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Tuesday, November 17, 1998

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Tuesday, November 17, 1998

The House met at 10 a.m.

Prayers

The Deputy Speaker: Is this agreed?

Some hon. members: Agreed.

ROUTINE PROCEEDINGS

• (1005)

[*Translation*]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 20 petitions.

* * *

[*English*]

COMMITTEES OF THE HOUSE

CHILD CUSTODY AND ACCESS

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the first report of the Special Joint Committee on Child Custody and Access.

The committee is requesting an additional two weeks' time to complete its final report.

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have the honour to present the 44th report of the Standing Committee on Procedure and House Affairs regarding the selection of votable items in accordance with Standing Order 92.

This report is deemed adopted on presentation.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

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

GOVERNMENT ORDERS

[*Translation*]

CANADA SMALL BUSINESS FINANCING ACT

The House proceeded to the consideration of Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses, as reported (with amendment) from the committee.

SPEAKER'S RULING

The Deputy Speaker: There are 16 motions in amendment standing on the *Notice Paper* for the report stage of Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses.

Motion No. 1 will be debated and voted on separately.

[*English*]

Motions Nos. 2 to 5 will be grouped for debate and voted on as follows. A vote on Motion No. 4 applies to Motion No. 5. Motions Nos. 2 and 3 will be voted on separately.

Motions Nos. 6 and 11 will be grouped for debate and voted on as follows. Motions Nos. 6 and 11 will be voted on separately.

[*Translation*]

Motions Nos. 7 and 8 will be grouped for debate and voted on as follows: an affirmative vote on Motion No. 7 obviates the necessity of the question being put on Motion No. 8, and a negative vote on Motion No. 7 requires a question being put on Motion No. 8.

[*English*]

Motions Nos. 9 and 10 will be grouped for debate and voted on as follows. A vote on Motion No. 9 applies to Motion No. 10.

Motion No. 12 will be debated and voted on separately.

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[Translation]

Motions Nos. 13 to 16 will be grouped for debate and voted on as follows: an affirmative vote on Motion No. 15 obviates the necessity of the question being put on Motion No. 16, and a negative vote on Motion No. 15 requires a question being put on Motion No. 16. Motions Nos. 13 and 14 will be voted on separately.

I shall now put Motion No. 1 to the House.

• (1010)

MOTIONS IN AMENDMENT

Mrs. Francine Lalonde (Mercier, BQ) moved:

Motion No. 1

That Bill C-53 be amended by adding after line 22 on page 2 the following new clause:

“2.1 The purpose of this Act is to increase the availability of financing of small businesses, which would not otherwise have access to financing.”

She said: Mr. Speaker, I would point out that the Bloc Québécois voted for the principle of the bill.

We thought it would reform the situation so SMBs would have more ready access to the government guaranteed capital they need but would not otherwise have access to under the usual credit requirements. That was our understanding. This in fact is what the minister said initially when he introduced the bill.

Oddly enough, this bill, entitled an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses, contains no provision stating that this is indeed the intent of the bill. Given this obvious discrepancy, the Bloc Québécois decided to propose an amendment indicating clearly the purpose of the bill.

The Canadian Federation of Independent Business, the main voice of small and medium size businesses needing financing, repeated to us that the bill should make it easier for small and medium size business to obtain funding. The president of the Canadian federation stated at a press conference a few months ago that 29% of businesses reported having great difficulty obtaining credit. Very small businesses and new businesses have the hardest time getting this financing.

A number of Bloc Québécois members conducted a survey among small and medium size businesses. Out of the more than 800 small businesses that replied to these seven members, 89% said it is difficult or very difficult to get financing. Yet, the Canadian Federation of Independent Business feels that, because of the greater competition generated by the active presence of the caisses Desjardins, the level of satisfaction in Quebec is high.

This means that accessibility is the main problem. Given that the act is entitled “an act to increase the availability”, it must provide, in its body and not only in the regulations, that such is its purpose.

We are in no way saying that lenders should not be serious, on the contrary. But all of us here know that it is always easier to lend to a well established business whose profitability has been recognized for years, than to entrepreneurs who are just starting up, who have put all the winning conditions on their side, but who have to prove that theirs will be a profitable venture.

• (1015)

Therefore, we hope all members will support this provision. Otherwise, given that a whole part of the act will now be included in the regulations and thus come under the exclusive authority of the minister, there is a risk that not only will the act fail to increase availability of financing, but that it will in fact reduce such availability. I am convinced that no one here wants that to happen.

We know that small and medium size businesses create jobs. We will go back to the need to look at this capability, which has been recognized by everyone. But if these businesses are to continue to create jobs, they must have access to the credit they need.

It is not normal to have so many small and medium size businesses find such access either very difficult or difficult. However, we can understand why when we look at the sectors in which they operate. There are some sectors where it is easier. A new optometrist setting up a business is likely to obtain credit fairly readily. It can, however, be very hard for a small business involved in the production sector or high risk sectors such as new technologies.

Government loan guarantees ought not to apply only to loans to businesses that would have obtained them anyway. Nor should they lead banks to assume bad risks. That is not what we are saying. However, we are saying that, given appropriate careful consideration, small and medium size businesses must have access to credit.

According to some people, things are getting easier. Credit is even available on the Internet from a certain bank. But it must be pointed out that ING bank, the one referred to, charges a far higher rate of interest and, according to what we have been told, loans only to businesses with proven profitability.

What I am trying to say here is that this bill is indispensable, because some businesses would not otherwise have the necessary credit to develop, to create jobs, to continue in operation, and sometimes to grow significantly. We support this bill because we are aware of how important it is, but its purpose must be clear. That is what the Canadian Federation of Independent Business has told us on numerous occasions.

I do not want to call on people's sympathy, but we need to know just how risky it is for an entrepreneur to launch a business. In

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French we say “launch themselves”. I am not sure how that comes across in translation, but there is a reason for saying “launch themselves”. It shows the big chance the entrepreneur is taking. He puts all of his energy into it, often investing everything he, his family and friends have been able to accumulate with great difficulty. It is therefore important, when he has done everything possible for himself, for him to be able to have access to a guarantee so that he may obtain a loan that would otherwise not be available to him. I therefore invite my colleagues to support this amendment.

• (1020)

I repeat, 80% of the small businesses surveyed by us say that this guarantee must apply to businesses that would not otherwise have access to financing.

I hope, speaking for small and medium size businesses, that this House will agree to having the content of the title reflected in the bill itself.

[English]

Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, it is a pleasure for me to have the opportunity to speak to this motion.

During debate of this bill in committee a lot of the discussion centred around the same thoughts as put forward by this motion. The motion says very clearly that the burden of proof will now be on small businesses to prove that they have gone elsewhere and were totally rejected. From my understanding, only those who have been totally rejected will then be able to apply under the program.

At the present time we have an incremental amount of about 56%. This was talked about in the report and in the auditor general's report.

The wording of the proposed amendment would create a program of 100% incrementality. I know we continue to move in that direction. There is always a desire that the Canada Small Business Financing Act be applied to small businesses in high risk areas in order to start new types of businesses and expand small businesses. I have a concern about this motion making it 100%.

The auditor general on numerous occasions has expressed the fact that the more the program is opened up and the more we insist on incrementality, the greater the losses are going to be. A balance is required to be struck when we have a program like the Canada Small Business Financing Act and the intention of the government to have a full cost recovery over time. The proposed amendment would limit the goal of achieving cost recovery over the 10 year life of loans under the program established in 1995.

Industry Canada will continue to monitor the incrementality and the cost recovery through independent studies to ensure that these two elements remain in balance.

I know the members of the standing committee who have debated this bill very thoroughly are very concerned about having proper statistics and data on an ongoing basis. Although the bill insists on a review every five years, the Standing Committee on Industry will be bringing this up on an annual basis in order to make sure we have good reports and understand what needs to be done.

Approving Motion No. 1 which would force 100% incrementality starting with this bill next April would not be fair to the small businesses across Canada that continue to seek small business loans because of their high risk factor. We want to protect the new small businesses coming on stream and those that want to expand.

I would suggest that my colleagues not support Motion No. 1.

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Mr. Speaker, the official opposition is opposed to this motion but for reasons somewhat different than those of my hon. colleague from the Liberal Party.

• (1025)

Essentially the motion states that the purpose of the act is to increase the availability of financing to small business. That is a noble thing and something certainly we in the Reform Party would all like to see because we favour any measures that would assist small businesses.

The point is that this entire approach, an act, a government band-aid solution to a problem, is not the answer. Businesses have a problem in financing their enterprises right now, but the reason is not because of a lack of a government program or an inadequate government program. The reason is much deeper and more far reaching than that. It is because of government mismanagement of the entire economy in general, but specifically because of the high taxes individuals and businesses are subjected to.

For example, the employment insurance premiums are fully one-third over and above the break-even point of the EI fund. That places a great burden on businesses. The average Canadian worker pays \$350 a year over and above the break-even point of the EI fund. The average employer pays \$500. Per employee, per working Canadian, that is \$850 over and above the break-even point of the EI fund. What does the government do with that money? It spends it on programs, useless, meaningless programs, I might add, grants and giveaways to special interest groups, subsidizing things like VIA Rail, CBC and on and on.

Mr. Dennis J. Mills: What is wrong with that?

Mr. Jim Pankiw: Mr. Speaker, I was just asked what is wrong with that. I would like to explain what is wrong with that.

In September a constituent of mine called me and said “I work a 9 to 5 job. I make \$30,000 a year. I have a wife and three kids. The

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fellow who lives down the street from me is on welfare and makes more money than I do. Explain that to me". I said that first I would have to verify this and told him to send me his tax returns. I verified his income and his monthly take home pay after taxes. I checked with social services in Saskatchewan as to what an individual in the same circumstances would be making.

My constituent was not quite right. He is \$220 a month better off than if he were living on welfare. But he has to drive to work every day. He has to put gas in his car. He has to maintain his car. Not only that, on social services a person has full medical benefits which are not available to ordinary working Canadians.

That is the point. This country's tax system is so repressive that people do not have a reason to go to work. They are better off to sit at home on welfare. It amazes me that the Liberals can sit over there and somehow justify that or think it is okay. Not only does the excessive taxation result in a situation where people do not even have the incentive to go to work any more, but it is affecting businesses.

I used the employment insurance fund as an example. Fully \$5 billion a year is taken over and above the break-even point of the EI fund and dumped into government spending programs. That is what is wrong with those spending programs. The gentleman asked what was wrong with financing CBC and VIA Rail. In a utopian perfect world it would be great if we could finance a railway and have a wonderful state-run broadcaster. But in the reality of today's world, in the reality of the extremely high taxes that it takes to fund those types of things, the consequence is that we have tax system so repressive that people are better off to sit at home on welfare than they are to go to work.

That is what is wrong with those programs. That is what is wrong with a government that spends far too much money and involves itself in far too many programs in areas where it has no business being.

