdraw his accusation. He made a mistake. He was in error. He

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had his facts wrong when he directly accused me of comments I did not make. In the diatribe which he just gave he named me specifically. I think it is in order that he withdraw it immediately because it is a false accusation.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I rise—

[*Translation*]

The Speaker: I am listening.

Mr. Stéphane Bergeron: On a point of order, Mr. Speaker.

The Speaker: The member for Elk Island has the floor first, and you have it after him.

[*English*]

Mr. Ken Epp: Mr. Speaker, I rise on what I think is a very solemn occasion. I want to assure you, the electorate of my riding and all Canadians that I have nothing but respect for this place, what it stands for, for your office, for your position and for the duties which you bear.

When I have expressed myself on this issue I want to make it very clear that I have done so on principles which I believe in very strongly.

My parents came to this country to seek freedoms, the freedom of expression being among them. I am here to defend that.

I would also like to speak specifically to the motion which the member from the Conservative Party is proposing concerning the issue before us. He is calling for this to be an immediate point of privilege. I believe, Mr. Speaker, that there can be no immediate point of privilege since you have not yet brought your ruling. Therefore I think you need to rule against this being an immediate issue.

[*Translation*]

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, I rose on a point of order, which, unfortunately, seems fruitless to me at this point, but I will make my point for other cases that may arise.

May I respectfully remind you that, last week, the Chair ruled that members with a flag on their desk would not be recognized so long as you had not made your ruling. You recognized our colleagues from Timiskaming—Cochrane and Elk Island, who, however, had a Canadian flag on their desk.

I want to make myself quite clear here. We have no objection to the presence of Canadian flags in this House. That is not the issue. The fact is that the Canadian flag, like the national anthem two weeks ago, was used knowingly not in an expression of pride in the flag or the anthem, but simply to interrupt, deride and intimidate one of our colleagues. What is unacceptable is the partisan use of a symbol that should be an object of respect. They lowered

themselves in using it, as my colleague for Roberval put it, as a mere tool of protest.

I therefore remind you of the ruling by the Chair not to recognize members with a Canadian flag on their desk until the Chair has given its ruling.

An hon. member: They have no respect for the Chair.

• (1535)

The Speaker: Before giving the floor to the hon. member for Scarborough—Rouge River, I want to say that the hon. member for Verchères is right.

The Speaker in this Chair at the time ruled on the flags that were here. And there are some here now.

I think the matter before us at the moment is very important for Parliament. I would kindly ask the following of all members here.

[*English*]

Please co-operate while I am listening to a point of privilege, a privilege that affects all of us in this House. Because it affects all of us, it affects all Canadians. So I would ask you very respectfully, while I am hearing this point of privilege please remove the flags or leave them on your desks for a minute. I go to the hon. member for Scarborough—Rouge River.

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, the issue we are discussing here now, and I know we all want to get back to the work we have come here to do this afternoon, is not what we are calling the flag issue. That matter has been taken under advisement by Mr. Speaker and by the House leaders. I am fairly sure we will end up with a resolution on that. For those members who want to push the flag issue or whatever, perhaps while our leadership in the House is dealing with this, this is not the most appropriate time to push the envelope.

I do not really want to talk about the flag here in the way it has been spoken of by some members. What I want to address is the point of privilege that has been raised by the House leader for the Progressive Conservative Party and it is a very important point of privilege.

At this point it is important for us all to realize that what has happened by this particular publication is that the office of the Speaker in which we place our trust, all of us as members, has been taken out of this place and taken out into the street. The office of the Speaker has been dealt with in a manner and in a way that the Speaker is unable by himself to deal with because of the nature of his office and the impartiality which he is called on to use and to exhibit as he works in this House.

Some of our colleagues have caused this to happen. Maybe they have been induced by aggressive journalists to make it happen. I will leave to colleagues the decision as to whether or not it should have happened, whether it was good or bad or right or wrong. But right now the member raising this matter of privilege has asked the Speaker to find that it is a matter of the privileges of this House, *prima facie*, and that he should take it under consideration and have

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the matter disposed of at the committee designated for that purpose.

Although all of us here will not be fully familiar with all the bits and pieces of the parliamentary privilege that goes in to making up the rules and the regime that I have tried to articulate here, I know that Mr. Speaker will have the full benefit of that in looking at this issue.

• (1540)

I submit that all you have to do today, and perhaps I make it sound like a simple question, is determine whether what has been alleged here today, which is generally not disputed, is sufficiently egregious vis-à-vis the privileges of the House to cause you to find that it is a prima facie breach of the privileges and to ask members to dispose of it.

I am not able to add my voice to whether it is or is not because the evidence is contained in a newspaper report and some of comments of members here.

I submit that is what we should be dealing with now. We should not be dealing with the broader matter of the so-called flag issue here.

The other minor comments that have come up that have caused members to react on both sides of the House I would hope could be dealt with very quickly so that we can allow Mr. Speaker to move on to the business of the House for the day.

Mr. Ivan Grose (Oshawa, Lib.): Mr. Speaker, at this point I will make an admission. I was the initiator of the demonstration that was put on last Thursday.

It was to illustrate my patriotism, my love for my country and my love for the flag. I thought I and my country and this House had been offended. That was my way of demonstrating that I had been offended, my country had been offended and this House had been offended.

It may have been ill advised. It never was supposed to go this far. At this point I would ask hon. members on both sides of the House whether we could let this thing die and whether we could get on with the business that we are supposed to be doing for the people who elected us.

As far as I am concerned, it is a dead issue. I would ask all members, on both sides of the House, to adopt the same attitude.

We have important business to do and what we are doing now is not important business. I very much doubt that I can get unanimous consent, but I will try for it.

The Speaker: Colleagues, as I said a little earlier, this is a serious matter. The hon. House leader of the Progressive Conservative Party, the member for Scarborough—Rouge River, the member for Kamloops and others have underlined the seriousness

of this matter before the House. I would like the indulgence of the House.

SUSPENSION OF SITTING

The Speaker: I will suspend the House until 4 p.m. At that time I will return with a decision.

(The sitting of the House was suspended at 3.40 p.m.)

• (1610)

SITTING RESUMED

The House resumed at 4.10 p.m.

SPEAKER'S RULING

The Speaker: My colleagues, I thank you for your indulgence. I have sought advice and I have considered the matter that is before us today. It is very important that the House be seized with this matter.

I find a prima facie case and I am going to permit the hon. House leader of the Progressive Conservative Party to put his motion. After the motion has been put we will begin debate until we have ceased debating.

* * *

HOUSE OF COMMONS

STANDING COMMITTEE ON PROCEDURE AND HOUSE AFFAIRS

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, in light of your ruling that a prima facie case exists, I move:

That certain statements attributed to members of the House of Commons which may bring into question the integrity of the House of Commons and its servant the Speaker, appearing at page 7 of the March 8, 1998 Ottawa *Sun*, be referred to the Standing Committee on Procedure and House Affairs.

• (1615)

He said: Mr. Speaker, it is with regret that I rise to speak on this issue. It is unfortunate we have found ourselves in this position. It is obvious that what occurred here in the House of Commons invoked a visceral and emotional response from many of its members. That is not the issue or the point I wish to bring to the floor.

The main issue here is the integrity of this place and of you as our Speaker. What we have seen happen here is tantamount to an effort, deliberate or otherwise, to undermine your integrity. To make an analogy, I would suggest it would be totally inappropriate for litigators in a court case to step outside the court room to comment on a decision of a judge in the wake of that decision. What has happened in this case before the House is very similar to that. We have members of this House choosing to comment. I

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choose my words cautiously when I suggest that it may be for the purpose of threatening you, to make you decide in one way or another.

What has happened is very unfortunate. It is with regret that we have to go through this. If those members choose in their wisdom to withdraw or to clarify what they intended by making these statements in such a way, that may cause the issue to settle down. All members of this House must be very cautious not only in what they say on the floor of the House of Commons but also in what they say outside these doors.

Mr. Speaker, this matter must be dealt with by the entire House because you have found yourself in a compromised position as a result of what I would suggest is a personal slight to you as the Speaker. Again, it is with some regret that I move this motion but it is a very important matter which we must deal with. We should deal with it as quickly as possible so we can move on to deal with the very important business of the nation.

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I will take a moment to ensure all colleagues have knowledge of the exact content of the motion. I know earlier today there was at least the possibility of something somewhat different being moved. If I understand correctly, these are the precise words:

That certain statements attributed to members of this House of Commons may bring into question the integrity of the House of Commons and its servant the Speaker appearing at page 7 of the March 8, 1998 Ottawa *Sun* be referred to the Standing Committee on Procedure and House Affairs.

I do not want to speak for very long. I wish we would return to the budget debate. It is the reason many MPs are here today and their constituents expect them to speak on the budget. I want to return to that as quickly as possible but I will make a few brief comments.

Your Honour has ruled in his judgment which I respect that this is a prima facie case of privilege. We should support the motion now that you have ruled that way. In so doing that would indicate our support for Mr. Speaker which I look forward to do.

Members who are accused—and I use that word loosely—or whose reputations are being taken into question with this motion will have the opportunity to defend themselves. I hope they will be vindicated as I hope they meant no harm. I trust they meant no harm. I have been here a long time and I know many of the members personally. In my heart I believe they meant no harm. I hope in the end that will be the conclusion of the procedure and House affairs committee. It is for that committee to make a recommendation which will then be brought to the floor of this House.

Mr. Speaker, meanwhile we respect the decision you have made, a decision whereby there is a prima facie case of privilege. That is what you have ruled. Having said that, it is our duty to support the

decision you have made by referring the issue to the committee as quickly as possible. I hope we will not have a prolonged debate on this issue.

• (1620)

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, this issue goes to the issue of freedom of speech in Canada. If we or any other member of the population of Canada are not free to speak our mind, if we are going to be shut down and censored, that is absolutely and totally unconscionable in the democracy of Canada. This cannot stand.

If this is referred to the procedure and House affairs committee, the matter will be dragged out which might be to the benefit of certain people who have ulterior political motives. More importantly these people who have very simply spoken their minds will then be dragged through a very long, arduous procedure, and for what effect?

It is absolutely unconscionable that we could possibly be voting in favour of a motion to turn this over to procedure and House affairs. We must at all cost stand up for the principle of freedom of speech and democracy.

[*Translation*]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, it is most unfortunate that we find ourselves in this kind of situation. There is a motion before this House to debate remarks, extremely offensive remarks made by some members, which go far beyond anything said in the past about the Chair as an institution and hopefully not about the person in the Chair.

Allow me to summarize the facts for the benefit of everyone. We will recall that some members disrupted oral question period. These are objective facts can anyone can verify. All members of this House are welcome to check the video recording of the proceedings if they want to.

Members disrupted oral question period by preventing one of our members, namely the member for Rimouski—Mitis, from putting her question to the government and preventing the government from answering.

To this end, they used the flag. Everyone respects the flag. Everyone respects the national anthem. Everyone respects Parliament. Or so they say. In fact, however, what the Liberal members, who now seem repentant, and members of the Reform Party, who are not repentant, did—

Some hon. members: Oh, oh.

[*English*]

The Speaker: Colleagues, when we talk about freedom of speech, surely we should be listening to what each other has to say. I would encourage all hon. members to listen to each other out of courtesy.

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[Translation]

Mr. Michel Gauthier: Mr. Speaker, thank you for enforcing my right to speak. I am grateful to you for protecting my privileges as a parliamentarian in this House. Were it not for you, I would not be able to speak in this place as the parliamentary leader of 44 members. That is incredible, Mr. Speaker. Thank you. I appreciate this parliamentary protection you are giving me. I appreciate the fact that your role allows democracy to have a voice.

Will anyone stand up to say that the people of Quebec who elected members of the Bloc Québécois should not have a voice in this House? Is this what it has come to in this country: to think that the people of Quebec who voted for the Bloc do not have a say in the matters being debated? That is incredible. We must make them see reason.

We must also make them see reason about using the flag and the national anthem to disrupt oral question period. They would have used any pretence. However they would have expressed their disapproval, you would have called them to order.

● (1625)

If Bloc Québécois members prevented Reformers from asking questions or the government from replying by making a lot of noise, by using the Quebec or the Canadian flag, or by doing anything else, Reformers and Liberals would be the first ones to say it is not right.

In this case, some members inopportunely and outrageously used their own flag—which they claim to revere and to have the utmost respect for—as a means to stop oral question period. This is no minor incident.

You must make a ruling. To be sure, no one questions your respect for the flag. You have one on either side of the Chair. This is a precedent, but it is not what is at issue here. What you must rule on is whether or not members of this House can stop oral question period at any time by using the Canadian flag or the national anthem, and whether or not they should be allowed to do so.

The decision that will be made—and I say this for the benefit of members, because the Speaker is, in a way, facing a dilemma—will not concern the flag, but the fact that oral question period was disrupted, in violation of the Standing Orders and, worse still, by using a flag that some feel should be revered. But this is not the issue.

Members of this House must not make the Speaker feel that, should he rule in favour of the separatists and against the flag, he would have to resign or be replaced. This is unacceptable. It is not the flag versus the separatists. When will they understand this? It is not the flag versus the separatists, it is respect versus contempt for the rules.

Reformers say Canada is a democracy that enjoys freedom of speech. In what kind of country can parliamentarians, in the name of freedom of speech, rise and wave the flag, or start singing O Canada, at any time, during oral question period, during debates, to interrupt proceedings and reconsider all parliamentary activities under the pretence of using the Canadian flag.

I sat to the members of this House that they should be very careful, because if a decision were made, with respect for the flag as a pretext, that the business of the House could be disrupted anytime, they might have some surprises the day Quebec decided to disrupt the business of this House. They would be very happy and would also need the rules of the House to be respected. We have always done so and we need them to respect those rules. This is not democracy.

How can the Reform Party invoke respect for democracy? It is not democracy to be able to interrupt question period whenever one feels like it, to play around with the flag. Is this democracy, Canadian style? It is not freedom of speech to be able to stand up in this House for any reason with flags and have fun while singing O Canada. Is this the freedom of speech of this country? Come on, this is not the way it works.

I plead with my colleagues. The fact is we do not have the right to do so, as parliamentarians, whatever our political opinions. I repeat that you are not here to protect political opinions, but to protect the right to speak of all parliamentarians, Mr. Speaker. You cannot be asked to enter into a partisan debate. Members should understand that. We understood that a long time ago in Quebec.

Perhaps this should be understood in some areas of Canada. This is not your problem. We have no right to ask you that. We ask you to protect our right to speak and to protect the choice of Quebeckers and of people from Manitoba, Saskatchewan and British Columbia. Your duty is to ensure that, within the rules, these people can speak and express their opinions.

● (1630)

We have no right to threaten the Speaker when he is making a decision as to whether we can disrupt question period or not. Come on. It is common sense that no member in this House, with or without a flag, has the right to prevent question period from being held; no member ever had that right. The exercise of democracy means that the opposition can question the government.

When Reform members, the official opposition, plead for this, have they not understood anything about their role? They should be the ones to want to protect oral question period. They are at the centre of oral question period. Have they not yet understood that?

Mr. Yvan Loubier: No, they do not understand anything.

Mr. Michel Gauthier: This is not the way Parliament works.

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In conclusion, I will only say how sad it is to see that those who claim they want to save Canada can think of nothing better than waving—

Some hon. members: Oh, oh.

Mr. Michel Gauthier: They had better listen, they might understand better what Quebec is all about.

Those who think they can save the country by waving pictures and flags, singing the national anthem, and making such a racket in the House of Commons that they disrupt the debates, those who think this is the way to save Canada, are a thousand miles away from the understanding needed to nurture a constructive dialogue which might lead them to where they want to go.

This is not the way to go forward. This is not the way to make progress, and they should know that. Everybody in Quebec thinks the flag war started in this Parliament by the people opposite and now waged by the official opposition is ridiculous. Everybody thinks it is absolutely unconscionable that in Canada the only way to counter sovereignists' arguments is to wave the flag and sing *O Canada* at inopportune moments. But this is the sad truth.

How weak they are those Canadians who, instead of arguing, find nothing better to do than waving colours and symbols! Are all the champions of the country cheerleaders?

Mr. Yvan Loubier: Could be.

Mr. Michel Gauthier: In conclusion, I will say that we support the motion. We want these issues out in the open. I believe every member mentioned in the article should withdraw his comments and realize that this has gone way too far.

This is going beyond the struggle between pseudo-federalists and sovereignists. This is going much further than it should. This is turning into infighting among federalists, who are self-destructing, because they do not even respect the bare minimum, namely Parliament, the Parliament of Canada, the very Parliament we separatists have always respected and will keep on respecting, whether they like it or not.

[*English*]

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, this is not a great day for Parliament. Perhaps we are being put to the test. There are a number of issues that are being mentioned, some of them, I think, indirectly, but there are only two issues that we are being asked to debate at this particular point.

We are not being asked to debate the appropriateness of the so-called flag issue. That is still awaiting your decision, Mr. Speaker, although some of my friends think this might be the point and place for that debate.

I think it is fair to say that people got caught up in an emotional demonstration in the House of Commons, motivated for the very

best of reasons. Others felt it was inappropriate. But that is not what we are talking about here.

I think all of us also appreciate the fact that our constituents watch this House operate on their television sets and by and large are not impressed often with what they see. Today is a good example of that.

Today we are supposed to be debating the budget, Mr. Speaker. We are not debating the budget. We are debating some alleged comments that some people made about the procedure before the House.

• (1635)

This is not necessarily a question about freedom of speech. Freedom of speech does not mean you have the right to say anything you want about anybody or anything. It is within certain accepted rules. How we behave in here is also based on a long established set of traditions and rules. We make a point of memorizing those rules. As members of Parliament we have books presented so that we know what the rules of order are. We know what is expected of us in the House. What is it?

You are being asked, Mr. Speaker, to decide whether or not a few days ago the proper procedures were followed. We are awaiting that decision. That is not what is before us at the moment. Brought to us by the House leader for the Progressive Conservatives was the alleged comments made by a number of members from various political parties that may bring into question your integrity when bringing down a decision about the appropriateness of behaviour in this House. That is the question before us.

I listened with interest to the spokesperson for the Liberal Party who said now they have no choice. You have ruled that this is a prima facie case of privilege that now must go on to the appropriate committee—the procedure and House affairs committee—where it will be dealt with appropriately. The so-called alleged comments will be addressed. That is where it will be dealt with.

Surely if we are going to do the right thing for this Parliament, we do not challenge your rule now. We do the right thing and vote to send this to the appropriate committee which is a standing committee of this House represented by all political parties to finalize and deal with this unfortunate issue.

I would urge my colleagues, let us make this a unanimous vote. You have asked us to support your decision. That is what this vote is all about. For goodness sake, colleagues, let us not separate at this point on this critical issue. Let us send it off to committee where it will be dealt with appropriately in a dispassionate way where everyone will have the chance to have their say. This will then be brought to a satisfactory conclusion.

I am urging, not only on behalf of my party, that we all support this motion unanimously.

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Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, I rise in support of the motion by the member for Pictou—Antigonish—Guysborough. Again, as the last speaker said, this has nothing to do with flag waving or singing songs; it has everything to do with an attempt to influence your decision and intimidate, as far as I am concerned.

If you consider that members from the government party and the official opposition both took a position that said if you did not as Speaker make a decision that they wanted that they would make every effort they could to remove you as Speaker, I think that has to be intimidation and a deliberate attempt to influence your decision. If you consider the timing, this is what is critical here. Had they made these comments after your decision, that would be one thing, that they should question your decision, but to do it just before your making a decision is a deliberate attempt to try to influence your decision.

In the newspaper article in question none of the members talked about their position. They did not try to support their position. All they did was try to intimidate the Speaker by the threats, as it says here in the newspaper article: “we’ll demand Parent’s removal as Speaker if he rules in favour”. As another member said: “There will be grave consequences if he doesn’t rule in favour”. Two other members warned “that Parent will face demands for his resignation if he does not rule it the way we want him to rule”.

In my view, there is no question about this being a deliberate attempt to influence your decision. As the previous speaker said, I urge all members to make this a unanimous decision to have this go to committee and have it resolved.

The Speaker: It is my duty pursuant to Standing Order 38 to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Regina—Lumsden—Lake Centre, Banks; the hon. member for Saanich—Gulf Islands, Fisheries; the hon. member for Sarnia—Lambton, Highway System.

• (1640)

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, in this debate I want to address an aspect of the procedure that we are dealing with here. Some members have referred to this as being a matter where we should be voting in favour of the motion to support the ruling of the Speaker.

I bring to members’ attention my understanding of the rules here, that we are not voting to support or not support the Speaker. What we are doing is voting on a motion moved by our colleague, and that motion is on the floor because the Speaker has ruled that there is a prima facie breach of that privilege of the House.

This does not mean that there has been with certainty—agreed to by all members—a breach of those privileges.

The ruling of the Speaker allows this motion to come to the floor and to be debated on and adopted or not, as we see fit. So the whole issue of whether or not there has been a breach of privilege still remains in the hands of members and the Speaker did not, and I say this respectfully, wish to become one of the voters or movers of the motion.

Whether we vote for or against in this particular instance, we are not voting for or against the Speaker. We are already here in the House with the Speaker who has our support. That is not at issue.

All of the issues surrounding whether or not there has been a breach of the privileges of the House will be taken up by a committee of this House which we set up for that purpose and that committee will report back to the House with the report. At that point in time every member of this House will have an opportunity, dependent on the rules of the House, to debate the report and the House may or may not adopt the report.

That report may make recommendations as to how we should deal with this issue if all the facts are shown to be correct, how we should deal with it among ourselves as members of Parliament given the issues involved. It involves a number of our colleagues.

I wanted to make that point in the hope that the debate this afternoon would not get too much into the flag issue and too much into support or non-support of the Speaker—we always support the Speaker—but whether or not the matter should be taken up by all members through the committee we have designated for that purpose.

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, I have just a few points on this debate.

I agree with others who have said that it is an unfortunate detour from the regularly scheduled business of the House that we are even engaged in this debate. We are because the House leader of the fifth party decided he wanted to bring it. That is unfortunate in and of itself. Besides that, it is interesting to me and the rotation here has allowed me a minute or two to calm down, which is probably just as well.

I have difficulty engaging in debate someone who I cannot exceed in decibels, which would have been the case had I followed the House leader of the Bloc Quebecois who seems intent that he believes in that old adage that when your argument is a little weak, yell louder and perhaps someone will believe you. That is unfortunate.

We should engage in the debate and the merits of this motion before the House. I would argue with people who would say we must be unanimous, with those in the House who say it is not appropriate that we would even dispute the motion before the

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House, to debate it, the pros and cons. Would it be because we are a flock of sheep?

I say not, Mr. Speaker. I say that you have brought this to the House for the House to make the decision and that is why you have brought it to this place, so that all of us could bring our collective wisdom on this decision to see whether it will be referred to the procedure and House affairs committee or whether it will not.