• (1030)

I get back to the small business financing act. If the Liberals would just downsize government, get their little fingers out of every program they want to devise and spend our tax dollars on, and cut taxes, we would not need a government program to cover up or try to be a solution for the problem created by their high tax regime. That is so simple yet they do not understand it.

The Reform Party would drastically downsize government. At the same time we would focus spending on areas that matter like health care and education. We would increase funding to those areas. We would substantially cut government spending so Canadians would pay less tax and would have reason to go to work because they would have a lot more take home pay. They would be able to finance their business enterprises much more effectively.

The problem is not access to more debt. This program purports to assist businesses in putting themselves further in debt. The problem is access to their own equity. The government is taking all the profit in the form of taxes. That is the problem.

The answer is not a government program that provides a taxpayer backed guarantee to businesses that cannot gain financing. The answer is to cut EI premiums to the break even point. The answer is to cut the size of government and to lower income taxes and capital gains taxes so there will be venture capital and businesses will have more equity. In turn they would have no problem financing their business ventures.

There is a fundamental principle that Liberals do not understand. A dollar left in the hands of an entrepreneur, a consumer, an investor or an ordinary Canadian citizen is far more productive than that same dollar being taxed out of their pockets and sent off to Ottawa to be administered by a bureaucrat, a lobbyist or a politician. That is a very simple fact but the Liberal government does not get it.

Maybe I do not give the Liberals enough credit; maybe they do get it. They are so wrapped up in their world in Ottawa, in their bureaucracy, in the big leviathan they have created that they have lost touch with reality. They do not address the true problems.

If that were not true, how could they possibly be contemplating raiding the employment insurance fund? That fund was paid into by workers and employers for the insurance of employment, but the Liberals cannot resist getting their greedy little hands on that money and diverting it to places where it does not belong and violates the law of the employment insurance fund. In order to do that they will have to change the law, and they will.

Canadians need to oppose that. Every working Canadian and every employer in Canada must understand they are being ripped off, that it is unfair and that it is harming them. It is harming the economy and it is harming business.

The motion is noble in the sense that it states the purpose of the act is to increase the availability of financing to small businesses. I agree with and support that statement, but the way to do it is not through yet another government program. The way is to get government out of people's lives, to downsize government and to cut taxes so businesses can truly have access to more of their equity and therefore to more financing. The answer is simple. I implore the Liberal government for once to open its eyes to that fact and to do what is right.

• (1035)

Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP): Mr. Speaker, it is amazing what Ottawa does to people. My friend from Saskatoon—Humboldt talked about the Liberals never leaving Ottawa or being captivated by Ottawa. I do not mean

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this in any personal way to my friend from Saskatoon-Humboldt, but members of the Reform Party came out yesterday with the comments that they have decided to support the bank mergers. I wonder who on earth they would have spoken to in the country to come up with this conclusion.

An hon. member: Where did you read that?

Mr. Nelson Riis: That is what I heard, that members of the Reform Party said they would like to have some more competition in banking.

An hon. member: That is the point. We need more competition.

Mr. Nelson Riis: However the competition is not coming so in the meantime it should be no to bank mergers. Talk about somebody being seduced by Ottawa, being captivated and overcome, or being Ottawa-ized. It is something like being customized or whatever.

Something else puzzles me. My friend from the Reform Party says if we had the perfect world, as the Reform Party would describe it, we would not need this legislation. We do not have the perfect world and we probably will not have the perfect world by the end of the week, by the end of the year or even next year. My friends from the Reform Party would have to agree that their perfect world will not happen soon, but in the meantime should we do absolutely nothing to help the small business sector?

An hon. member: Absolutely. Reduce taxes.

Mr. Nelson Riis: My friend is saying that we should do absolute nothing. The point is they are not the government but they say we should have a perfect world. Soon my friends in the Reform Party will say we do not have the perfect world but we should do away with pensions. In a perfect world we probably would not need pensions or a medicare system. We do not have a perfect world and that is why we have governments.

What does the legislation do? Is it new legislation? No, it is not. The legislation has been around for a long time. Some time ago somebody acknowledged the fact that a lot of creative small businesses, real entrepreneurs, people with good creative ideas could not get financing from traditional lending institutions.

The banks would not listen to them. The banks could not care less about a young person with a great idea. The banks or financial institutions could not care less about a new entrepreneur who arrives with creativity and energy but could not get financing because he did not have the capital to put up for security or because he was too creative. The government of the day had to come up with something.

It asked what it could do to encourage financial institutions to support people who create things, lead the way, are on the cutting

edge and build the country. What could it do? The banks were not being helpful.

The government introduced the Small Business Loans Act. Basically the legislation said that if one had difficulty accessing financing from traditional lending institutions the government would provide support in terms of a guarantee. If the bank felt that a group in its judgment was too risky, we would share in the risk, society and the bankers or society and the lending institutions.

We have talked to small business representatives, individuals and the Canadian Federation of Independent Business. We have asked what they think about the program. They say their members like it. I recognize they only speak for 90,000 small business people.

A small business organization from Halifax to Inuvik to Victoria could not be found that would not say it liked the program. Most federal government programs are bogus when it comes to helping small business. I am prepared to say that most programs are fluff. Most programs sound good but do not work. There are two or three that work well and this is one of them. That is why I cannot understand my friends in the Reform Party saying they do not support it. It is a mystery how they can say that.

It is fair country. It is a free country. They can support what they want but it mystifies me. I ask the next Reform speaker to explain in some detail why they do not support it. I realize that they say if we had a perfect world we would not need it. We do not have a perfect world. We will probably not have a perfect world for another few weeks or months or years or decades.

• (1040)

An hon. member: Two and a half years. After the next election, with the Reform Party.

Mr. Nelson Riis: My friend from Saskatoon—Humboldt is in the wrong profession. He belongs at Yuk Yuk's on Friday and Saturday nights. He is a stand-up comic. He said the Reform Party would form the government in the next election. This is the ultimate form of hilarity and comedy. He is a great speaker, but he is in the wrong place. He will have great audiences at Yuk Yuk's.

New Democrats will support the amendment. It goes to the crux of what the legislation is all about. The legislation is about helping small businesses but not any small business. If a well established small business that has been doing well for a number of years wants to expand into a new area, getting support from the financial sector is not a problem.

My friend from Regina—Lumsden—Lake Centre has been a small business operator. He has been liaising with the small business community from coast to coast for many years. He would concur with what I say. For many small businesses accessing capital is not a problem. For others it is a problem, particularly the

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sector we want to see expand and build. I am referring to new businesses, young businesses that reflect the emerging new economy of the country. They are often a little short of hard assets and have difficulty accessing funding.

The amendment acknowledges that group. It acknowledges people who would otherwise have difficulty accessing financing. I am not referring to small business individuals who can easily access financing. They do not need help. It is the ones who have difficulty accessing funding.

This is where I differ from the parliamentary secretary. Why not make the legislation exclusive and have it available only for small businesses that cannot get funding elsewhere and help them particularly? All of those that would normally get bank loans anyway do not need the help. They could probably get loans at a lower rate.

Why not make the legislation available only for business entrepreneurs, business investors and creative people who simply cannot find financing through traditional agencies? We as a society want to see these folks expand and grow and to see our economy grow. When the economy grows, jobs grow, the economy prospers, the tax flows in and the country gets to be a better place. That is what it is all about. That is what the legislation is all about. That is why the amendment makes a lot of sense to me. The auditor general has reminded us from time to time that was the problem and the amendment acknowledges it

I beg my friends in the Reform Party to change their position on the legislation. To my knowledge the Bloc Québécois supports it. I think the Conservatives support it. Presumably the government supports it because it is behind the initiative. We in the New Democratic Party support it. We need to send a signal to small businesses and say that we are behind them. We want to particularly help small businesses that cannot access financing from traditional sources.

I ask my Reform friends to get behind parliament and join with us to say that the small business sector is where the action is. The small business sector is where the jobs are being created. We are behind small businesses 100%. We want to support them. We want to encourage them. We want to nurture them. That is why we should all be supporting the legislation with enthusiasm.

[*Translation*]

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Mr. Speaker, I am pleased to address Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses.

• (1045)

Government members should support the amendment proposed by the hon. member for Mercier, since the title of the bill itself

states that its purpose is to increase the availability of financing of small businesses.

The hon. member for Mercier proposes that this financing program apply to businesses that would not otherwise have access to such financing. This would allow increased financing to businesses that are in trouble. I do not understand why the Reformers seem to disagree with this amendment. They said repeatedly in this House that the act should apply only to businesses that would not otherwise have access to financing. This is precisely what the hon. member for Mercier is proposing in her motion.

Businesses that have access to the financial and banking institutions' regular program do not need this legislation to get financing. In fact, it would not be to their advantage to use this program, since the interest rate charged to businesses is 3% higher. Therefore, it seems that businesses should use the other types of loans offered by banking institutions. As a rule, the government should not take the place of banking institutions that play a role in the economy.

Reformers who support that view should realize that the banks would only be too happy if this were the case. For once we agree, to some extent, that we should leave it to banks and financial institutions to deal with regular loans, as they do a fine job of it. In my mind, banks include the caisses populaires, because half of the loans made in Quebec went through the caisses populaires.

I will let the Reform Party clarify their position. However, as far as I am concerned, they are contradicting themselves. They seem bent on an ideology where government should completely withdraw so that individuals have so few taxes to pay, if any—not no taxes whatsoever, as government would disappear—or play such a diluted role that its presence would be insignificant.

Not surprisingly the NDP believes that government should take action in a number of areas, including small business. In Canada, 98% of all businesses are small businesses with fewer than 100 employees—and the percentage may even be higher because the statistics are not necessarily up to date—yet they account for 45% of all job creation.

There is much talk about large corporations. That is fine, but large corporations do not need such a program. They have access to other financing sources. This program is suited to the small and medium size businesses that lost significantly fewer jobs than larger ones did during the recession, in the early 1990s, and created a significantly larger number of jobs in the following recovery.

Small businesses ought to be encouraged, on account of the various sectors they are involved in within the global economy. I am thinking of the agri-food industry, for example, including fisheries and forestry; in Quebec, 90.1 % of this industry is controlled by small and medium size businesses. The forestry and agri-food sectors are active in the various regions.

As the Bloc Québécois critic for regional development, this program to enable small businesses—especially in the regions, outside large urban areas—develop, have access to financing and create and maintain jobs for people in the regions, especially young people, is of great interest to me.

• (1050)

The Conservative member for Chicoutimi, whom I saw just now, knows what I am talking about, when I refer to the Saguenay—Lac-Saint-Jean region. We have all kinds of problems in keeping young people in the region. Who does most to keep them in the regions? Small business, the target of this program.

In the construction sector, 88.2% of jobs in Quebec are in small and medium size companies with fewer than 100 employees. In the real estate sector, 73.6% of businesses are small and medium size. In the wholesale sector, 66% of jobs in Quebec are in small and medium size businesses. In Quebec, in the retail sector, which is important in rural municipalities, in small municipalities or in big city neighbourhoods—small businesses are the ones closest to the population and provide more personalized services—59.7% of businesses are small and or medium size. Also, 53% of the companies providing services to other companies are small businesses.