If, Mr. Speaker, the standing orders gave you the power to just by fiat declare it to be so, that is what the standing orders would say, but they do not say that.

You have come to the House and have asked for a decision and for people wherever in this House to say that now we should not debate it, now we should give it unanimous consent or we somehow are flying in the face of our Speaker, that is nonsense.

We support the Speaker in his decisions but we also support the decision of the House of Commons as a collectivity. It is our right to speak on this motion and others and vote as we see fit, not to be coerced by people who somehow think it is wrong to speak our minds, and to vote the will of our constituents or our own minds in this case.

• (1645)

Specifically I want to say a couple of things on this matter. The silly season has struck early with this motion by the House leader of the Progressive Conservatives.

I think back to the last parliament when we dealt with a case of contempt of Parliament or privilege. I think it was contempt. It was the case of Mr. Jacob which was brought forward as a contempt of Parliament because he had urged members of the armed forces to consider joining the Quebec army the moment after the referendum.

That was a very serious issue that pro or con needed to be examined. For goodness' sake, the defence critic of the official opposition at that time urged people to leave the Canadian Armed Forces the moment after a referendum and join the Quebec army, which does not even exist. It was quite a statement and it was referred to committee.

What happened in committee? That is why I am worried about this motion. It went to committee and what happened was that the majority in that committee took control of the agenda, took control of the committee, and did not listen to the debate. What they did was ramrod through a decision, in that case saying that Mr. Jacob was not in contempt according to the majority, supported by the official opposition at that time. In fact many speakers thought they should actually condemn the Reform Party for even bringing up the issue.

Imagine being concerned when someone says that someone should desert the Canadian army and join the non-existent Quebec army and we are the ones who are chastised. It is ridiculous. It is just silly, sick and perverse that people who bring up things as a bona fide contentious point of privilege and contempt of parliament instead are chastised in the public House of Commons for even bringing up the case. It is ridiculous in the extreme.

That is what will happen to this motion too if it gets sent to committee. The silly season sets in. That is what happens when they do this sort of thing. The House leader of the fifth party should know that. It goes off to committee and there it sits and waits for days and weeks and months while it festers away instead of being dealt with it as it should have been dealt with quickly and put aside.

I will not vote in favour of the motion as it stands because this thing should have never gone the route it has gone today. It is unfortunate Progressive Conservatives have chosen to tie up the House in this way. It is unfortunate that we will have to deal with it. We will have to push it through to a vote. Then perhaps it will be sent to committee where it will languish away, festering and burbling away in the back rooms of this place instead of being dealt with quickly and succinctly as it should have been all along. Therefore I move:

That the motion be amended by deleting all the words after the words "Ottawa Sun".

In that way we can say that if people believe this is harsh on the Speaker or harsh on the House, let them say so. This should not be referred to the Standing Committee on Procedure and House Affairs. This should be treated as any newspaper article should be.

I can envision the PC Party bringing its *Frank* magazines in here next week and saying "Oh, my goodness, look, another article that somehow brings things into disrepute. We had best haul everybody out in front of everybody again and shut down the procedure of the House".

It is ridiculous. It should not be happening. We should be on to the business of the budget. That is why this motion in effect should say that hon. members can say what they want about the newspaper article, but we are not going to waste our time here and we are not going to waste our time in committee on a motion that should have never been brought to the House to begin with.

• (1650)

The Speaker: I will take the amendment under advisement. We will have a look at it. I will continue with the debate.

[*Translation*]

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, since you are about to make a ruling, I would like to tell you that if this amendment completely alters, as I think it does, the nature of the

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motion moved by the House leader of the Progressive Conservative Party, it should obviously be ruled out of order.

I have been listening with a mixture of amusement and sadness the arguments of the official opposition chief whip to the effect that a newspaper report should not be given so much significance. He said we should not give too much importance to comments reported in the media. Maybe the official opposition chief whip has just realized now that he is a public figure, that his comments can indeed be reported in the media, and that his comments as a member of this House are of some import.

He said he finds it distressing that this issue has been raised in the House. On the basis of remarks made outside the House concerning a deputy speaker, our former colleague for Rosemont was urged to withdraw his statement, despite the fact it had not been made in the House.

In my view, there are precedents, whether the official opposition chief whip likes it or not. Just two weeks ago, he condescendingly likened the members of the Bloc Québécois to deer dazed by oncoming headlights. Listening to him a moment ago, he made me think of a child who has just broken a window pane, and closes his eyes pretending it did not happen.

What has happened is quite serious. Rather than letting the issue rest, as you asked, and wait for your ruling, a few members have decided deliberately to add fuel to the fire and inflame the situation, so that the debate has not been made more civilized, but uglier.

I hear the chief whip of the official opposition saying “My, it is so sad we have to talk about this, that we have to refer the matter to the Standing Committee on Standing Committee on Procedure and House Affairs, that we have to drag members’ reputations through the mud for months on end”.

The chief whip of the official opposition was far less scrupulous when what was involved was dragging the reputation of the former member for Charlesbourg through the mud, as he did outrageously a while ago by totally misrepresenting the words of that hon. member. The former member for Charlesbourg, I would remind you, had not invited the members of the Canadian Armed Forces to join the armed forces of an independent Quebec, but had merely raised that possibility. This matter was thoroughly examined by the Standing Committee on Procedure and House Affairs, and it was decided at that time that there was no contempt of Parliament,

Probably the chief whip for the official opposition, being disappointed and somewhat frustrated with that decision, is referring to it today in order to indicate just how unfortunate and regrettable it would be if his colleagues were to have to appear before the Standing Committee on Procedure and House Affairs to

answer for something they said which was reported publicly in the media.

Mr. Speaker, I speak for my colleagues in stating that we are going to support this motion because it makes sense. We are going to support this motion because it is normal, if MPs challenge the authority of the Chair when it is required to make a ruling and attempt to influence that ruling with intimidation and threats, that they must face up to what they have said.

We are therefore going to support this motion, because it is obvious that we should, and also because, as some of our colleagues have pointed out, you have asked us to do so.

• (1655)

[English]

The Speaker: I have looked at the amendment to the motion. I refer hon. members to Beauchesne’s sixth edition, citation 568, which states:

It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed. Every amendment proposed to be made, either to a question or to a proposed amendment, should be so framed that, if agreed to by the House, the question or amendment as amended would be intelligible and consistent with itself.

On that basis I find the amendment out of order.

Mr. John Bryden (Wentworth—Burlington, Lib.): Mr. Speaker, I would not for one instance disagree with any ruling that you make with respect to this issue being a prima facie case of breach of privilege. I realize that you have carefully considered the issue and you have consulted with the experts you have around you.

My concern is with the motion itself. I have to say to my House leader and to my colleagues on all sides of the House that I believe the motion is of sufficient importance that we should treat it as an issue of conscience and as a free vote.

It is for this reason. If my colleagues speak out in criticism of you, Mr. Speaker, which is what this is all about, and they are then as a consequence brought before a committee of the House and required to defend what they have said, I feel that their punishment has been meted out, that they have been called to account, that there have been sanctions.

As I spoke earlier, I believe in our parliamentary system and our democracy that every MP should have a right to criticize anyone as long as the criticism falls into the realm of fair comment. In this instance the criticisms fell into the realm of fair comment. I am sure, Mr. Speaker, you would have found ample precedents on other occasions where MPs have suggested because of a Speaker’s ruling that the Speaker’s election may be in jeopardy at some future time.

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I am concerned that this issue strikes at the very heart of the freedom of MPs to speak out both within and without the Chamber. If they do not feel free to speak out, if they hesitate to speak out because of some perceived sanction that may be imposed upon them at a later time by their colleagues in committee, I do not think we will get the debates, either in the Chamber or in public, that we need in order to proceed to consider the issues carefully in a democratic fashion.

I hesitate to say this because I always want to support my side in the House. I considered very carefully the comments of the government House leader. However, on an issue as close to the heart as the freedom of every one of us in the House to speak out, both within and without the House, I have to say I cannot support the motion.

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, I would like to make a few points. I want to respond to the NDP member for Kamloops who suggested that you really want this to go to committee. I believe that is not accurate at all. Your reason is that we are debating it before the House because you want the House to decide without question.

I want to respond to the member who brought the motion forward, the Progressive Conservative member who has drawn an analogy to a civil case. I do not see this analogy and I will explain why.

It is true before the courts, or the general public for that matter, that litigants are not permitted to lobby the judge, the arbitrator or a juror when making a decision.

I submit that is not the issue here at all. When the original motion was brought forward, or the point of order, I was also standing along with the member for Esquimalt—Juan de Fuca. As is your role, Mr. Speaker, you recognized him. I respected that and I sat down. I did not have a chance to voice my concerns, but I had twice gone looking for you and was unsuccessful in finding you. This was an important enough issue for me that I wanted to talk to you and say that I at least have to voice my concerns to you on this point of order. I was absolutely going to try to influence your vote, without question. I believe that is perfectly appropriate in these circumstances.

• (1700)

I also believe it is perfectly appropriate if the public telephones you or faxes you or lobbies you to put their comments on the record.

This is an issue about your integrity. I believe that is why you are sitting in the chair. That is why we elected you. We are confident that you will make a decision which we will respect.

I had every intention of lobbying you, Mr. Speaker, because I did not have an opportunity to speak on the original motion and I felt it

was very important that I do so. I disagree with the analogy which was made by the member of the Progressive Conservative Party that if this were a civil court case it would be improper to lobby you outside the House concerning your decision.

I am sure you have received faxes from the public, Mr. Speaker, on a matter of this importance. I am sure you have received phone calls from the general public. I would respectfully submit that the general public is not in contempt. They have every right to send information to you.

It is a matter of voicing our opinions. It is very important to me that you hear my concerns. I will not do that now. I want to, but I have not been able to do it. I will respect your decision, but again I think I have the right to let you know how I feel.

Some members have chosen to do that through the newspaper. We deal with it all the time. Every single day we see things in the newspaper about members of the House, their staff and other government officials. We have to filter through them to know what they mean.

Mr. Speaker, I have the highest respect for your office and for that matter for yourself. I will put that on the record. However, had I walked out of here and somebody had stuck a camera in my face and had asked me for my comments, I would have stated them quite openly, quite honestly and quite appropriately I may add with no disregard for your office whatsoever.

Again I will say that I respect your decision to let the House decide the issue. The other point of order is a separate issue entirely. We must respect your decision. We must respect your office. You are sitting in that chair because we put you there and because we believe in your integrity. Otherwise you would not be there. I am convinced of that.

I will not support the motion. Although I may not have chosen to lobby this way, other members have. They feel quite strongly about the issue and want to have their comments on the record. You are sitting there waiting to make a decision, which you can do with total impartiality.

Mr. Dennis J. Mills (Broadview—Greenwood, Lib.): Mr. Speaker, I feel privileged to have the opportunity to participate in this debate. I did not realize until I arrived here this afternoon that this tempest in a teapot had taken on a new proportion.

I want to begin by going back to my first year in this city, 1980. I and my good friend, the late Norman Wood who was a senior bureaucrat for many years, were given the job by the then prime minister of Canada to do an analysis of the Government of Canada presence right across the country. The purpose of doing this study about the presence of the Government of Canada at that time was to try to figure out why there was such a deep-seated feeling of western alienation when the Government of Canada had done all kinds of things especially in western Canada.

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We travelled from coast to coast and placed special emphasis on western Canada. My very dear friend Norman Wood and myself took slides. We took thousands of pictures.

We discovered that there were literally thousands of Government of Canada services right across the country but especially in western Canada where the Government of Canada presence did not exist. There were agricultural buildings, there were youth services in colleges and universities. The Government of Canada was providing all of these services but with no Government of Canada presence.

• (1705)

Shortly thereafter we got the Canada word mark with the flag on top. We put these signs and flags not just in western Canada but right across the country. The whole purpose of that was to make sure the Government of Canada presence was recognized. It was not hidden in some back office. It was out there for the public to realize that this Chamber actually did useful things in every region of the country.

I say that because I do not want anybody in this Chamber to think for a second that my commitment to the flag, my commitment to the Government of Canada have diminished in any way, shape or form since 1980.

With reference to this incident, last week the member for Rimouski—Mitis came into our committee. I have had a very good relationship with her over the last two terms. I asked her quite openly what the big fuss was over the flags at the Olympic games celebration.

The member responded in what I thought was quite a constructive way. She put a bunch of pictures on the table which I wish we could display to Canadians. She was not objecting to the Canadian flag per se. When the initial comments were made she was referring specifically to that avenue where representatives of all countries were in the Olympic village and the Canadian presence, which we celebrate, outnumbered the presence of any other country by about 20:1. My colleague from Scarborough Centre was there and he concurs with this.

There is a sense that the member asked whether it was distasteful to have this many flags. Those remarks were blown right out of proportion. I know some people will stand up and say that I am in bed with the separatists. If members choose to take that line of thinking, then that is their privilege in this House. It is very important that we understand the origin of this member's remark. I believe quite frankly that the member was not spitting on the flag, she was not jumping on the flag. She was merely making a comment about whether this was artistically the right thing.

An hon. member: That is nonsense.

Mr. Dennis J. Mills: That is fine, the member can say it is nonsense, but I have my privilege to stand in this House and say what I think just as that member does and I happen to disagree.

I am not in bed with the separatists. Anybody who has been in this Chamber for the last 10 years knows that I find dealing with the separatists to be a very tough situation. I also believe we should understand. If a member makes a remark that suddenly becomes coast to coast front cover headlines when it was a musing thing, not a statement of hurt nor a statement to diminish Canada but a comment, then it is important to take it in the whole context.

In emotional moments in this Chamber, whether we sing O Canada, show the flag five times or a hundred times when our athletes or astronauts come home, it is the privilege in my own view although I defer to your judgment, Mr. Speaker, of all of us to emotionally show excitement and gratitude. On that score, I separate again from the separatists.

• (1710)

At the same time, Mr. Speaker, I want to say to you, and I am totally loyal to your judgment in this, that it is very important that a person not be condemned, hung out to dry, when it was a simple musing comment. In no way, shape or form in my judgment was she stomping on the flag.

[*Translation*]

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, this afternoon we are talking about a serious matter.

This afternoon we are talking about something that concerns us all, that concerns you personally as well, Mr. Speaker. We are talking about respect for democracy in the House. We are talking about your ability to lead the House to conclusions. And we are talking about respect for this ability as it relates to the institution of the Parliament of Canada.

A few moments ago, our Liberal Party colleague referred to remarks made by the member for Rimouski—Mitis with respect to the large number of Canadian flags she saw in Nagano. The remarks made at the time were respectful of the institution and the flag and all they evoke.

What we saw on Thursday, two weeks ago, and I was in the House, profoundly shocked me. I feel that a country's flag is something sacred. It is more than just a piece of fabric, more than just colours. It is something that represents a people. I respect the flag of Quebec, I respect the flag of Canada, and I respect national flags.

National anthems also have a sacred character and, in my view, may not be used whenever and however people wish. It would be ill viewed, as I think everyone here would agree, if a student were to stand up in the middle of a class and begin singing the national

anthem or waving flags in the name of freedom of expression. There is a time and a place for everything.

What happened here, two weeks ago, upset me precisely because we used a flag, the Canadian flag, and a national anthem, O Canada, at an inappropriate time.

During oral question period, the time allocated to hon. members for putting their questions and to ministers for answering them is quite limited, and you see to it, Mr. Speaker, that we keep things rolling. The disruption that occurred during our proceedings meant that some hon. members who could have asked questions did not have time to do so, and that the ministers did not have time to answer them. I know as you do, Mr. Speaker, that the House cannot operate properly under such circumstances.

After the incident, Mr. Speaker, you said—I was there—that you would take the matter under advisement and that you would get back to the House. In the meantime, some hon. members have questioned your eventual decision.

Mr. Speaker, once you have made the decision, anyone who disagrees with it will be free to say so. But until you make a decision, it is our duty to give you the time you need to ponder the issue and make the necessary consultations, and to put our trust in you.

• (1715)

You have my confidence and I think you also have the confidence of the vast majority of the members of this House. However, some have allowed themselves, publicly and openly, not in private conversations but in front of the media, to question the decision that you will make. Worse still, they indicated that they would withdraw their confidence in you should your ruling not be what they think it should be.

This is totally unacceptable. Such behaviour jeopardizes the democratic institutions that are Parliament and the House of Commons. If I speak freely here this afternoon, it is because I know that hon. members, whether or not they agree with my comments, will listen and let me exercise the right to speak that is mine since I was elected through a democratic process.

Hon. members also know that I do the same when you recognize them, Mr. Speaker. They enjoy the same freedom of speech, because they were also elected through a democratic process. I respect your authority because we collectively decided that you, our fellow member of Parliament, would ensure that the debates take place in a climate of respect that is conducive, hopefully, to the best possible outcome, and, more importantly, that is consistent with democracy.

I listened to some members, and sometimes I just cannot believe my ears. Whatever happened to respect for democracy among those of our colleagues who are trying to influence your decision, to kill

debate, and to put a lid on the issues, instead of allowing a debate that would lead to a solution?

I do not know what your decision will be. I will anxiously wait for it, like many of us here. However, I do know that if your decision is made within the rules of our parliamentary system, it will get the support of a majority of members of this House, as are all decisions made in this fashion. We are bound by a democratic pact and this is why I will accept your decision, whatever it is.

If I had the authority to do so, I would apologize to you on behalf of the members of other parties who more or less threatened you. I do not have this authority, but it makes me very sad to see certain members show such disrespect for you.

Since I feel this is a fundamental issue, I would like to propose an amendment to the motion before us.

I move:

That the motion be amended by adding, between the words “referred” and “to the Standing Committee”, the word: “immediately”.

• (1720)

The Speaker: The motion, as worded, is in order.

[*English*]

Mr. Bob Kilger (Stormont—Dundas, Lib.): Mr. Speaker, I am pleased to join in this debate today. I move:

That the debate be now adjourned.

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

An hon. member: On division.

(Motion agreed to)

ROUTINE PROCEEDINGS

[*Translation*]

ORDER IN COUNCIL APPOINTMENTS

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

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

* * *

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker,

Routine Proceedings

pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 23 petitions.

* * *

• (1725)

[English]

SUPPLEMENTARY ESTIMATES (B)

A message from His Excellency the Governor General transmitting supplementary estimates (B) for the financial year ending March 31, 1998 was presented by the President of the Treasury Board and read by the Speaker to the House.

* * *

CRIMINAL CODE

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.) moved for leave to introduce Bill C-365, an act to amend the Criminal Code (desecration of the flag).

He said: Mr. Speaker, all over this country our national flag flies proudly from government buildings, from residences, from places of business, from public gathering places. This is a flag that our country has a right to be proud of. People have indeed given their lives for our national flag.

This motion would seek to make it a criminal offence for any person or persons who would consider desecrating in any way the national flag of Canada. I am proud to introduce this private member's motion.

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

* * *

INCOME TAX ACT

Mr. Leon E. Benoit (Lakeland, Ref.) moved for leave to introduce Bill C-366, an act to amend the Income Tax Act (deduction of mechanics' tool expenses).

• (1730)

He said: Mr. Speaker, this private member's bill would allow mechanics to deduct their tool expense, which is now denied, provided that it is a requirement of their employment to purchase the tools.

The deduction would encompass maintenance, rental, insurance costs and the full cost of tools under \$200 and the capital cost allowance above \$200. That is consistent with what artists, musicians, chain saw operators and other individuals now do when claiming the cost of their tools as an income tax deduction.

I am very pleased to present this bill on behalf of mechanics.

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

* * *

MOTOR VEHICLE SAFETY ACT

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.) moved for leave to introduce Bill C-367, an act to amend the Motor Vehicle Safety Act.

He said: Mr. Speaker, I wish to flag your attention to the problem which has persisted for some time in the minds of the public about the question of public safety with respect to the automotive industry.

The purpose of this bill is to amend the Motor Vehicle Safety Act to make manufacturers notify the public in a prescribed manner when they become aware of a design, construction or functional defect in vehicles which they either manufacture or import for sale.

The bill would also give the Minister of Transport the power to order an immediate recall of defective vehicles which have caused or are likely to cause injury or death and prevent the sale of these vehicles until the defect is corrected.

I thank the hon. member for Laval West for her support.

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

* * *

[Translation]

SUPPLEMENTARY ESTIMATES (B)

REFERENCE TO STANDING COMMITTEES

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, pursuant to Standing Order 81(5) and 81(6), I would like to table a motion to refer the estimates to the standing committees of the House.

Therefore, I move:

That the Supplementary Estimates (B) for the fiscal year ending March 31, 1998, laid upon the Table on March 9, 1998, be referred to the several Standing Committees of the House, as follows:

As there is a lengthy list attached to the motion, if it is agreeable to the House, I would ask that the list be printed in *Hansard* as if it had been read.

The Speaker: Is that agreed?

Some hon. members: Agreed.

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[Editor's note: The above list is as follows:]

To the Standing Committee on Aboriginal Affairs and Northern Development
Indian Affairs and Northern Development, Votes 1b, 5b, 6b, 15b, L20b, 35b and 40b

To the Standing Committee on Agriculture and Agri-Food
Agriculture and Agri-Food, Votes 1b, 10b, 11b and 12b

To the Standing Committee on Canadian Heritage
Canadian Heritage, Votes 1b, 5b, 10b, L21b, 25b, 45b, 60b, 65b, 70b, 85b, 95b, 105b, 110b, 115b, 130b and 145b

To the Standing Committee on Citizenship and Immigration
Citizenship and Immigration, Votes 1b, 2b, 5b and 15b

To the Standing Committee on Environment and Sustainable Development
Environment, Votes 1b, 5b and 10b
Privy Council, Vote 30b

To the Standing Committee on Finance
Finance, Votes 6b and 15b
National Revenue, Votes 1b and 10b

To the Standing Committee on Fisheries and Oceans
Fisheries and Oceans, Vote 1b

To the Standing Committee on Foreign Affairs and International Trade
Foreign Affairs, Votes 1b, 5b, 10b, 11b, 20b, 25b and 26b

To the Standing Committee on Health
Health, Votes 10b, 20b and 30b

To the Standing Committee on Human Resources Development and the Status of
Persons with Disabilities
Human Resources Development, Votes 1b, 20b and 35b

To the Standing Committee on Industry
Industry, Votes 1b, 5b, 20b, 30b, 35b, 50b, 60b, 65b, 80b, 85b, 90b and 120b

To the Standing Committee on Justice and Human Rights
Justice, Votes 1b, 10b, 15b, 20b, 25b and 35b
Solicitor General, Votes 1b, 10b, 15b and 35b

To the Standing Committee on National Defence and Veterans Affairs
National Defence, Votes 1b and 10b
Veterans Affairs, Votes 1b, 5b and 10b

To the Standing Committee on Natural Resources and Government Operations
Canadian Heritage, Votes 135b and 136b
Governor General, Vote 1b
Natural Resources, Votes 1b, 20b, 25b and 35b
Privy Council, Votes 1b and 10b
Public Works and Government Services, Votes 1b, 5b, 15b, 16b, 17b and 18b
Treasury Board, Vote 1b

To the Standing Committee on Procedure and House Affairs
Parliament, Vote 5b

To the Standing Committee on Public Accounts
Finance, Vote 30b

To the Standing Committee on Transport
Privy Council, Vote 15b
Transport, Votes 1b and 10b

(Motion agreed to)

[English]

PETITIONS

TAXATION

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, it is my honour to present a petition, pursuant to Standing Order 36. Because of the necessity of dealing with the budget debate I will not read the petition. I will simply say that the petitioners are calling for tax reform of a comprehensive nature.