For a bill to be a good one, it must meet several criteria. It must be recognizable by its title. We agree with the title I read earlier. This is a bill to increase the availability of financing for small businesses. A title is all very well, but a bill must be real, must go beyond a mere title. Its clauses, its content and its regulations, if possible, must go with the title.

Suprisingly, in this case, while the purpose of the bill is to increase financing, not a single clause—I have read and reread them, because I am a member of the Standing Committee on Industry, where we studied the bill clause by clause—is consistent with the purpose. That is why the member for Mercier and I are requesting greater access be provided for those really needing it, those who would not otherwise have access to the regular bank financing programs. The government must give them its endorsement, because the government is not doing the lending. People have to understand, this is about guarantees of financing. The government is a guarantor, with restrictions and with control.

That is the role of the executive. It may not be the role of the legislators, but it is the role of government, through the executive, specifically the minister and his officials, to ensure that the banks see to that.

So that is why this has to appear in the bill. We will talk more about it when we consider the other amendments, those proposed by the government and the Reform Party, which are intended to add controls and restrictions and which serve to cut the program that

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existed in the past. We in the Bloc Québécois want a better law, one more appropriate to the objective. This law must make financing more available and not reduce it, limit it or make it unobtainable.

The act includes so many conditions that, in the end, financial institutions may decide to make financing available to businesses that present no risks, but that could have access to other sources of financing. I find it very contradictory that this would be done in the context of a bill. Our objective is a good one and we are acting in good faith. When the bill was introduced in the House, we agreed with its principle at second reading. We still do, but we are now a little suspicious and sceptical, because we realize that the amendments proposed by the Reform Party would in the end restrict the scope of the bill.

We oppose restricting access to financing for small businesses. Rather, we would like to see such access increased. I hope the government will listen to our representations and realize that our proposals are in line with the bill. Our amendment, which was accepted by the clerk and by the Chair, is consistent with the bill and this brings to a close—

• (1055)

The Deputy Speaker: I am sorry, but the hon. member's time is up.

[*English*]

Mr. Dennis J. Mills (Broadview—Greenwood, Lib.): Mr. Speaker, I always enjoy having the opportunity to speak in the House on this bill. It was the first or second small business bill that I ever spoke on when I was in opposition.

When I was a member of the opposition it was the first time that our party supported the Conservative government's amendments to the Small Business Loans Act. Support was unanimous at that time and we put the bill through the House in a day. When I listen to the Reform Party saying it is not supporting this bill, I am absolutely mystified.

A Reform Party member said in his speech concerning the realm of taxes that taxes are so repressive in this country. That is the issue. On that point I support the member. If the Reform Party had any consistency or any real commitment to some of its core public policy thoughts it would help create a real debate on the issue of tax reform. It has been the most inconsistent, on again, off again attempt to try to advance the debate on tax reform that I have ever seen in the House. To try to weave something to do with tax reform into a small business act is a non-starter.

Eighty per cent of the new jobs created today come from small business men and women. This is the entrepreneurial energy, this is the realm where we get people rolling up their sleeves and doing a hard, honest day's work. This is not the realm of paper pushing. This is not the realm of speculating on our dollar. This is the small

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business realm which is carrying the country right now. Any attempt to reinforce the small business realm has to be supported.

I am happy to see the Bloc Québécois, the Conservatives and the NDP member for Kamloops, who is responsible for building linkage with the business community, supporting this program; everybody in the House but the Reform Party.

The Liberal Party founded this legislation some 26 years ago under the leadership of Prime Minister Pierre Elliott Trudeau. We are happy to continue to be the warriors for small business.

An hon. member: Say it with a straight face.

Mr. Dennis J. Mills: I can say it with a straight face. It is the same with bank mergers. I hear today that the Reform Party is now supporting the bank mergers. Can it honestly believe that a further concentration of power for banks will be beneficial to small business?

• (1100)

The Reform Party is now supporting the bank mergers.

The reason we had to get into the Small Business Loans Act in this country was because the banks were not taking on the challenge of helping young people with ideas to create new businesses. That is the purpose of the Small Business Loans Act.

It is a risk loan. There is no doubt about it. But look at the loan loss in the Small Business Loans Act file for the Government of Canada. In relation to the number of jobs created and the benefits, it is minimal. Yet today we hear Reform members saying that they will stand in their communities and say to all the small businessmen and women that they do not support the Small Business Loans Act. I cannot believe it, but that is the position that party has taken.

When the Reform Party came to the House I will never forget the opening remarks of the leader. He said "We are going to bring a new sense of decorum to the House of Commons. If we see legislation that we feel is constructive, we are not going to oppose for the sake of opposing. We will get up, we will support it and we will speak about that legislation in a positive way".

This is a piece of no-brainer legislation. It is legislation that is very much motherhood, and the Reform Party, for the sake of political expediency, is slowing down the process of putting Bill C-53 through the House of Commons. This bill should have been through the House of Commons, all three readings, a month ago, but instead we have the Reform Party slowing it down. The Reform Party is putting a drag on small business in this country.

The Liberal Party will continue to be the warriors for small business in this country.

Mr. Roy Bailey: Tax, tax, tax.

Mr. Dennis J. Mills: Mr. Speaker, there is a member of the Reform Party saying "Tax, tax, tax".

Let me say to the Reform Party that we are three weeks away from the Christmas adjournment. We are about five weeks away from the budget of Canada being locked in, which will be presented during the first part of next February.

I am a passionate believer in comprehensive tax reform. I was hoping that the Reform Party would focus and get some constructive debate going in the House on tax reform. Where have those members been? They stand up the odd time and say "tax reform", but when was the last time they had an opposition day in the House on tax reform? When was the last time in question period they put 8 or 10 questions together on tax reform? They hit it now and again, sporadically.

Those people over there are not interested in tax reform in a substantive way. They throw it out now and again as though it were some kind of policy gimmick.

To talk about tax reform when debating an amendment to the Small Business Loans Act is a diversion and we will not be suckered by it. The legislation will go forward.

Do not mix tax reform with the Small Business Loans Act. Any day that the Reform Party of Canada wants to have an opposition day, or any kind of debate on comprehensive tax reform, I will stand in the House and support that type of debate.

• (1105)

To mix tax reform with the Small Business Loans Act amendment, when this is the backbone of the economy of this country, is just wrong. I stand here proudly and happily behind my parliamentary secretary in amending this act.

Mr. Jim Gouk (Kootenay—Boundary—Okanagan, Ref.): Mr. Speaker, I am very pleased to stand this morning to debate report stage of Bill C-53. I certainly had some things to say about this bill, but I now have much more since hearing the last couple of speakers.

I would like to start by addressing a comment made by the hon. member for Broadview—Greenwood that Reform supports bank mergers. The reason we have trouble having meaningful debate in this House is because hon. members across the way and sometimes down the way like to take the smallest grain of truth and twist it, distort it and re-organize it until it says something completely different than what it was clearly intended to say.

I will give them the benefit of the doubt. Perhaps instead of deliberately misrepresenting it they are just sort of buried under by the bull that comes from their own side and consequently they make an honest mistake.

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The hon. member put out a blanket statement that Reform supports bank mergers. What he forgets is that there was a long, long caveat involved. We said that if the banks opened themselves to more competition and showed that there would be benefits for small business and other people, then we were prepared to look at it.

How he got from that position to the blanket statement that we support bank mergers defies imagination.

Mr. Dennis J. Mills: Mr. Speaker, I rise on a point of order. I want to put it on the record that what I said I believed to be the truth. I apologize to the Reform Party. I did not realize that its support of the mergers had a whole list of qualifications. I am sorry I did not add that list of “maybe”, “could be”, “might be able to support”—

The Deputy Speaker: I am sure the hon. member’s comments are appreciated, but I do not believe it is a point of order.

Mr. Jim Gouk: Mr. Speaker, the member’s comments are indeed appreciated. It is very gratifying to see that no matter which side of the House we are on we recognize the attributes of others.

Concerning the opening statement made by the Leader of the Opposition when we first came to Ottawa, I too said “I am not here to oppose for the sake of opposition. If they come with good legislation I will support it. If it is not as good as it could be I will try to offer constructive alternatives”. That is what we are here to do.

I would also like to address the comments made by the hon. member for Kamloops, Thompson and Highland Valleys, comments which must seem at first to anyone viewing this debate as a paradox. Here we have on the one side members of the Reform Party, people who are clearly on the side, amongst others, of small business, the engines of the economy of our great country, and on the other side we have a representative of the socialist workers’ paradise party speaking out on behalf of business.

We would be hard-pressed to understand where he was coming from if we did not realize that he holds the only socialist seat in the interior of British Columbia. Every other seat in the interior of British Columbia, a vast province, is held by the Reform Party. He is the last holdout so, naturally, he has to align himself with those who would support Reform in his own riding because his strongest and best competition is going to come from the Reform Party.

I certainly want to address the comments made by the hon. member for Kamloops, Thompson and Highland Valleys, as well as the comments made by the hon. member for Broadview—Greenwood as to why we think, although we strongly support small business in particular, there is a problem with this bill and the whole approach that was taken to it.

Do we support small businesses having better access to money? Of course we do. We just question whether they should have access to their own money that is being taxed away from them in a variety of different ways or whether they should have to go to the bank to borrow money to pay the taxes that the Liberal government has imposed upon them.

• (1110)

I would like to give one specific example. I have done it before in a different context, but I would like to do it today for the edification of these members and others who might be listening to this debate.

Before I was elected to parliament I was a small business operator. When the CPP tax adjustment, the most incredible tax grab this country has ever seen, was brought in, I tried to make a comparison. How would that have impacted on me had I still been in business? I was, I think, a fairly typical small business operator.

I operated a small residential construction company. I had some people who worked for me full time. I had some people who worked for me part time, on an as need basis, as the various components of the house construction came due. I sat down and analyzed it and I decided that, realistically, I had approximately 10 full time equivalents between my full time people and the number of hours that were put in by the various part time people. Ten full time jobs. The Canadian pension plan tax increase works out to about \$600 a year per worker. As the employer I have to pay my side of that, which is \$600 for me. That is \$6,000.

I used to build about 10 houses a year. My profit for house building was about \$6,000 a house. If I built 10 houses, my profit was \$60,000. Of course, I had expenses. This tax adjustment increased my costs by \$6,000. It represented my profit on one of those houses. Actually, it was not even 10 houses. I built eight houses a year. It has been so long since I have told this story about the CPP tax adjustment that my business has grown, although I have not been there. It was eight houses a year. One of my eight houses I would have to build for the Liberal government. It was profit out of my pocket.

Then came the workers’ side. I know my workers very well and I know that under these circumstances, had they still been working for me, they would have come to me and said “Listen, we know that the economy is not right, that you cannot give us a big raise, that you are not raising your prices to customers because, if you do, we simply will not be selling houses and we will not be working. But we cannot afford another cut in pay. So we need enough of a pay raise to cover the \$600 increase in this payroll tax”.