MULTILATERAL AGREEMENT ON INVESTMENT

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, I have a second petition which I wish to present. A large number of petitioners from throughout British Columbia are calling upon the government not to sign the multilateral agreement on investment, period.

PENSIONS

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, I have a third petition which I wish to present. The petitioners are concerned about the government's plans to change the pension system and the retirement income system of Canada. They call upon the government, at least this time, to ensure there is adequate public debate on the issue before any decisions are taken.

● (1735)

HEALTH

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, I am honoured to rise today in the House of Commons to present a petition signed by more than 100 constituents from the Quesnel, Wells and Williams Lake Districts of my riding Cariboo—Chilcotin.

My constituents are concerned that freedom of choice in health care is becoming increasingly curtailed and further threatened by legislation and statutory regulations of the Government of Canada.

My constituents request that Canada's Food and Drug Act be revised to allow for freedom of choice in health care.

PUBLIC SAFETY

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to present a petition signed by a number of Canadians, including from my riding of Mississauga South.

The petitioners would like to draw to the attention of the House that police officers and firefighters are required to place their lives at risk on a daily basis as they discharge their duties. When one of them is killed in the line of duty, their employment benefits do not often provide sufficient compensation to their families to deal with their needs. The public mourns that loss when a police officer or a

Routine Proceedings

firefighter is killed in the line of duty and they wish to support in a tangible way the surviving families in their time of need.

The petitioners therefore ask Parliament to establish a public safety officers' compensation fund for the benefit of families of public safety officers who are killed in the line of duty.

YOUNG OFFENDERS

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, I am honoured to present a petition on behalf of 564 constituents of Saanich—Gulf Islands and the surrounding area.

The petitioners call upon Parliament to enact legislation to repeal the Young Offenders Act and replace it with an act that will provide penalties for violent crimes committed by young people that will act as a deterrent to such actions and provide safety and security to the general public as well.

We have had a very large increase in crime in our area. The public is gravely concerned and they are of the belief that what is in place is clearly not working. They are asking Parliament to act.

AGE OF CONSENT

Mr. Chuck Cadman (Surrey North, Ref.): Mr. Speaker, I am pleased to present this petition of some 2,000 names requesting Parliament to raise the age of consent for sexual activity between a young person and an adult from 14 years to 16 years.

These petitioners are concerned, as are all Canadians, about the increasing sexual exploitation of our young people. They look to us and this place to do something about it.

CANADIAN RADIO AND TELEVISION COMMISSION

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I rise to present a petition signed by some 47 residents of Calgary who expressed their concern about the July 22, 1997 decision by the Canadian Radio and Television Commission to license the Playboy channel at the same time that it denied a license to four religious broadcasters, including the International Catholic Broadcast.

These petitioners pray that Parliament will review the mandate of the CRTC and direct the commission to administer a new policy which will permit and encourage the licensing of religious broadcasters to end this mark on freedom of expression in Canada.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the

following questions will be answered today: Nos. 26, 40, 48, 49, 59 and 69.

[Text]

Question No. 26—**Mr. Rick Borotsik:**

With regard to the CN Rail line to Churchill, Manitoba, (a) what were the specific contract details concerning the \$34 million that was spent on upgrading; and (b) why was \$6 million given to CN Rail in order to ensure the sale of the line?

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): (a) On August 8, 1997, the Hon. Minister of Foreign Affairs, on behalf of the Minister of Transport, announced that the Government of Canada would be transferring the port of Churchill to the Hudson Bay Port Corporation in accordance with Canada's national marine policy. In support of that transfer, Transport Canada is providing a total of \$14.45 million under its port divestiture fund for health and safety upgrades to the port facility. These upgrades include improved dust control, a new hopper car unloader and concrete restoration measures.

Additional funding of \$19.6 million is being provided for capacity enhancements at the port including a new tug and trackmobile, wharf face repairs and dredging of the port. This funding consists of \$9 million from western economic diversification, \$4.6 million under the western grain transportation adjustment fund and \$6 million from the province of Manitoba. This funding will be provided to Hudson Bay Port Corporation under a contribution agreement with western economic diversification with funds to be provided on a reimbursement basis after eligible costs have been incurred.

Total federal support of \$28.05 million along with provincial funding of \$6 million are key elements in ensuring that the port of Churchill will be internationally competitive and economically viable and independent over the long term.

(b) In a separate transaction, CN rail has sold the bay line to Churchill to Hudson Bay Rail Company. Western economic diversification will provide \$16 million to CN in recognition of its losses on the bay line and to allow it to proceed with the sale rather than abandon the line and recover the salvage value.

The rail line transaction involves 1,300 km of track connecting the communities of Flin Flon, Lynn Lake, Churchill and other smaller centers. This rail link is critical to the economy of northern Manitoba and under its new ownership it will provide the opportunity for new growth and development in the area.

Question No. 40—**Mrs. Diane Ablonczy:**

With regard to the government's formulation of the projections for income, expenses, account and account earnings, contribution rates, yield and paygo rate for the

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latest Canada pension plan proposal: (a) how many separate actuarial runs did the government require to complete the proposal; (b) how many officials were involved in the computations and how long did it take them to arrive at the finished product; (c) how many private consultants were involved; (d) what services did they perform at what cost; (e) how long did the process take; and (f) how much did the entire process cost?

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): (a) 2,251 projections were prepared by the office of the chief actuary of the Canada Pension Plan since the tabling of the 15th actuarial report in February 1995, for the purpose of developing the federal-provincial agreement on the CPP.

(b) Three full time officials and one half time official were employed by the chief actuary in the Office of the Superintendent of Financial Institutions.

(c) No private consultants were involved in preparing projections.

(d) None, as private consultants were not involved.

(e) The 2,251 projections were prepared after the February 1995 tabling of the 15th CPP actuarial report and continued to the present.

(f) The Office of the Superintendent of Financial Institutions received \$1,375,000 in 1996-97 from the CPP account to provide ongoing actuarial services for the CPP, including the preparation of actuarial reports required by the CPP act and all other actuarial services relating to the CPP. These funds covered all salaries and other goods and services. The office received no additional resources to prepare projections for the review.

Question No. 48—Mr. Dick Harris:

With regard to the government's and Canada Deposit Insurance Corporation's ongoing litigation involving, directly or indirectly, the former board or directors of the Northland Bank, what services did each of the following law firms perform and how much have each of the following firms charged the Canadian government or the Canada Deposit Insurance Corporation from September 1, 1985, to the present: (a) Ogilvie and Cole of Manitoba; (b) Howard Mackie of Calgary; and (c) Fraser & Beatty of Toronto?

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): The law firm of Ogilvie & Co. of Edmonton was appointed as agent of the Attorney General of Canada to conduct the litigation on behalf of the Government of Canada and the Canada Deposit Insurance Corporation; to December 31, 1997 it has been paid \$6,154,819.56 for its services. Howard Mackie and Fraser & Beatty have not performed any services on behalf of the Government of Canada or the Canada Deposit Insurance Corporation in respect of this litigation. They act for the liquidator of the bank appointed by the Court of Queen's Bench of Alberta in the companion litigation brought by the liquidator against, among others, certain former directors of the bank. Any response regarding those firm's charges to the liquidator should be made by the liquidator, but it can be said that the amounts recovered as a result of the settlements achieved to date far exceed the total fees charged by all three law firms added together.

Question No. 49—Mr. Dick Harris:

With regard to the government's and Canada Deposit Insurance Corporation's ongoing litigation involving directly or indirectly, the former board or directors of the Northland Bank, did any of the law firms retained on this case or the Department of Justice prepare any opinions within the last 12 years as to: (a) cost recovery; (b) time frame for completion; and (c) the likelihood of a favorable outcome?

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): The opinions given have been in respect of ongoing litigation and the subject of solicitor-client privilege.

Question No. 59—Mr. Ken Epp:

With respect to the auditor general's report (Public Accounts, 1997) statement that the value of computers stolen is \$2,228,122 and the value of computers destroyed or damaged is \$40,282: a) has the President of the Treasury Board enacted any measures to ensure that departments are more accountable for their equipment and b) if so, what are these measures?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): The Treasury Board is responsible for establishing the required policy framework within the Government of Canada with respect to the management and security of computer systems and networks.

Departments are responsible for protecting sensitive information and assets, such as computer and related systems, in accordance with Treasury Board policies.

Under the government security policy, the Royal Canadian Mounted Police, RCMP, is identified as a lead agency in physical and information technology security. The RCMP has been providing basic security advice to departments for many years which no doubt has reduced the number and impact of the occurrences of the theft of entire computer systems and components. In addition to the ongoing advice and guidance to departments in the areas of physical security and information technology security, the following specific measures have been taken:

Departments are encouraged to consult with the Treasury Board Secretariat, TBS, on matters of computer security and meetings are held with departments following the theft of computers or components. While TBS can work with departments to help establish additional methods of securing government assets and information, a theft should be reported to the RCMP in order for an investigation to be conducted.

The Deputy Comptroller General Branch at TBS is responsible for the policy of security for government assets. A document entitled "Guide to the Review of Material Management" is posted on the department's web site located at www.tbs-sct.gc.ca under Contract, Material and Risk Management. The main objectives of this policy are focused on the reduction of physical losses, optimizing the utilization of resources and ensuring value for money.

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A guidance document entitled a "Guide to minimizing computer theft" was issued in June 1997 and is available at the RCMP's Internet site.

A RCMP investigator was seconded to the Ottawa-Carleton regional computer component theft team.

Each federal government department has a departmental security officer to deal with the RCMP. This individual is responsible for security issues particularly with respect to personnel and information technology.

Departmental security officers are members of an association that allows them to consult and share information on security issues. Each officer also reports to their respective deputy minister to keep him or her updated on matters of security.

A number of physical security devices were tested in government to lock down systems and prevent systems from being opened. For instance, computers can be bolted down to desktops.

One hundred per cent security is unattainable in any setting, nor would it be desirable because of prohibitive cost. We feel that with departments implementing the advice provided, component theft will be kept under control.

Question No. 69—**Mr. Reed Elley:**

With respect to the Participation program, what has the government determined to be the total cost to the Canadian taxpayer in each of the last five recorded fiscal years for money spent by this organization on advertising and other promotional activities related to its mandate?

Hon. Allan Rock (Minister of Health, Lib.): With respect to the Participation program, Health Canada has provided Participation with funds for advertising and other promotional activities related to physical activity:

1993-94	\$477,000
1994-95	\$420,000
1995-96	\$425,000
1996-97	\$275,000
1997-98 (to date)	\$275,000

[English]

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

The Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

QUESTIONS PASSED AS ORDERS FOR RETURN

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if Question No. 41 could be made an order for return, this return would be tabled immediately.