If I did that, which I certainly would try to do for those workers, it would mean \$600 per worker, multiplied by 10, which would equal \$6,000. That is my second house. That is 25% of my gross

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profit just to pay the increase in one payroll tax. It is not even to pay the whole payroll tax, the entire CPP, it is just to pay the increase. It would cost me 25% of my gross income.

Why do we oppose this bill? Because this bill, instead of addressing those very serious problems, says to small business "Yes, we have overtaxed you on your employment insurance premiums. We are hiking Canada pension plan premiums. We are doing all kinds of other things, but we are going to save the day. We are going to come up with legislation that will make it easier for you to borrow money to pay us". That is why we oppose this provision of the bill and in fact the whole approach the government has taken to the bill.

Should it be easier for small businesses to get access to funds they need? Yes, it should be. Any bill that does that in a realistic manner should be seriously looked at and considered. But we have to approach it with the concept of why they are borrowing the money in the first place.

If I have lost, as one small businessman, 25% of my gross income because of the increase in a single payroll tax hike, then we have a different problem. The solution to that problem is not to make it easier for me to borrow money to pay my taxes.

I hope the hon. member will consider it from that point of view. It is said to him and to all other people in the House and beyond in the most sincere manner. We have a problem in this country. Small business has a problem. Helping them to get further into debt to deal with this problem is not the way to solve it.

• (1115)

I hope that he will work with us in a very non-partisan way to deal seriously with the real problems that small business has and to find a realistic way out of it.

As he knows by the debt crisis the country faced and is starting to find ways out of, the way to solve our problem as a nation and as a government in whole is not to foist it on someone else, it is so that we can all do better together.

I know the hon. member is grateful for the information he has just received. I know the member has other points of view that will counter. We can go off on tangents all over the place and say this does not agree with that. We need a starting point. Today we are debating government's helping access for small business to borrow money. That is the point of view we have to start from. That is the point of view we have to stay on today. I hope all Liberals will reconsider their position in light of the facts that have just come out.

[*Translation*]

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, I am pleased to

speak to this bill, because its topic is, of course, of interest, and besides the kind of business addressed by this bill is worthy of attention.

What do small businesses mean to us in Quebec and in Canada? These are our corner stores, our hairdressers, our professionals, our dry-cleaners, our restaurant owners, our small manufacturing businesses with three, four or five employees, very small businesses. I believe it is our duty as MPs to take advantage of this opportunity to congratulate them for their labours.

Because they are so much a presence in our daily lives, we are not always really aware of them. When buying a paper, taking shirts or suits in to be cleaned, going to our dentist, we tend not to realize these men and women work very long hours and have a multitude of problems to deal with.

They are always asking themselves: How will I make the money last 'til the end of the month? How can I gain a bigger market share? Can I afford to buy out my competitor? Do I need to think about a strategy agreement with the competition? What am I going to do? Sales are not picking up enough, and the bank is pressuring me.

We all know how the banks operate these days. The six major banks are making billions in profits. As we say in Côte-de-Beaupré, when it's time to pull the plug, so long! You are reminded of your payments, and then you go belly up taking with you one, two, three or five employees with their families, parents, who do not qualify under existing employment insurance regulations. It is a one way ticket to poverty. That is the reality of small businesses.

I think we should take this opportunity to congratulate and thank them. There are some in my riding. I know because I go there regularly. Last week, we were on parliamentary recess, but we were not on holiday. Even though Parliament was not sitting, I am sure that the 301 members in this House did not treat themselves to a week of holidays doing nothing. We worked in our ridings, and I respect parliamentarians for this. I am sure all 301 MPs worked hard last week.

• (1120)

When we are not sitting here, we are working in our riding. Since we in the Bloc Québécois are sure the Parti Québécois will be returned in the November 30 election in Quebec, we took the opportunity to meet people and talk with our constituents.

I would like to pay tribute to these business people, to the SMBs in Beauport, Côte-de-Beaupré and Île d'Orléans, in the tourism sector and in all other sectors.

In order to determine the Bloc Québécois' position on this bill—I think all observers recognize that we are not interested in conventional politics—my colleague, the member for Mercier and

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Bloc critic for industry, developed and sold to caucus a survey to be sent to small businesses to get their opinions on certain matters.

The 45 Bloc members in caucus could simply have said “We think it should be put this way”. We wanted to consult and hear from those concerned about the topic, those on the front line. We developed a survey, and in my riding of Beauport—Montmorency—Côte-de-Beaupré—Île-d’Orléans we are doing the final compilations. I have received some 70 or 75 responses. I want to thank all of those who took the time to fill out the questionnaire.

It was most useful. As my colleague, the hon. member for Mercier, mentioned earlier, I think we have received more than 1,000 questionnaires, perhaps as many as 1,200 by now, and they keep coming in.

I hinted at the problems faced by business people; they do not always have the time, when they receive a letter from their MP, to immediately sit down and fill in a questionnaire. They set it aside until they have a minute available, often at the end of a long day. The owner of a convenience store that closes at 11 p.m. may get around to this kind of thing around midnight or 1 a.m. They must be commended.

Responses keep coming in. We have received approximately 1,200 so far.

Based on these questionnaires, we have been able to develop the Bloc Québécois’ position on Bill C-53. There were a number of expectations regarding this bill. One might have expected it to contain provisions to improve access to credit for small and medium size businesses in Quebec and Canada. One might also have expected a program making credit available to those who might not obtain financing otherwise. We also expected this legislation to provide business people with tools to finance their working capital in order to ensure the growth and development of their businesses.

There is nothing in this bill to improve the situation for small and medium size businesses. Regardless, given its purpose, our party will vote in favour of Bill C-53, as I think my colleague from Mercier indicated. However, we urge the government to very seriously consider the amendments put forward by the Bloc Québécois to ensure that the legislation truly meets the needs of small business.

We do not want the good news for these businesses to be only that the small business loans program is maintained, but rather that it is maintained and improved. The purpose of our amendments is to correct the deficiencies we have detected.

There will be an opportunity for debate, at committee stage and again at third reading. We urge the government to seriously consider the amendments introduced in good faith by the hon. member for Mercier on behalf of the Bloc Québécois.

Let me emphasize a few, starting with the first amendment, dealing with section 2 of the act, to ensure the purpose of the act is clearly stated. To some extent, insufficient financing is worse than none at all, since the business cannot grow as it should. This amendment therefore endeavours to clearly define this program to provide financing that would not otherwise be available to small and medium size businesses.

• (1125)

Our second amendment concerns clause 13 and is aimed at broadening the scope of pilot projects to include the financing of working capital in order to ensure the growth of small businesses.

The last two amendments we will be bringing forward concern clauses 18 and 19, and their objective is to go beyond the simple accounting vision of the small business loans program.

After hearing the witnesses who came before the Standing Committee on Industry, we realize that not only are the macroeconomic effects of the program not measured, but they are not even known. Therefore, we are proposing that employment be taken into account in measuring the usefulness of this program.

We need to do more than just tighten up the old SBLA. The Bloc Québécois believes that the accounting review proposed in this bill cannot be made without assessing the need for economic development. These amendments are vital to economic development and to job creation.

Mr. Speaker, I know you represent an Alberta riding. Look in your riding to see what type of businesses have created jobs over the last five years. Of course we would all like to see major industrial developments creating 2,000, 3,000 or 5,000 jobs. Of course we would all like General Motors to open a plant in our own region and create 1,200 jobs. There is not one single member here who would be stupid enough to say “thanks, but no thanks”. We would all be happy about that.

But who has created jobs in Canada and in Quebec over the last five years? It is not large businesses. Just look at the numbers. I worked in the pulp and paper industry for 14 years. The number of workers in that industry has decreased considerably over the last five years because of modernization and automation.

Who creates jobs and economic development? Small and medium size businesses, and they need the encouragement of this government.

[English]

Mr. Gurmant Grewal (Surrey Central, Ref.): Mr. Speaker, I am happy to speak on Bill C-53. I oppose this bill, which I spoke to at second reading.

Government members have talked about bank mergers and the Reform Party opposing the bill for the sake of opposing. That is garbage. We are not opposing the bill for the sake of opposing. My

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party's leader was accused of something he did not do. That is normal practice for them. The media used to do that but have learned a lot and do not do it anymore. Canadians have learned about that and my colleagues from the other opposition parties are learning that. However, the Liberals are slow to learn. Some of the members will never learn, but let us forget about that and talk about the bill.

Motion No. 1 was put forward by the Bloc member for Mercier. The motion is similar to the motion proposed by the Bloc in committee during clause by clause consideration of the bill. The Liberal MPs in committee saw it as a friendly amendment but they voted against it anyway. We also voted against it, not because we are against increasing access to financing for small businesses but because we do not believe the way to do it is through taxpayer funded programs.

The bill is entitled an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses, but that is not what the bill is about. The Liberals have failed to change the bill to suit market needs. The official opposition would support the modernization of the Small Business Loans Act, the precursor of this bill, the Canada small business financing act.

• (1130)

We would like to support improvements in financing for small businesses because we recognize that small businesses are the backbone of our economy. They are the ones that are creating 96% of the jobs in this country. However, the Liberals are proposing something which is not good enough. I will give the reasons why the official opposition is not supporting this bill.

The objective of the bill is to increase the availability of loans to small businesses. We mean incremental loans. This bill does not provide significant additional loans to what is already being provided by the financial institutions.

In 1996 a study showed that 46% of the beneficiaries would obtain loans anyway even if the SBLA was not there.

This bill does not address the lack of working capital availability for small businesses. We are talking about equity of the businesses not debt financing. We need better tools for small businesses. The Canadian economy has evolved significantly since 1961 and essentially this legislation remains unchanged regarding types of assets eligible for financing.

The service sector, knowledge based sector and information sector form a much greater part of our economy today and have a high net employment growth. Their needs are not addressed in this bill.

Motion No. 1 does not address those needs. These questions require careful consideration in reviewing this legislation.

The bill does not provide for capital leasing which is important for small business. The bill does not provide adequate review of risk analysis. There is no provision for losses. The borrowers are not guaranteed. The financial institutions are guaranteed; even if they make bad decisions their decisions are guaranteed, but small businesses are not.

Another reason our party is not supporting the bill is because of the job creation record which is very bad. According to the auditor general the displacement effect is negative. The government is boasting that the Small Businesses Loans Act creates jobs but that is not true.

The bill does not put a mechanism in place to control the financial institutions not to charge an administrative fee, which they are not entitled to. They have been charging the administrative fee when the loans have been provided under the Small Businesses Loans Act.

Another important check should be that related borrowers do not abuse the system. The larger companies will form smaller companies or subsidiaries and will abuse the system because of the threshold limit. The auditor general has found 23 examples where related parties will collaborate and abuse the system. The act targets small businesses. It is meant to support small businesses, not large businesses.

Information on results provided to parliamentarians is not adequate. It is not sufficient. We cannot monitor the output. We cannot look at the results of the implementation of the act.

Industry Canada does not audit any accounts until a file becomes a claim file. When the file is a claim file it will be audited, but before that no one cares about it. No one looks into it.

Those are a number of the reasons that the official opposition will oppose this motion.

• (1135)

The Canadian Federation of Independent Business has been saying that if the current abuses of the Small Business Loans Act were curbed and if the parameters of the program were restricted, this program would require less of an allocation of funds while being effective in meeting the program's objectives.

The thresholds for financing are too high. The legislation defines small businesses as those firms that have up to \$5 million in sales. What kind of small businesses are we talking about here? We are talking about medium size businesses. The Small Business Loans Act is targeted. Its objectives are to finance small businesses, not medium size businesses and not the large businesses.

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Large businesses are getting enough subsidies from this government. Twenty-five million dollars was given interest free to Bombardier, a firm in Quebec. Does the government give interest free loans to small businesses? No. Canadians know that.

The job creation record and so many other things I mentioned will make sure that the official opposition is firm in its decision not to support this motion. I will not go into more detail. That is enough for members to learn something and to look into it.

Until suggested amendments are addressed, how can any member in this House support the bill? The department needs to clarify expectations and develop indicators of the program's performance in establishing, expanding, modernizing and improving small businesses.

The official opposition is for small businesses but in the true sense. We do not want to have legislation in place that has no teeth. We do not want legislation in place just to give the opportunity to pat the government on the back when it is not doing anything good for small businesses. Small businesses already pay high taxes. We know how employment insurance and CPP premiums are killing jobs and killing small businesses.

Those are the reasons the official opposition and I in particular will not support Motion No. 1.

[*Translation*]

Ms. Hélène Alarie (Louis-Hébert, BQ): Mr. Speaker, I am pleased to rise in this House to speak to Bill C-53 and to support Motion No. 1 moved by my colleague from Mercier:

That Bill C-53 be amended by adding after line 22 on page 2 the following new clause:

"2.1 The purpose of this Act is to increase the availability of financing of small businesses, which would not otherwise have access to financing."

It is the small businesses we are concerned about, and it is unfortunate to note that, while the bill is necessary and we support it, it does not meet all our expectations. It contains no provision for further improving the situation of the SMBs as it stands.

First, Bill C-53 does not give SMBs greater access to credit. It does not make financing available to businesses that could not have it otherwise. We must understand that, in the context of this bill, SMBs unable to obtain financing from the banks at the moment should not look for anything more from this program.

No mention is made of financing SMB working capital and, as we well know, this is a major problem in most SMBs.

So the issues in this bill are quite apparent in the reading of it. It might be a good idea to remind ourselves of the importance of SMBs in our economy. In 1995, the most recent census year, SMBs

with fewer than 100 employees accounted for 99% of the 935,000 businesses operating in Canada. That is huge. This represents our business employee payroll. They therefore employed 42% of private sector workers paying 38% of all salaries. There is nothing small about that.

The SMBs are also fragile. These same statistics indicate that 15% of them go out of business in the first year of operation. More than half the businesses that existed in 1989 were no longer on the market five years later, when the census was done.

• (1140)

Overall, the Bloc Québécois is in favour of Bill C-53, but we are very disappointed that the revision of this bill does not pay more attention to small business loans.

We must also add, as far as issues and context are concerned, that the wages paid by small and medium-sized businesses are far less than the impact they have on employment. Average wages are therefore markedly lower than those of big business, and close to two-thirds of salaries in Quebec come from big businesses or major institutions.

The question may arise: "Do you have any proposals, do you have a position on this?" Yes, the Bloc wants to see legislation that serves small and medium-sized businesses. The amendments proposed by my colleague, the hon. member for Mercier, are intended precisely to enhance, to improve what our small businesses need.

We need provisions to improve access to credit for small and medium-sized businesses in Quebec and in Canada. In two different surveys, including one by the Canadian Federation of Independent Business, 29% of small and medium-sized business owners report that the availability of credit is one of their main preoccupations, if not the foremost. In other words, one-third of small business owners are continually struggling to find or renew credit.

In the second survey, carried out by Bloc Québécois MPs among small and medium-sized businesses in their ridings, 89% of respondents report that it is very difficult, or difficult, to get credit at a reasonable rate. Only 10% of small and medium-sized businesses responded that they were able to find funding in their community with any ease.

Some small and medium-sized businesses—and we had proof of this when we met with the bankers and *caisse populaire* people—are very well known in their own little circle. The relationship of trust between the lending agent and the new or potential business is therefore a given. This is not the same when the small or medium-sized business is in a larger riding, or in an urban area.

But that is not the only thing. There has certainly been a change as far as the lenders are concerned. A few years ago, a woman

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wishing to get a loan to start up a small business had to face a most ridiculous situation. The first question she would be asked was: "Do you have a husband?" The second one was: "Is he gainfully employed?" The third question was: "Can he secure your loan?" I am not going back to ancient history. This is very recent.

However, some institutions were more open and lent more and more often to women. It was realized that, because women were more concerned and had a greater need for security, there were fewer bankruptcies among women than among men. We have gone beyond that first stage and women are now able to get the loans they need.

But today there are others who are experiencing the same stressful situation, namely young people. Our young technical school and university graduates are full of ideas. They are our wealth and they are prepared to start on a small scale. They no longer have this mentality of trying to get a job with large businesses or government organizations, since jobs are now very scarce in these sectors.

What do these young people full of ideas and initiative do when they graduate from university? They go to a banking institution. That institution will not ask them if they have a husband or a wife, but if they have a father or a mother. These young people go through the same process that we women went through, perhaps 10 years ago.

It is unfortunate that the process is so difficult. This is why we would like the bill to include a program giving access to credit to small and medium size businesses that would not otherwise have easy access to financing.

• (1145)

I referred to young people. I also want to talk about innovative businesses and ventures, several of which make it. If EDP businesses had been prevented from getting financing, we would not be near where we are now. At the beginning, it was considered risk capital, but then it was realized that, on the contrary, this was a solution for many. It is also risk capital in the case of innovative people such as weavers. Who will finance a weaver?

We want to give businesses the means to fund their working capital, so as to ensure their growth and development. Some businesses sell tires. It is a seasonal industry. They have a tough time maintaining their working capital. The same goes for the horticultural industry.

All these small and medium size businesses have fixed costs. They must modernize their operations, they have to deal with red tape, and they need accountants, legal advisors and other experts. These are all costs of doing business.

Finally, the little country girl in me would like to tell you that Quebec's *Solidarité rurale* has said that one job in a small rural riding is equivalent to 1,000 jobs in a city.

[English]

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, I rise to speak on this first motion, but I must say I cannot support it because the whole premise of this bill is wrong. It represents a transfer of wealth from successful businesses and workers to people who want to be successful businesses and workers perhaps even in competition with the people who are providing the funding through their guarantees for the loan program to proceed.

The auditor general in his report has already proved that it does not work to create jobs that way. We do not create jobs by trying to take away jobs from someone else by robbing them of income and capital to expand their businesses. So it is just the wrong way completely to go about the whole financing for small business.

I do not deny for a moment that small businesses are a source of most of the jobs in Canada. Like my colleague from the Kootenays who was speaking earlier, I have been a small business entrepreneur since the time I arrived in Canada in 1979. I too had to find financing to start a business and to begin employing people.

In 1980 when I was first starting up my business in Canada I had a new idea in telecommunications. Because it was a new idea that the banks had never seen before they would not lend me any money to get started. But never for a moment did it cross my mind that I should somehow lobby government to provide some sort of taxpayer funded protection for me to start my new idea. That never even crossed my mind as an entrepreneur.

I found other ways to raise the money through private venture capital and people who would grant me a lease on a new business and so on. I was able to get started without the banks. My business was extremely successful. It grew very well and I began to employ people. When it had grown to the size of about 12 employees I sold the business and I moved into another area of business which relates to this bill very well. That business was financing small home based businesses through lease programs. I actually filled through my small business one of the niches that the banks would not fill, to help small fledgling businesses with financing, in particular the ones that worked from home.

A lot of businesses these days are started at home. They have difficulty getting financing to buy their first fax machine, computer, office desks and all the equipment they need to be in business for the first time. My company filled the gap by providing financing to that area.

The problem was that sometimes in order to finance the company we would have to put a mortgage on the person's home. As soon

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as we did that in my company it became an investment, not a business, and we were taxed at 50%. That was 50% tax on a business. As a direct result of the government stealing away 50% of what we made by helping that small business it prevented us from investing in more businesses. The government took so much off we did not have the capital to help more businesses.

• (1150)

What I am illustrating here is a very effective way for the government to help small businesses to get financing. It should not tax so heavily the venture capitalists and the people providing leases and mortgages to help small business. It should cut the taxes for that group and then that group is left with more capital in its businesses to help the fledgling businesses get started. We are then not taking taxes from other successful businesses for these new ones to start being in competition.

Frankly, small businesses can always find financing if they have a good idea but it is the price of financing that becomes the issue. What happens with this type of bill is that taxpayers end up subsidizing the price by providing guarantees to the banks in order to take more risks. Is that really a just sort of thing to do, to cause taxpayers to subsidize the price of money that people want to borrow for their good ideas? I do not think it is a just way to approach the problem.

Accessing capital is the problem. It should not be done through this type of bill where we use taxpayer funded guarantees.

I think the member for Broadview—Greenwood mentioned that the loan losses were minimal. That may well be the case. I believe about 6% of the loans are in default at the moment. However, that is really not the question. The issue is not how many of these loans are in default. It is whether it is the right way to go about lending money to small businesses.

The point is who should absorb these losses. Should it be the taxpayers, the entrepreneurs, the venture capitalists or the creative financiers out there? I think it should be the entrepreneurs, the venture capitalists and the financiers. It should not be the taxpayers who absorb the losses. That is the whole point. This bill is the wrong way to go about helping small businesses with their finances. All it does is use other people's money.

As we have said hundreds of times over the past five years in the House, it is so easy for members on the other side of the House to take other people's money and hand it out to other people because it does not come out of their pockets. The question I have to ask all members on the other side is if they had to finance a small business asking for money, would they give it the money out of their pockets. That is what it comes down to in the end.

We would be much better off encouraging the private venture capitalists and small lease companies like the one I ran before I

came to this House. We should help those companies by lowering their taxation in order to have more capital available to help these small businesses get started. That is certainly the way to go about it.

We talked about bank mergers a bit this morning. Government members all went ballistic that maybe Reform would support the bank mergers if we got a few conditions imposed. Why not make one of the conditions for a successful bank merger for them to provide some sort of venture capital at a higher risk management level for small businesses? We have a magnificent opportunity here to talk with the banks and start bartering some conditions without having to ever put a single dollar of taxpayer guarantee on the line. We could do it by bartering conditions with the banks.

There are plenty of good ideas out there. I hear them from my constituents all of the time. There are other ways to approach this which is really why the Reform Party is opposed to this bill. We really believe it is the wrong way to go about it. All that will happen in the long term is that the amount of guarantees and the size of the portfolios will continue to increase until we end up with the taxpayer on the hook for more and more. It could be completely avoided by approaching it from a different position.