The Speaker: Is that agreed?

Some hon. members: Agreed.

[Text]

Question No. 41—**Mr. Mark Assad:**

How much has the Canadian International Development Agency (CIDA) spent during each of the last five years in each of the following areas: (a) primary health care, (b) basic education, (c) drinking water and (d) sanitary services?

Return tabled.

[English]

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, this is in relation to a question that still remains outstanding. It is No. 12. I have requested several times that we receive the answer and it is still in abeyance.

• (1740)

Mr. Peter Adams: Mr. Speaker, I apologize once again to the member. As he says, he has asked on a number of occasions. I will continue to press for a reply.

I should point out to you though, Mr. Speaker, that this is a question that involves virtually every, if not every department in the federal government. It is taking some time to reach them all. I will continue to do my best to obtain the response.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed consideration of the motion that this House approves in general the budgetary policy of the government; and of the amendment.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, it gives me great pleasure to enter this debate on the budget. In some real ways, this is the culmination of how I ended up here. Indeed, I spent many years wondering how it was possible that Canada can continue to go so close to the abyss of financial ruin. It was clear to me that we needed a new way to do government.

That is why the week before last it was my great pleasure to listen to the Minister of Finance bring in the first balanced budget that this country has seen in over 30 years.

One thing that is very noticeable about this budget is that it talks about education. One thing I have always believed, and it is very important, is that a country educate its people.

We talk about Canada being a resource based country and, indeed, we are but our best resources are the resources between our ears. Finding better ways to use those resources is what is going to make Canada a better country in the 21st century.

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I would like to talk about productivity. Some people think this is an economic concept. What it basically means is the ability of people to use their surroundings, to use their resources in an effective way to produce products.

We have been changing our economy so that we are moving away from the resource based industries of the past and we are moving towards a service sector orientation.

For that reason, it is very difficult sometimes to measure productivity. Why am I talking about productivity? The problem of Canada and Canada's economy is that we have been lagging many of our competitors in the area of competition.

In the area of productivity, Canada lags our chief competitor, the United States, by something like 30%. Why is that? What is it going to mean for our economy? It means that our competitors are able to use technological advances quicker, more rapidly in their production capabilities as well as in their service sector than are Canadians.

Some people suggested that the decline in the value of the Canadian dollar is directly related to our decline in productivity.

The Conference Board of Canada has made a tremendous number of reports basically stating that while Canada has one of the highest per capita spending in the western world on education, we are still very much scorned in the mid-term in the areas of science and math.

Indeed, our illiteracy rate in Canada is mid-term. It is really quite a disgrace for a modern nation like ours to have illiteracy rates as high as we do. That is why I was very proud to be part of a government that brought in an accentuation that, while we have been able to manage our debt and deficit so that we have a balanced budget, we have been able to accentuate those things that are going to empower ourselves to be a better and more competitive nation in the future.

In those things, exclude that we look at the education area. I was very happy to see a restoration of funding for NSERC and the Medical Research Council. These are ways that governments can support our institutions and create more opportunities for technological advancements in our universities and colleges.

I should mention I was very proud when the Minister of Finance mentioned a college in my riding, Durham College. Indeed at the same time, the president for Durham College was in the gallery listening to that.

The next morning, I gave a post-budget breakfast in my riding for basically all the business community. I can tell this House that those people were all very happy and supportive of the budget we presented.

• (1745)

I can remember back in 1994 it not being that way, that there were very ugly meetings sometimes when people wanted us to move fast on this or that envelope. It has been very much that the Canadian people have come to the realization that this government brings sound, good management.

Some of the areas that this budget talked about were registered education savings plan. My background has been one of an investment adviser and accountant. When I used to practise, these registered educational savings plan we basically shunned. The reason was that they were very much a gamble on behalf of parents who wanted to save money for the support of their children going for post-secondary education, because the mean factor was that if one's kid did not go one lost the money. The benefits were great because 50% of the people did not actually go so the people who stayed in the plan of course got good rewards.

Most people are not into gambling, they are into saving for some positive returns. What has happened with these plans is that we have now made them so that if a child does not go on for post-secondary education, parents can roll them back into their registered retirement savings plan.

The government has gone one step further by providing a 20% grant. The federal government is going to put that money directly in that plan as well. There is a partnership arrangement going on between parents, their children and the federal government. I think that is a very healthy attitude. The only comment I heard from people I talked to was why did we wait so long.

It is unfortunate that the baby boomers—me with three children in post-secondary education—are not going to be able to get the benefit of that, but the reality is that it allows people to put money aside. It is a great trepidation for a lot of parents to have young children who are going to go to university which will possibly cost as much as \$10,000 a year to place them there. This gives them a way in which to see that their children do get adequate education.

Another area that I found very interesting was the ability of people to withdraw up to \$10,000 in any one year and a cumulative of \$20,000 from their registered retirement savings plans for their own education.

It is obvious that we are living in a society of continuous learning. We have to try to find ways to encourage people to go back and learn in new and better productive facilities in which to upgrade their skills. These all come back to my original theory of increasing Canada's productivity and making us a very competitive nation as we go out to fight it out with our neighbours and other countries in the world for our share of economic development.

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I once suggested that we should use the employment insurance this way. In other words, we should provide certain funding through the employment insurance system to allow people the discretion to go out and re-educate themselves. This is another way to get at the same thing.

I was listening to the radio the other day and I heard a financial planner criticizing this plan. His criticism was that the government was scheming to reduce people's RRSP savings so it could get them out and tax them. In other words, if people took out those moneys that were in their plans and went back to school, of course they would not be appreciating and therefore the government would be able to tax that money sooner. I do not think anything could be more ludicrous. The way to solve that problem is simply by reducing the benefits of RRSPs or the premium contributions.

There is no question in my mind that the government's prime purpose is to make a down payment on the whole concept of continuous learning.

As an aside, there is one other little thing here that is not about productivity that I thought I would mention, the home gives tax credit. I was in a seniors home the other day and I mentioned this credit. Everybody's eyes lit up because the government was now recognizing how we are going to have to do health care differently in this country.

• (1750)

We cannot continue this process of institutionalizing people at great cost when in fact many people are at home taking care of their loved ones. They are often women who need that little extra break, the \$400 care giver tax credit, a down payment on a different way and a better way to health care.

In conclusion, I am very happy to be part of a government that has brought in such a sensible budget. Unfortunately it has taken us a number of years but we are going to continue on that track of reducing our deficit and debts in the future.

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Madam Speaker, the hon. member talks about a sensible budget. I would like to give him an example of what this sensible budget does to some ordinary people.

I have in my hometown a young single mother named Kathy McGuire. She works for the town. She tosses garbage cans. She looks after the water supply maintenance, whatever is necessary.

This woman by any definition is not wealthy. She has been hit with an income tax bill of \$800. This is how this government repays people who work hard, who try their best to get along in the world.

If Kathy had been a wealthy Toronto lawyer she would have got a \$3,000 child care expense deduction from her income tax. Actually, under the new budget it will be \$4,000. But this woman

cannot afford child care. So there is a catch-22. She is not eligible to receive that wonderful deduction. She is caught.

Kathy has contributed to the balancing of the budget. I am sure this makes her feel really great. She has also, if one wants to be a little more cynical about this, contributed to about 1% or 2% of the cost of sending four freeloading members of Parliament to Nagano to attend the Olympics.

I would like to know if the hon. member feels that this is appropriate, that people at the bottom end of the pay scale have to be hit with taxes. I hear some yapping over there. To some of these people \$800 is not a lot of money. I will tell you, it is a heck of a lot of money to people who are out there doing their best trying to make a living.

On behalf of everyone in this place I would like to extend my sincere thanks to Kathy McGuire for forking out to help keep this zoo going and for helping to balance the budget.

Mr. Alex Shepherd: Madam Speaker, I am sure that if I knew Kathy McGuire's income perspective I could find something that was very positive about this budget, but of course this is the way the members ask their questions, just give you half of the information so you cannot possibly do that.

The reality is I am very proud of that budget because in fact we removed thousands and thousands of people, low income families and low income people, from bracket creep by increasing personal exemptions.

I have many constituents, senior citizens, who were paying taxes before who are not paying them today. That is a major commitment from the lower income people of this country.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Madam Speaker, the hon. member from the Liberal Party certainly did not answer the question from my hon. friend from Saskatchewan.

• (1755)

What he asked is how does the Liberal government explain its caring budget to the lady in Saskatchewan who is scraping to get by collecting cans and doing whatever she can. She cannot afford to send her child to daycare. Therefore she is ineligible for the child care tax credit.

How does this so-called Liberal caring government so proud of its budget explain that budget to this lady who has been relegated to some sort of a third class citizen because of this budget? I would like the member to explain that.

Mr. Alex Shepherd: Madam Speaker, it is very simple to explain to the member that within the last budget, the previous budget, \$850 million was given to the area of child tax credit which his constituent would have benefited from.

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Let us be honest. Let us be serious. The reality is that woman is better off today than she would have been under a Reform government.

Ms. Libby Davies (Vancouver East, NDP): Madam Speaker, I appreciate the opportunity to speak in response to the budget and provide the views of the New Democratic Party. I will be sharing my time with the member for Acadie—Bathurst.

We have heard a lot today and in other responses to the budget that this budget is an education budget. It is a budget for youth. We heard today in debate that it is a budget for equity, a budget for women. More recently we heard it is a remarkable budget and a sensible budget.

I want to tell the members of this House that having been in my riding, like many other members, for the past week and speaking with many of my constituents, this budget has been a huge disappointment.

In my riding of Vancouver East people are asking a very key and a very legitimate question. How will this budget improve the lives of people in east Vancouver? The response I got was that this budget is a failure.

It is a failure because if we look behind the fine lines and fancy words it is a failure because it does not address the issues of people who are unemployed. We have heard today in the House in question period of the number of people who are unemployed and because of the drastic changes to our EI program the number of people who are now ending up on welfare.

The budget failed those people. It is a failure for people who are living at and below the poverty line and who are working at minimum wage jobs or in part time work and found nothing in this budget to improve their standard of living.

This budget has failed women and we have heard a lot of discussion today about international women's day and international women's week but there is nothing in this budget about pay equity or child care, for example.

This budget also fails people who are sick and who look to our health care system and find there are enormous waiting lists or lack of service and accessibility. This budget has also failed aboriginal people who live in the urban environment. In my riding I have a very large number of urban aboriginal people who saw nothing in this budget that will address their very real concerns of unemployment, poverty, lack of access to services.

This budget also failed children who live in poor families and it fails students who are still facing massive cuts and skyrocketing tuition fees.

The plain reality is the total program spending delivered in this budget will decline to \$104.5 billion in 1998-1999 from \$106 billion in 1997-1998. That is a real decline in program spending despite the promises made by the finance minister that 50% of the

surplus would go toward programs spending. The Liberals failed to meet even their own promise and the other reality is that not a single dollar of the cash transfers to provinces eliminated over the past three years will be restored.

I would like to focus on two issues that involve my critic areas. One is education and one deals with the child tax benefit.

The first is education. We have heard so much hype about the \$2.5 billion going into the millennium fund. First of all, we have to understand that this fund will not even begin until the year 2000. Students need help today, not in the year 2000.

By the time we get to the year 2000 and this millennium fund begins with its \$250 million a year, we will have seen \$3.1 billion taken out of post-secondary education. That is devastating to our institutions, our universities, our community colleges and our places of higher learning.