When banks take a look at these proposals that come before them from small business it is not because they could not care less. That is a common idea that we put forward but if I use my own example in 1980 when I was trying to get financing for my telecommunications business, I could tell that the bank would have liked to have lent me the money if it could have found some way to make it fit its profile and if it had the confidence that my idea was one that would work.

I am not going to make the banks out to be ogres because they turned me down. They made a sound business decision on the basis of the criteria on which they lend. It is a loan officer's job to lend out money. That is what they are there for. They keep their jobs by lending out money. They want to lend money.

• (1155)

I certainly do not hold a grudge against the banks for turning me down. It actually missed out on making a tremendous amount of income because I took my business to someone else, to a private financier who made all the interest from the start-up costs as I got my business off the ground. The profit went to other than the banks.

It is not always that they could not care less. I do not believe loans officers have that attitude. I think they do their best to lend if they can.

As a member of parliament I have had people approach me from time to time who were upset that their loans were turned down or the loan applications were turned down or they had been to the federal business development bank and could not get financing.

Government Orders

When I took a look at their situation, I would not have given them the money either.

There are some people on the other side who think that entrepreneurs starting a new business should not have to take any risk, that somehow everybody else should take the risk but not the person with the idea. We have to get a balance. Some of the suggestions I made earlier in my speech would be good, practical ways to handle the situation and that is why I am voting against the amendment.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, it is with great pleasure that I rise today to speak on this bill and on the amendment moved by the hon. member for Mercier. In so doing, she speaks for all would be entrepreneurs who cannot make sense of the financing assistance process for projects that may not meet traditional business criteria in our capitalist system. She speaks for the people who need a hand, a little extra assistance and special attention.

It is our duty to some extent, at the government level, to ensure attention is paid to this kind of project.

In all our ridings, we have people coming to see us with some interesting and dynamic projects, projects requiring the second generation assistance to small business that was and can still be provided through the SBLA program, but which we would like to see improved in the future.

There is a great deal of competition to start up businesses at present. Many people have been told for years to get into a different line of work. Young people are being told they ought to start up their own businesses.

The purpose of the amendment moved by the hon. member for Mercier is to go beyond technical and housekeeping changes and give those who want to start up a business a real chance to do so.

This is particularly true in regions like mine, in KRTB and the whole Lower St. Lawrence region. There are business assistance programs like the self-employment assistance program to help establish what is known as very small businesses. What is also needed is programs that help businesses grow, through tailored support and follow up, to give those who are interested in starting up a business an opportunity to do so.

This spirit, this willingness are not to be found clearly in this bill. We think it should be supported because it contains interesting provisions, but there is still room for improvement. It is possible to give it more of a social flavour to allow businesses to blossom in this country and to allow young entrepreneurs to go into business. These entrepreneurs are not necessarily young in terms of age, but

there may be young entrepreneurs of 40 or 50 years of age who, after a career in a field where jobs have disappeared, see the opportunity to go into another field.

They do not necessarily have all it traditionally takes right from the start. They may occasionally be rejected by banking institutions whose approach is based on accounting. One can understand this vision that financial institutions have, but we must ensure that, at the government level, we allow more and more businesses to open. Small and medium size businesses are the ones that create the most jobs.

In my region, for example, there is a multinational, Bombardier, that has a dynamic and interesting plant that is doing well. However, when the economy slows down or when business is a little slow, we must have people ready to fill the void quickly and to submit their projects. And we must listen to them so they can launch and carry out these projects.

• (1200)

It is often a question of attitude in receiving the applications. To have an open attitude, financial institutions must feel the government is behind them to support this type of project.

Our first amendment, adding clause 2.1, is aimed at clarifying the purpose of the bill. In a certain way, insufficient funding is worse than no funding at all. Without sufficient funding, a business cannot develop as it could and as it should.

It is a comment we frequently hear from people who started a business and who come to see us. They often did it with a maximum of energy and a minimum of resources. They manage to survive, but they would need an extra hand, particular assistance, a specific kind of assistance. Help to really give people a hand up is not available at present.

The first amendment proposed by the hon. member for Mercier is aimed at clearly defining the program so that it will also provide financing to small and medium size businesses that would not otherwise have access to financing. The door must be open, a chance given, the idea given a chance to expand and to be realized.

Perhaps one of the ways to assess how relevant and effective the legislation has been, a few years down the road, would be to see whether fewer of the people who have set up businesses end up coming to see their MP feel frustrated because the program was not sufficiently flexible to give them a chance to get started, whether they have been getting a better reception when they go knocking at the door of the financial institutions and the development agencies because there is legislation covering financing, and whether this bill gives them more latitude.

This situation is particularly true for women. A number of women in my riding come to me saying "It is a reality that we, as

women, are more used to being straightforward in our personal activities, used to telling it like it is". They do not necessarily have the traditionally male salesman's gift of the gab, but when they come in to see their bankers they paint a very clear picture of the reality of the business they want to set up. They are not there just to "sell" it.

This may have negative impacts for them at present, but it would be important for financial institutions to be more open to their needs. Women with plans to open a business set out all of the advantages and disadvantages and to put everything on the table. They must not be penalized for doing so. Knowing the advantages and disadvantages, what counts is finding a way to deal with them and how help can be given. The bill before us is one of the tools that can be used in this context.

It must be flexible, providing opportunities to women with this sort of business proposal, who do not fit the traditional mould. We are not talking about equality in presentation, in organizations deciding on these matters, on loans in financial institutions. People's attitudes need to change and we can help bring about this change by amending the law.

I think we can apply the same reasoning to young people. Special efforts have been made in Quebec, among other places, to develop job training. We have started up the machine again. Five years ago, the last Liberal government almost stopped giving people job training; today we have started the machine up again. These people we are training, who will be plumbers, carpenters, electricians and workers in new areas of technology, will need a boost to be able to start up businesses.

Twenty-five years ago, when people were working in these fields, they often worked for others. Now, these people often have to take over the business and they need the right conditions. Our bill on financing for small and medium size businesses needs flexibility.

We can make sure, for example, in the case of people who are reaching the age of 55 or 60 and getting ready to sell their business, that there is a way young people can take over and thus provide for their family and help our regional communities to achieve their full potential.

• (1205)

Without questioning the entire bill, I think the Liberal majority should look very carefully at the constructive amendment proposed by the member for Mercier. This amendment simply recognizes the fact that the government is responsible for more than rubber-stamping the decisions made by financial institutions. It is responsible for giving small businesses a boost.

I think the bill before us can achieve this objective in the end, and this is why it needs improvement.

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[English]

Mr. Roy Bailey (Souris—Moose Mountain, Ref.): Mr. Speaker, I have been listening with interest to such terms as risk capital, investment and all other terms which the people in my constituency are using a great deal these days.

In the last two days and in the week previous to coming back to the House a minimum of 13,000 small businesses located across the beautiful constituency of Souris—Moose Mountain are in deep financial problems. They are not unlike other businesses in Canada. They have a huge capital investment. They also have a huge expenditure each year of operation. They have reached the point in the last year where their annual income is down 70%. The bad news is that the forecast for these 13,000 businesses is that they will be down even further in 1999.

These businesses are sitting with a minimum of \$500,000 or more in capital outlay with huge taxes, tremendous taxes which have gone up some 48% in five years. The products they put on the market are literally worth nothing. These primary businesses do not qualify for the same protection as the bill is talking about. They do not qualify under this type of loan. They do not qualify under the loan guarantee. They are simply sitting there suffering and many will close up.

I go to the cities and the towns and talk to small businesses. I ask what they would truly like more than anything else. The other day I went to see the person who runs the Dairy Queen. It is great stuff; there are no calories in it or anything. The owner of the Dairy Queen asked me to send some people who had change in their pockets so they can continue their spending habits. I checked with the manager of another store and asked how were her sales this August compared to last August. That is the month when parents get their kids ready to go back to school. Her response was that it was the worst August since the business was established.

What I am referring to is directly related to the bill. Because these 13,000 small business people are currently going down the tube they will pull down a proportionate number of other small business people in towns and cities with them.

I am referring to our primary industry in Saskatchewan. It is a high investment. They vary in age. Many of them, 70% in some areas, have to work for other businesses to support their businesses. I conducted a research of three separate RMs and the lowest was 50%.

• (1210)

We can talk about business loans, business ventures and everything else, but if the government does not take a look at how it will support Canada's number one industry which is going down the tube it is useless to have the bill before us.

Government Orders

I beg the government to take another look at the situation faced by these 13,000 farmers in my constituency, many of whom will not be farming next spring without some assistance. Other businesses will go as well. They get no guarantees. They cannot draw upon money which is theirs. They cannot take advantage of similar government programs. I learned that under NISA they cannot even draw from their own accounts if they are working off the farm.

I spent three weeks trying to pacify young people of 40 years of age who are walking away and leaving what was left by their ancestors, leaving what was their dream. While the government is taking a look at the bill I beg it to remember the 13,000 small family businesses in my constituency. The bill may assist businesses but it will be an absolute failure unless it takes them into account.

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ): Mr. Speaker, we are debating Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses.

In the mind of the minister, it is just another version of the previous legislation. Several members from various parties, mainly opposition parties, have proposed amendments. Among these members, my colleague from Mercier proposed several amendments, one of which I find particularly interesting. I am talking about Motion No. 1, which was moved today, November 17, and which reads as follows:

“2.1 The purpose of this Act is to increase the availability of financing of small businesses, which would not otherwise have access to financing”.

Right now, the banks are not really interested in providing financing or lending money to small businesses that are not absolutely viable. In other words, it is a lot easier for a financial institution to lend money to Bombardier, for example, or to General Electric or to another big company like Loblaw's, than to do so to a small business with assets of three quarters of a million or a million dollars. This small business often creates proportionally 10 to 20 times more jobs than these large multinationals that think more about money than about creating jobs.

In this context, I took part, with my colleague from Mercier, in a large poll in my riding. I polled more than 1,300 small businesses about the financing offered to them. I was amazed at the response rate I got and I realized that financing is essential and that it is also a concern for the vast majority of our small businesses. For example, when there is the slightest doubt, the interest rate on a loan goes up 1 to 3%.

• (1215)

Obviously, if a business must pay maximum interest, its survival becomes even more problematic. But there is worse. Someone

phoned me last week, when the House was not sitting, and invited me to meet him and visit his small business. That person showed me a letter from a banking institution asking for additional guarantees or the institution would demand full payment of its loan within 48 hours.

The bank is putting a gun to the head of this business owner, who employs 10 people in a small rural community. This is a major cause for concern. He turned to another lender who agreed to provide financing, but at a much higher rate than was to be expected at this time.

Our small and medium size businesses have the right to expect provisions that will increase access to financing for them, both in Quebec and in the rest of Canada. They are also entitled to expect a program that makes financing available to small and medium size businesses that would otherwise have a much harder time getting financing elsewhere. Such provisions would also provide entrepreneurs with the means to fund their working capital—and that is important too—to ensure the growth and development of their small and medium size businesses. These comments were made when I polled 1,300 of these businesses in my riding of Frontenac—Mégantic.

Bill C-53, as introduced by the minister, does nothing to increase the availability of financing for small and medium size businesses. It simply changes how the government's total commitment is calculated, but there is no increase. The underlying principle that guided this review of the SBLA does nothing to meet the needs of small and medium size businesses. The government is much more concerned about figures. Bill C-53 does not help provide financing to businesses that would not otherwise have access to such financing elsewhere.

Let us not forget that small and medium size businesses currently create many more jobs than large businesses employing 500 or 1,000 people. There are fewer and fewer of these large companies, with the result that, overall, small and medium size businesses generate many more jobs.

For example, in 1994, businesses with less than 100 employees accounted for 41.2% of all jobs in Quebec. I imagine the situation is essentially the same in the rest of Canada. In Ontario, that percentage is a little lower, at 34.7%.

Over the past 20 years or so, in Quebec and many other countries, employment in small business has increased significantly, rising from 36% in 1978 to 45% in 1993. Everyone agrees, and the figures are there to prove it beyond any doubt, small business is number one in creating jobs.

Small business plays the most significant role in job creation, especially in agriculture, fisheries and forestry. We must recognize also that it adds value to regional production. The expectation is that the jobs will remain in the region.

Government Orders

• (1220)

Take hog houses for instance. What good is it to have hog houses in a given region if, once hogs have reached their ideal weight for human consumption, they are shipped by truck or train over hundreds of kilometres to facilities where they will be slaughtered, processed and shipped overseas or sold for domestic consumption in Canada?

People in the rural region where these hogs were raised, who had to live with the smell of the manure spread on the land, are not happy with just a few jobs. If the hogs could be slaughtered locally and if the carcasses could be processed locally, hundreds of direct jobs on the farm and in the hog industry could be created.

The same thing goes for the maple syrup industry, where we could do some processing locally. Instead of selling the syrup in 45-gallon barrels, we could sell maple candies in beautiful gift-wrapped boxes, and things like that.

So, throughout the country, small businesses have been the main source of job creation locally. For more small businesses to be established, they need to be able to obtain the necessary support and financing.

This morning, before I came to the House, I got a call from Lac-Mégantic, where preparations are underway to set up Place aux jeunes. As you know, we raise and educate our children. They often choose to get some training or go to university in some of Quebec's larger cities and many of them never come back to the Lac-Mégantic area.

So, Nathalie Labrecque is working with the CFDC and the Comité jeunesse de la région de Lac-Mégantic, in the Granite regional county municipality, to set up a group called Place aux jeunes. With appropriate financing, we could provide our young people with the support they need to start up their own business.

[*English*]

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, it is a pleasure today to speak on Bill C-53 at report stage. Once again, unfortunately, the government is using a band-aid solution on something that is exceptionally important to Canadians. It is not getting to the essence of the issue and it is not dealing with the specific and effective solutions that could be implemented today to dramatically improve the health, welfare and economic future possibilities of Canadians.

My colleagues have and will mention the flaws in the bill, that it is a band-aid solution and that it puts on the shoulders of Canadians a \$1.5 billion liability. Instead of providing these small funds to businesses what the government should be doing is creating the climate to improve the business community in Canada.

I will now talk about specific, pragmatic and effective solutions the government can do in conjunction with its provincial counterparts to improve the economic situation in Canada.

I will start at the top, with fiscal policy. The government can introduce a process for a 10% reduction in expenditures, not by putting it on the backs of the provinces but by truly reducing the expenditures within the public sector. It can do this in an effective way by making sure that the good people it has working in the bureaucracy are able to do the jobs they are trained and tasked to do. At the end of the day all the hard work they do will result in action as opposed to the situation we have now where most of us in parliament are running around in a circle because of all the work we have to do which does not result in action, as opposed to having a system where meetings, tasking and work actually result in action and outcome.

We could also enact balanced budget legislation. A balanced budget law could be enacted and I am sure the government would find a lot of acceptance on this side of the House.

We have asked for a debt reduction plan for a long time. The government has not set debt reduction targets yet. It can and should do that. By having and setting targets we have goals. If we have goals, we have objectives. If we have objectives we have something to shoot for. Right now there is absolutely nothing.

• (1225)

The next thing it can do is stop providing loan guarantees to businesses. We have created in North America a corporate welfare state where money is being given to the private sector, particularly big businesses, not little ones. This is not necessary.

Why should multimillion or multibillion dollar companies receive money from taxpayers? That is what we saw in the case of Bombardier and other companies. This is completely unnecessary.

The government has continued to fail in improving the taxation policy. I have gone around, as most of us have, and asked and consulted with the private sector, with small businesses. What did they say? They begged and pleaded for a reduction in taxes. They said the government does not need to give them money but it needs to give them the ability to create jobs. They cannot create jobs given the heavy tax burdens they have today.

Since we came here we have said that those tax burdens are killing jobs. If the government does not believe this, let us look at where economies have worked and where they have not. Let us look at economies where they kept high taxation and what they did after the taxation levels were lowered.

England and Ireland had high taxation rates and complicated rules and regulations but have reduced them dramatically. As a result their economies are booming.

Government Orders

Some on the left like to cite the example of northern Europe. We need to look at Sweden. Sweden had a very high tax policy and when it reduced those taxation levels the economy boomed dramatically. That is what is happening.

Governments and countries that pursue a high taxation policy kill their economies. Governments that pursue a low taxation policy and lower regulations improve the economy.

Look at our case. My province of British Columbia is the worst place in North America to do business, bar none. Premier Clark likes to point his fingers to the far east and say it is the Asian flu. Our economy was in trouble long before the Asian flu hit. The statistics are there to prove that all across the resource sector and many others.

Let us look at Alberta and Ontario where they have lowered taxation rates, where they have lowered the rules and regulations. As a result those provinces are improving dramatically in their provincial economies.

Why does British Columbia not do that? More important, why does the federal government not do that? Why do the feds not take it upon themselves to intelligently look at this taxation system, to look at what has worked before and lower the taxation levels that are weighing like a huge rock on the shoulders of Canadians, be it in the public or in the private sector?

We need a 20% reduction in personal income taxes, which can be done. A marrying and harmonizing of the PST and the GST could lower this. Also, why not look at a flat tax or a simplified tax system?

I was having meetings last week in my riding, as most of us were. People asked repeatedly why we cannot simplify the tax system. As individual citizens, many people require a tax specialist to do their taxes. That is absolutely insane.

Why does the Minister of Finance not work with the minister of revenue to put some of their people together to see how to intelligently simplify our tax system to make it fair and applicable?

Our party has repeatedly suggested that we increase the minimum taxes somebody pays, lower the tax rates for everybody. We have proven that those in the lowest socioeconomic groups would improve dramatically. We have to make sure they, most of all, are taken care of.

More important, because taxation rates would be lowered all the way through, including the business sector and the upper levels, they would then have the ability and the tools to create jobs.

The left likes to talk about hitting the rich, hitting the businesses. What happens when taxes are increased for the business sector? They leave.

Comparing our taxation system to that of the United States, our primary competitor, a family of two income earners will earn 44% more in the United States than in Canada. That in part is contributing to the brain drain. We are losing our best and brightest. It is also contributing to the loss of businesses.

• (1230)

Clearly the government can see that and it can act. If the government were to act and consult with other parties, it would find agreement in pursuing this common agenda. Why the government does not do this is beyond me. I think it is beyond many Canadians who see what is going on try to understand why this is happening.

Other things can be done. There are the regulatory policies. We have a great ability to institute regulations. We have to analyze whether those regulations are actually working and if they are not, to remove them. Every government department should look to see whether regulations which have been implemented previously are necessary.

Right now we are piling regulations on top of other regulations rather than trying to determine whether or not a regulation is necessary. There would be widespread approval if this year the government took it upon itself to rapidly develop a task force to look at these regulations, eliminate the ones that truly are not necessary, and then set up an ongoing process to evaluate the necessity of the rules and regulations that we have.

The federal government needs to work with the provinces on labour policy. Many rules and regulations in labour are not very effective. I would like the government to look at the U.S. experience with right to work legislation because where it has been employed there has been a dramatic increase in employment. There has been a dramatic increase in the order of \$2,000 to \$3,000 per person who is working in a state with right to work legislation.

I strongly encourage the government to work with the provinces on the issue of education. Our education system needs to be revamped radically in order to provide our young people with the opportunities they will require in the future. I could go on at length about the education system. I hope I will have an opportunity later in the day to talk about that.

[Translation]

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, this bill replaces the Small Business Loans Act in order to reform the Small Business Loans Program. The purpose of the program is to increase the availability of financing for businesses with gross annual revenues of up to \$5 million.

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This bill is aimed at increasing the availability of financing for the establishment, expansion, modernization and improvement of these businesses by allocating, between the minister and lenders, portions of eligible losses incurred by lenders in relation to loans of up to \$250,000 to such businesses for those purposes.

The government will continue to be liable for 85% of the losses on loans not repaid, with the rest being the lender's responsibility. The financial conditions regarding the loans remain the same, that is 3% above the prime rate for variable rate loans, and 3% above the mortgage rate for fixed rate loans.

The bill provides for the continuous operation of the program subject to a comprehensive program review every five years. It limits the minister's aggregate contingent liability to \$1.5 billion for each five-year period. As for the department, it does not have to compensate lenders for losses incurred when its total contingent liability for the loans exceeds \$1.5 billion in a five-year period.

The bill also authorizes the minister to conduct compliance audits and examinations. A whole new series of measures are included in the legislation to provide for the audit and examination of various reports to verify that this act and the regulations are being complied with in respect of a loan, including that the lender has exercised due diligence, as provided in the regulations, in the approval and administration of the loan.

The bill before the House authorizes the establishment and operation of pilot projects to determine whether the program should be extended to include loans to the voluntary sector and capital leases. The minister's maximum aggregate contingent liability in respect of each project is provided by an appropriation act or another Act of Parliament. The pilot projects have a maximum duration of five years.

• (1235)

Also, the bill reforms the offence and punishment provisions. Anyone found guilty of an indictable offence is liable to a fine not exceeding \$500,000 or to imprisonment for a term not exceeding five years, or to both. However, anyone found guilty of an offence punishable on summary conviction is liable to a fine not exceeding \$50,000, where it was only \$1,000 previously, or to imprisonment for a term not exceeding six months, or to both.

The bill also provides for a comprehensive review of the program every five years, in consultation with Parliament.

After this brief overview, I would like to address the crucial issues underlying Bill C-53. The Small Business Loans Act is crucial to small and medium size businesses. Since these businesses are the engine of our economy, Bill C-53 deals not only with

issues directly related to small business, but also indirectly with the issues of job creation and productivity.

We all know how important small businesses are to our economy. A few figures tell all there is to know: in 1995, when the most recent recession hit us, small businesses with fewer than 100 employees accounted for 99% of the 935,000 businesses in operation in Canada. These small businesses employed 42% of wage earners in the private sector and paid 38% of all wages and salaries.