• (1800)

The finance minister had a choice to restore the funding to the provinces so we could strengthen post-secondary educational facilities and ensure tuition fees would not continue to go up and up. The government did not make that choice. The choice it made was to set up a private foundation so it could hand out little cheques every now and again to 7% of students, which means that 93% of students will not be assisted by the millennium fund.

In a most cynical ploy the finance minister in all of his background papers told us there were plans to change the bankruptcy laws to ensure students are not able to declare bankruptcy until 10 years after they complete their studies, which is a change from the current two years. If the government believes so strongly that it is helping students, why has it so cynically changed the bankruptcy laws?

In British Columbia, Premier Clark announced a few days ago that for the third year in a row tuition fees would be frozen. That is the kind of leadership we wanted to see from the Liberal government. It would say to students that we understand their debt loads are too high, that tuition fees must be frozen and that we are willing to support provincial transfers to increase post-secondary educational facilities.

The child tax benefit is another issue. Every time the question of unemployment and poverty comes up in the House we hear the minister crow about the child tax benefit and what a glorious program it is. I heard the minister say that it is the most significant social policy since the 1960s.

I will explain what the reality is. This is not an anti-poverty measure. We are talking about a program where the additional \$425 million will not even begin until July 1999. So much for helping poor kids who live in poor families. What will that help be? It will be a measly 80 cents a day. That is what we are saying to kids. The child tax benefit is not indexed and does not apply to people on

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welfare. There is not one mention in the budget about a national child care program.

If the government truly cares about poverty, about helping unemployed people and about equality as we heard today in glowing terms, why does the budget fail to address any of these measures? The reality is that the budget that was announced and debated will not close the gap between the wealthy and five million Canadians who are struggling to make ends meet and who are living below the poverty line.

The Reform Party says that it wants tax cuts. I will read from an article by Seth Klein of the Canadian Centre for Policy Alternatives published in the *Canadian Review of Social Policy*. The key goal is job creation. That should be the government's priority. The paper points out very eloquently that tax cuts are an inefficient way to create jobs. The tax cut theory rests on the unsubstantiated hope that consumers will spend more, that this in turn will translate into companies hiring more people, and that the evidence suggests direct government hiring and spending would create substantially more jobs than tax cuts.

If we pursue this information further we see from the latest information from Infrometrica that directing \$1 billion toward new government hiring would create 25,000 jobs in the first year. In contrast \$1 billion toward personal income tax would create only 9,000 jobs.

There is a very real issue about what course the government has chosen. After four years of a slash and burn approach, of cutting the transfers to the provinces, not one new dollar was included in the budget in terms of restoring and reinvesting in education and social programs. It is the height of cynicism and hypocrisy that even the measures around the child tax benefit will do nothing to seriously alleviate poverty.

Did the budget speak to a progressive taxation system? Absolutely not. There was silence on that measure.

• (1805)

Did the budget deal with the \$7.5 billion that the banks are racking up in profits? Did it speak to reinvesting that money so that ordinary Canadians could benefit? There was not a word about that.

In closing, according to my constituents and other people across Canada the budget failed miserably to address the growing inequality in Canada. It lacked the leadership, the vision and the courage to tackle head on the crisis of unemployment and the lack of jobs.

The reality is that this was a banker's budget, not a people's budget.

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Madam Speaker, the hon. member talks about the budget being so

terrible. I represent Guelph which has a university. Its president has written to say that this is a good budget. He is very pleased because of all the things for students, for the university, and for research and development.

When I hear the hon. member yelling and hollering about how terrible everything is, it brings to mind the fact that we had an NDP government in Ontario which spent way more than it could afford. It lasted four years and was kicked severely out of office because it never ever balanced a budget. It never spent within its means.

I am afraid the member across the way is dreaming in Technicolor to think everyone can afford everything. We have balanced the deficit. We have a zero deficit after many years. The member should recognize that there is a balancing act. We have put huge amounts of money into health care and education. Eighty per cent of the budget represents a spending in health care and education.

While the member is aghast, she need only look at the \$1.5 billion in transfers and the megadollars put into many projects for students that will benefit my community and others all across Canada.

In my constituency office I have had very positive reviews on the budget. I wish the hon. member could somehow talk about the fact that even in the NDP's election campaign it overspent and had to issue another book because it had spent so much.

The member needs a little dose of reality. Does she not think that it is important to spend on education as we have in these projects?

Ms. Libby Davies: Madam Speaker, I see reality every day in my riding of Vancouver East. I understand what it is about for people who live in poor housing, who are without work or who do not have adequate health care resources and so on.

I ask the hon. member to check the facts. The budget did not increase spending for health care. If the member checks the facts, program spending is actually decreasing from \$106 billion in 1997-98 to \$104.5 billion in 1998-99. If we just want to look at education, there is not one increase in dollars for the transfers to the provinces in education.

The government has announced a shell game, a \$2.5 billion millennium fund over a 10 year period or \$250 million a year. By the time that program starts we will have lost \$3.1 billion from post-secondary education.

Those are the facts and that is the reality. That is why tuition fees and student debt will continue to go up despite the bits of window dressing the government has brought in.

• (1810)

Mr. Jason Kenney (Calgary Southeast, Ref.): Madam Speaker, on the weekend I happened to be in the hon. member's

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constituency of Vancouver East. I understand the difficult social and economic conditions of which she speaks.

The east end of Vancouver in many respects is a tragic scene of economic devastation and social problems. For six years now British Columbia has been governed by a New Democratic government which has raised taxes and in so doing increased unemployment, reducing opportunities for the people who now find themselves on skid row in Vancouver.

The same thing happened in Ontario. Bob Rae raised taxes and unemployment skyrocketed. If we look at Ontario we see that the Mike Harris government has cut taxes, revenues have gone up, with them health care spending has gone up and so too has employment. Unemployment has gone down.

I ask the hon. member to compare her constituency to the city of Calgary, for instance, which is in the province that has the lowest provincial taxes in the country and an unemployment rate of approximately 5%, nearly a third of what it is in the east end of Vancouver.

Could she comment on the regional disparities with respect to taxes and economic growth which exist in the country?

Ms. Libby Davies: Madam Speaker, I thank the hon. member for his question and his comment. I would be happy to show him what life is like in Vancouver East. He said that he visited there recently. I would be happy to provide more detail about the impact of federal cuts over the years.

It needs to be said that the situation in British Columbia and in other provinces has worsened because of the incredible devastation caused by the lack of transfer payments and the diminishing transfer payments from the federal government. If the Reform Party and the member cannot acknowledge that, they are only telling part of the story.

In B.C. we are very fortunate that we still have a provincial government which, for example, is committed to the provision, the development and the financing of social housing. When he talks about the people of my riding who are in very dire circumstances, I would think he should be the first one to recognize the fact that the Government of B.C. has continued to provide housing for very low income people.

There was no mention of housing in the budget. If we want to talk about jobs, what better program to generate jobs than a good housing program? That is something the B.C. government has done.

When it comes to education, despite the cuts from the federal government the province of British Columbia has maintained and in fact has increased funding for education above that of any other province, as well as funding for health care. It has also maintained a tuition freeze for three years.

That is something we should be proud of. That is something the federal government should be following and working to implement with other provinces.

The Acting Speaker (Ms. Thibeault): It being 6.15 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the amendment now before the House.

Is the House ready for the question?

Some hon. members: Question.

[*Translation*]

The Acting Speaker (Ms. Thibeault): The question is on the following motion: Mr. Martin (LaSalle—Émard), seconded by Mr. Gray (Windsor West) moved: That this House approves in general the budgetary policy of the government.

Shall I dispense?

Some hon. members: No.

The Acting Speaker (Ms. Thibeault): Mr. Manning, seconded by Mr. Solberg, moved: That the motion be amended by replacing all the words after the word "That" with the following:

"the House of Commons reject the budget statement by the Minister of Finance because it denies Canadians debt and tax relief by spending away the federal budget surplus, thus killing opportunities for job creation and economic growth; it leaves Canadians saddled with the highest personal income tax rates in the G-7 countries resulting in a systematic brain drain to jurisdictions with lower taxation levels; it allows interest charges on the national debt to consume one-third of every tax dollar collected by the federal government and to exceed spending on health care, education and old age security combined; it continues the steady decrease in real disposable income for the average Canadian through tax hikes; and it does not keep the government's promise of committing 50% of the surplus to new spending and the remaining 50% to some combination of debt reduction and tax relief".

• (1815)

[*English*]

The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Ms. Thibeault): All those in favour of the amendment will please say yea.

Some hon. members: Yea.

The Acting Speaker (Ms. Thibeault): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Ms. Thibeault): In my opinion the nays have it.

And more than five members having risen:

The Budget

The Acting Speaker (Ms. Thibeault): Call in the members.

• (1845)

During the taking of the vote:

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Madam Speaker, I rise on a point of order.

The motion moved too quickly and we did not get up in support of the motion and it then reverted to the no. We wanted to register our vote in favour of the motion and it moved to the opposite side on the no vote before we had an opportunity to rise.

[*Translation*]

The Acting Speaker (Ms. Thibeault): Does the hon. member have unanimous consent of the House for the votes of the members of his party to be recorded now?

Some hon. members: Agreed.

[*English*]

(The House divided on the amendment, which was negatived on the following division:)

*(Division No. 96)***YEAS**

Members

Abbott	Ablonczy
Bailey	Benoit
Bernier (Tobique—Mactaquac)	Borotsik
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Brisson	Cadman
Casey	Casson
Chatters	Doyle
Duncan	Elley
Epp	Forseth
Gilmour	Goldring
Gouk	Grewal
Grey (Edmonton North)	Hanger
Harris	Harvey
Herron	Hill (Macleod)
Hill (Prince George—Peace River)	Hilstrom
Hoepfner	Jaffer
Johnston	Jones
Keddy (South Shore)	Kenney (Calgary-Sud-Est)
Kerpan	Lowther
Lunn	MacKay (Pictou—Antigonish—Guysborough)
Manning	Mark
Matthews	Mayfield
McNally	Meredith
Mills (Red Deer)	Morrison
Muise	Obhrai
Power	Price
Ramsay	Ritz
Schmidt	Scott (Skeena)
Solberg	Stinson
St-Jacques	Strahl
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Wayne	Williams—64

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Alcock	Anderson
Assad	Assadourian
Augustine	Axworthy (Winnipeg South Centre)
Bachand (Saint-Jean)	Baker
Bakopanos	Beaumur
Bélaïr	Bélangier
Bellehumeur	Bellemare
Bennett	Bergeron
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)	Bevilacqua
Bertrand	Bonin
Blondin-Andrew	Boudria
Bonwick	Brien
Bradshaw	Bryden
Brown	Calder
Bulte	Caplan
Cannis	Cauchon
Catterall	Chan
Chamberlain	Chrétien (Saint-Maurice)
Charbonneau	Coderre
Clouthier	Collenette
Cohen	Cullen
Copps	de Savoye
Davies	Desjarlais
Debien	Dhalliwal
DeVillers	Dromisky
Discepola	Duceppe
Drouin	Easter
Duhamel	Finestone
Eggleton	Folco
Finlay	Fry
Fontana	Gagnon
Gagliano	Gauthier
Galloway	Godin (Acadie—Bathurst)
Godfrey	Graham
Goodale	Grose
Gray (Windsor West)	Guimond
Guarnieri	Hubbard
Harvard	Ifitody
Ianno	Jennings
Jackson	Karetak-Lindell
Jordan	Keys
Karygiannis	Kilgour (Edmonton Southeast)
Kilger (Stormont—Dundas)	Lastewka
Knutson	Lebel
Lavigne	Leung
Lee	Longfield
Lincoln	Mahoney
Loubier	Maloney
Malhi	Marchand
Manley	Marleau
Marchi	Massé
Martin (LaSalle—Émard)	McGuire
McCormick	McLellan (Edmonton West)
McKay (Scarborough East)	McWhinney
McTeague	Mifflin
Mercier	Minna
Mills (Broadview—Greenwood)	Murray
Mitchell	Nault
Myers	Nunziata
Normand	O'Reilly
O'Brien (London—Fanshawe)	Paradis
Pagtakhan	Patry
Parrish	Perron
Peric	Pettigrew
Peterson	Picard (Drummond)
Phinney	Pillitteri
Pickard (Kent—Essex)	Proctor
Pratt	Provenzano
Proud	Reed
Redman	Riis
Richardson	Rocheleau
Robillard	Saada
Rock	Scott (Fredericton)
Sauvageau	Shepherd
Serré	Speller
Solomon	Steckle
St. Denis	Stewart (Northumberland)
Strahl	St-Julien
St-Hilaire	
Stoffer	

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Venne
Wappel
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Telegdi
Turp
Valeri
Vautour
Volpe
Wasylycia-Leis
Wilfert

PAIRED MEMBERS

Nil/aucun

The Acting Speaker (Ms. Thibeault): I declare the amendment defeated.

ADJOURNMENT PROCEEDINGS

• (1850)

[*English*]

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

BANKS

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Madam Speaker, in question period on February 2 I asked the finance minister what proof he could give the House that the monster merger between the Royal Bank and the Bank of Montreal would be better for small businesses, farmers and Canadian communities. I asked at the very least if he could promise it would not make things worse. The minister replied that the government had asked the task force on financial services to address service to small business in its deliberations.

His answer offers little reassurance to small business owners or farmers in my riding and in other parts of Canada. No one believes the task force should be allowed by the Liberal government to consider anything other than the interests of Bay Street and the agenda of the big banks. That is why the NDP has been calling for a parliamentary inquiry with full cross-Canada public hearings so the people of Canada can speak to elected MPs about their concerns regarding the bank merger.

It is pretty clear from the Canadian Federation of Independent Business study entitled “Credit Where Credit is Due” that small business is pretty close to fed up with the treatment it is getting from the big six. CFIB president Catherine Swift told the *Globe and Mail* that “the proposed merger between the Royal Bank of Canada and the Bank of Montreal is worrisome to small businesses because they want more, not fewer financial institutions to choose from. The prospect of reducing the already few players to even fewer is not a happy one”.

Eleven per cent of small business loan applications were rejected by banks last year. This is up from 9% ten years ago, a full 2%

Adjournment Debate

increase. Other studies show that only 3% of bank loans granted by the big six are under \$100,000.

In addition the CFIB found that small business loans are priced well above loans to their larger counterparts and the gap is widening. Big loans to big business equal small service charges to big business, whereas small loans to small business equal big service charges to small business. Is this fair? I think not.

The greatest problems for small businesses occur when they have to deal with the very high turnover in account managers at the big six banks. Many firms deal with three or more managers in as many years. This situation is unlikely to improve if the monster merger and others like it are approved. The banks seem to be more interested in chasing risky international commercial loans than in servicing their small business customers in Canada.

We have no reason to believe that foreign banks will provide any more than minimal staff in our country. Meanwhile the bank merger could cost up to 30,000 Canadian jobs.

The finance minister made the bizarre and quite desperate accusation that somehow the NDP has found new friends in the banks. As my leader said, he should look in the mirror. His party accepted a quarter of a million dollars in donations from the Royal Bank and the Bank of Montreal last year, and he himself received a tidy \$1,000 from Royal Bank chief executive officer John Cleghorn for his own campaign in addition to another \$1,000 from Nesbitt Burns.

The government can make some choices. It can choose to approve the monster merger and reduce competition still further or it can pass a community reinvestment act and require the Canadian banks to do their job and service the credit needs of small businesses, farmers and communities in our country. If these minimum requirements are not met, perhaps issuing a bank charter to Canadians who want to meet these national objectives should be looked at.

• (1855)

If the chartered banks will not do what they are supposed to do for Canadians under their charter, maybe their charter should be given to those who will.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, this government has supported and will continue to support increasing small business access to financing. However the CRA approach is not the only vehicle under which this can be done.

It is also important to assess the impact this legislation has had in the United States. Overall the legislation has been useful in raising U.S. lenders' awareness of their lending patterns by requiring data reporting and record keeping.

It is also not clear whether a CRA regime would be well suited to Canada. Unlike the regional and highly fragmented banking system in the U.S., we already have a national banking system that transfers resources from savers to borrowers in all regions of this

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country. My concern is that any policy that requires balancing of lending and deposits within communities could in fact serve to restrict rather than propel economic growth.

It is also important to mention that the House industry committee represented by members of Parliament from across this country has successfully convinced the banks to provide information, without the CRA legislation, on business loans by size, region and industrial grouping. We will continue to monitor this reporting to ensure that the banks continue to do their share in financing of small business.

On the issue of mergers which the member brought up as well, he talks about little reassurance being given by the finance minister and the fact that he calls for cross-country hearings. I would say and we have said time and again that this deal is on hold. It is going nowhere until we have had the opportunity to hear from the task force and Canadians have had their say on its recommendations.

Our bottom line is that in fact until the big questions are answered and unless this deal works for Canadians, it will not work at all. I cannot be any clearer than that.

Once again I thank the hon. member for his interest. I invite him to join the finance committee when in fact we go across the country to hear from Canadians.

FISHERIES

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Madam Speaker, on February 6 I asked the Minister of Fisheries and Oceans a question with respect to Yves Fortier who had just quit as Canada's chief Pacific salmon negotiator.

This is an issue which I have been deeply concerned about. This government has had four years to deal with it. As I stand here in my place and speak today, we are worse off than we were on June 2 when I was elected. I will not say that it seemed to be the height of the crisis because I think it could get even worse, but it was a very tough and difficult time for us, as has been the last four years.

We are worse off today than we were before. At the present time we have no negotiators acting on Canada's behalf. We have heard the minister make statements in recent weeks that they are waiting for the United States to contact Canada to resume negotiations. I would suggest that we have had over four years now, a time of waiting, and we have to get on with it.

The reason I asked the question about Yves Fortier is that he was the one person whom British Columbia fishermen had confidence in and he was acting on their behalf. He has now left and it is arguable why he left. I would suggest he left because the government did not give him the backing he needed. He saw no way out of the dispute without a commitment from this government.

Will the minister tell British Columbia fishermen how they can expect to have any confidence in this government when our negotiator had none?

This is a very serious issue. At present we are only a few months away from the beginning of the next fishing season and we do not have anybody representing our issues. We are not even in discussions. We are not in negotiations. Nothing is happening. Zero. Four years of nothing and it is going downward.

This government has to get on with it. This is a very important issue. Again I ask the parliamentary secretary what his government's plans are. When is the government going to act? When can we expect negotiations to resume? Does the government anticipate having this matter resolved prior to the next fishing season?

• (1900)

Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Madam Speaker, I wonder where this member has been for the last while. On February 23 I answered this very same question for the member for Sackville—Eastern Shore.

In any event the resignation of Mr. Yves Fortier as Canada's chief negotiator in Pacific salmon is a matter that we on this side admit is of great regret.

Since 1993 he has worked tirelessly to achieve an agreement with the United States to implement fully the provisions of the Pacific salmon treaty. His negotiating skills, as the member has mentioned and I agree with him on this point, and his dedication to the task have earned him admiration and the respect of ministers, government officials and, most important, Canadian fishermen.

Given the high regard in which Mr. Fortier is held, he is being done a disservice by those who have attempted to use out of context excerpts from his letter of resignation and put a negative spin on his views.

Mr. Fortier's letter to Ministers Axworthy and Anderson describes his experience as chief negotiator over the past five years. He assesses the current situation and he provides advice on the direction we should go. All Canadians share his frustrations on this point.

Mr. Fortier explains why an agreement was not attainable. Primarily it was the reluctance of the United States federal administration to insist that the United States regional interests honour obligations toward Canada under the treaty. This point comes as no surprise to anyone who has followed this file over the past five years.

Mr. Fortier's letter cautions that meaningful change in the United States negotiating position is unlikely. This remains to be seen, but no Canadian is under the illusion that we cannot achieve a negotiated—

The Acting Speaker (Ms. Thibeault): The hon. member for Sarnia—Lambton.

HIGHWAY SYSTEM

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): Madam Speaker, on November 25, 1997 I asked the question what are we doing as a government to prepare for the coming NAFTA super-highway.

We often have a habit in this place of saying “well, if it is highway it is not a federal responsibility, it is a provincial responsibility and don’t talk to us about it”. I must say I was very pleased to hear the minister’s response that there is an interparliamentary group working to ensure that we do monitor activities in the United States and that we are paying attention to this issue.

For those who are not familiar with this concept, the NAFTA superhighway is an American idea whereby they are going to build a trade corridor. This is not simply a transportation issue, this is an issue of trade between two countries. This is an issue which is of great concern in a number of border crossings in Ontario because highways are not just places where people drive trucks and cars these days, but they are trade routes. They are, by way of analogy, the railroad passage way of another era.

It is very important that we as a country, particularly when in southern Ontario at one crossing there are exports of more than \$200 million worth of goods per year, ensure that there is an adequate highway system. It is going to be more than a highway system, it is going to be a communications system. When these goods are exported or when goods are imported, it will be done in a timely fashion and there will not be interference. For Canadians this is a massive project for trade. Jobs and trade go hand in hand.

I am pleased to know that the government is monitoring this and that in the future the Department of Transport will be ready to move in concert with our American neighbours.

Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.): Madam Speaker, given the hon. member’s intervention, I guess there really is no need for an answer of any kind.

The hard working member for Sarnia—Lambton raised an important question concerning trade corridors in the national highway system. The member’s question demonstrates his keen awareness that transportation is a strategic asset that can drive a

Adjournment Debate

country’s economy. To capitalize on continental trade links we need not only the right rules and regulations, but we also need to have the right infrastructure.

Transport Canada certainly recognizes the importance of north-south trade corridors, but also the critical importance of their productivity with east-west highways. In this regard the department is currently working, as the member is obviously aware because it was stated in the House moments ago, with the provinces to update a national highway system study.

• (1905)

Highways in Canada are under provincial jurisdiction. Nevertheless, the federal government has assisted the provinces with highway construction since 1919. Future cost shared programs must consider highways important to our trade, whether north-south or east-west.

Federal departments are also actively promoting trade and traffic through co-operative efforts with counterparts in the U.S. to enhance the efficiency and operation of border crossing facilities. In this regard the federal government is well aware of and closely monitoring proposals being considered in the U.S. for funding in areas such as trade corridors and border gateways.

In summary, there are a number of cross-cutting issues which affect trade and transportation corridors. We must recognize that while there has been strong growth in north-south trade the east-west dimension remains critically important and we must co-operate in and co-ordinate the deployment of intelligent transportation systems in order to enhance trade and reduce congestion. We must pursue standards harmonizing under the NAFTA. Finally, we must explore the trade benefits which may be possible through the maximization of modal efficiencies and inter-modal linkages. There may also be important environmental benefits inherent in this total approach.

[*Translation*]

The Acting Speaker (Ms. Thibeault): The motion to adjourn the House is now deemed adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 7.06 p.m.)

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