However, small and medium size businesses are fragile. As a matter of fact, nearly 15% of them shut down during their first year of operation, and more than half of the businesses that existed in 1989 were no longer in operation six years later.

Fortunately, the annual rate of new business start-ups exceeds that of closures, allowing the renewal of this pool of employers and jobs. In many cases, this high rate of closure of small and medium size businesses is caused by insufficient credit. That is why governments, particularly the Quebec government, are forced to develop complementary programs.

Therefore, the Bloc Québécois supports Bill C-53. However, we are still disappointed by this review of the Small Business Loans Act.

We had the right to expect certain things in this review of the SBLA. For example, we had the right to expect provisions that would give small and medium size businesses in Quebec and Canada increased access to credit.

According to a survey conducted by the Canadian Federation of Independent Business, 29% of small business owners say credit availability is one of their main concerns. Moreover, according to a survey of small and medium size businesses conducted by members of the Bloc Québécois in their ridings, 90% of them said it was very difficult or difficult to obtain credit at a reasonable cost. Only 10% said it was easy.

We also had the right to expect a program that increases credit availability for those small and medium size businesses which would not otherwise have access to financing.

In the same survey by Bloc Québécois members, just over 50% of businesses feel that the small business loans program ought not to guarantee loans except those to small and medium-sized businesses which would not otherwise have access to credit.

Finally, we would have been justified in expecting this new legislation to give entrepreneurs the means of financing their working capital so as to ensure the growth and development of their businesses. In fact, 80% of small and medium-sized businesses responding to our survey feel that the small business loans program should also cover financing for working capital.

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And what is there on this in Bill C-53? Unfortunately, nothing that will make any further improvement to the situation of small and medium-sized businesses.

• (1240)

Bill C-53 does not improve small and medium-sized businesses' access to credit. There is merely a change in the way the total government commitment is calculated, but in actual fact no increase. The main reason behind this revision is not the needs of small and medium-sized businesses, but the accounting concerns of the government, unfortunately.

Bill C-53 does not make it possible to provide funding to businesses which would not otherwise have access to funding. By focussing its reform on accounting concerns, the government has not included in its assessment the macroeconomic effects of the loan guarantee program. It is in fact taking a step backwards in terms of the Small Business Loans Act by strengthening the requirement for diligence by the banks in according loans under this program. In fact, small and medium size businesses that cannot find financing with the banks should not expect things to be better under this program.

There is also no mention of financing of working capital for small and medium size businesses. There is no provision on this in the bill, not even in what has been called the pilot projects. However, small and medium size businesses have clearly expressed their needs in this area. For these reasons, the Bloc Quebecois has proposed amendments to make a law that truly serves small and medium size businesses.

We want the good news for these businesses to be more than just the fact that the loans program is extended, we want it to be the fact that it is improved too. This is the aim of the Bloc Quebecois amendments, which attempt to respond to the major shortcomings we have noted.

More is needed than simply tightening up the old legislation. The Bloc Quebecois considers that the proposed changes in accounting require an examination of the need for economic development. These vital amendments are being proposed for reasons of economic development and job creation.

We are proposing an initial amendment to clearly establish the aim of the bill. Insufficient funding, in a way, is worse than none at all, because the business cannot develop as it might, and, more importantly, as it should. This amendment therefore is intended to clearly define the program so it may providing financing to SMBs.

We have other amendments as well, and I will leave it to my colleagues to tell the House about them.

[English]

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I am pleased to rise in debate today on Bill C-53 with respect to Motion No. 1 which was put forward by my hon. colleague from Mercier, that the purpose of this act is to increase the availability of financing of small businesses, which would not otherwise have access to financing.

Let me make it perfectly clear at the outset what my caucus colleagues have already said. The official opposition strongly supports small business, the principal job creator and generator of economic activity in this country. There is simply no doubt about that.

I suspect that probably a majority of the members of our caucus have had direct involvement in small business or are small business people and understand the kinds of challenges that small business people face. I think it is something members of all parties in this House share. We all understand that small and medium enterprises without a doubt over the past 20 some years have been by far the major creators of jobs, prosperity and incomes.

The question we must really ask ourselves is what is the most effective policy that the government can adopt to promote the growth of small business. There are really two basic approaches that can be taken.

The first approach is for the state to intervene and to take money away from people through taxation and in so doing to destroy their profit incentive, to destroy their efficiency and to destroy the potential creation of jobs in order to finance government support schemes like the Small Business Loans Act loan guarantees. That is one approach. It is an approach which the Liberal Party, the government opposite, generally supports.

The other approach is to say that government ought not to be in the business of picking winners and losers but that business people ought to be allowed to do business without extensive interference by government by means of taxation, regulation and legislation.

• (1245)

That is essentially the approach that we in the official opposition support. For that reason we oppose the amendment and the bill because they go in exactly the wrong direction.

What we need rather than sarcastic comments from colleagues opposite is a vigorous policy which will unleash the unrealized dynamism of small and medium Canadian entrepreneurs. There are hundreds of thousands of jobs waiting to be created in Canada today if only federal and other levels of government would get out of the way of people who are struggling to create employment through small business but are unable to because we face some of the highest tax rates in the developed world.

We face them in payroll taxes, in capital gains taxes, business taxes and property taxes. Canada has among the highest property

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tax rates as a percentage of our GDP in the entire OECD. We face them in income taxes. We face them in sales taxes.

Ask small business persons in the country and they will say they have become for all intents and purposes unpaid tax collectors for the government. They have to collect the GST. They have to fill out endless forms for the same GST which the government said it would abolish.

Give them tax relief so that small business persons realize benefits after having spent their entire lives risking capital, their life savings, pouring endless and incalculable value of sweat equity into their businesses. The government at the end of the day tells them that after all they have poured into the businesses, all the jobs created, all the risks taken it will take one third or more of the capital gains of small businesses through the pernicious, destructive, job killing capital gains tax.

If the government were really concerned about creating a growth environment for small business and job growth through small businesses it would stop playing around the margins with this kind of state intervention, this kind of \$1.5 billion taxpayer liability through the small business loans guarantees. It would stop bureaucrats picking who are going to be winners and losers in the marketplace and it would let entrepreneurs be entrepreneurs, invest in their businesses and reap the rewards. Imagine that.

Let me utter a word which may be unparliamentary, profit. It is a good thing. I know my colleagues opposite think it is a dirty word. They do not like the words profit driven. That sounds like an American concept. We in Canada do not like profits. We like the bureaucrats absorbing those profits because members opposite think they know better how to spend those profits accumulated through taxes than do the small business people who pay them.

This is the choice we face in the bill and in all the fiscal decisions we make here. It is whether the bureaucrats and politicians know better how to pick and choose winners and losers among the hundreds of thousands of small businesses in the country or whether consumers and business people themselves know best how to create the conditions for growth.

We say unequivocally and unapologetically that we like the profit motive. It creates wealth, businesses and jobs, and we know that the kind of tax burden imposed by these tax happy, tax and spend Liberals is exactly what destroys the conditions for growth.

I would like to speak to many of the interest groups that represent small business and various associations that appeared before committee in support of Bill C-53. Let me be honest. It is a constituency I am very sympathetic toward. Many of them appear before committee and parliamentarians and say they want tax

relief but they also want all these loans, grants, guarantees and diversification programs.

My message to those advocates of small business is for them to make a choice. Do they prefer tax relief as the principal policy for small business or government intervention?

• (1250)

After all my experience and after having spoken with thousands of small business people, I believe that ten times out of ten the majority of small entrepreneurs will say they prefer tax relief to government intervention, the kind contemplated in this bill. There is no doubt about it. We cannot have both.

The small business community and its institutional voices need to choose which direction they want to take. The only way parliament and the government will deliver the meaningful, creative and dynamic tax relief we need is if we get government spending under control. The place to start and the first element of government spending which should be reduced or eliminated is direct government support for business, whether it is through grants or loans or guarantees. Maybe it is radical but I believe that a dollar left in the hands of a small business person is several times more effective, efficient and productive than that dollar taken away, circulated through a costly bureaucracy and spent by a bunch of politicians.

We have to look at the experience in the country to see which basic policy option works. We need to look at the experience of my home province of Alberta where we have maintained the lowest tax rates, no sales tax, the lowest small business tax rates and the lowest income taxes. We have unbelievable economic growth there. Let us cast our eyes to some of the eastern provinces where there have been very high degrees of government intervention, subsidies, loans, grants and guarantees for businesses. What we see are stagnant growth rates and high levels of unemployment.

The economic record is there for all to see. That is why I call on all my colleagues to oppose this motion and this bill.

[*Translation*]

Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ): Mr. Speaker, I rise today to speak on the amendment moved by my hon. colleague for Mercier during debate on Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses.

My colleague's proposed amendment reads as follows:

That Bill C-53 be amended by adding after line 22 on page 2 the following new clause:

"2.1 The purpose of this act is to increase the availability of financing to small businesses, which would not otherwise have access to financing."

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To be better prepared to speak on this bill, I asked that a poll be conducted in my riding of Rimouski—Mitis. Nearly 300 small and medium size businesses responded, answering a dozen or so questions to help us get a picture of their situation on a day-to-day basis.

Certainly, we would have hoped for a rate of participation higher than 25%, but we must understand that, generally speaking, small businesses and extremely small businesses often do not have enough staff available to respond to all such inquiries. Much of their time is apparently taken up by mandatory paperwork; so, more often than not, when they want to participate in a democratic process like this poll, they do not have the time or staff to do so.

Something interesting came out of the information we gathered. More than 55% of the small businesses in my riding have been in operation for over ten years; 15% have been in operation between six and ten years; 25% between two and five years, and about 5% less than two years.

• (1255)

It is also interesting to note that 50% of these businesses are managed by men, 20% by women and 30% jointly by men and women.

The number of small businesses started by women keeps growing. In fact, where previously 14% of small businesses had been in operation for more than 10 years, nowadays 32% have been in operation for less than 2 years. What this means is that women are setting up more and more small businesses, which in turn create jobs.

Small businesses are a major source of job creation and economic development in our regions.

Respondents were asked how easy it was to get financing, based on their opinion or experience or that of their neighbour. Eighty-five per cent of them stated that it was difficult or very difficult to get financing at a reasonable cost, based on their own experience and that of other small business operators.

For those that said it was difficult or very difficult to obtain credit at a reasonable cost based on their own experience, we checked to see if there were striking differences between their perception of their own situation and their perception of the situation of others. Ninety-one per cent of respondents thought the situation of others was the same as their own or worse.

Moreover, 68% of business owners who said it was easy to obtain credit, based on their own experience, thought it was more difficult for other owners.

We were intrigued by one thing in particular. Knowing the importance of small business to the economy of both Canada and Quebec, the government is now proposing to amend the existing act. Unfortunately, 70% of respondents to our survey—naturally

we do not want to make any generalization—said they did not know the act that is being amended.

Three questions dealt with the credit needs of small business owners. Question 6 sought to determine if the act should be accessible to all small businesses or only to those which could not otherwise obtain credit.

In the first instance, the legislation would apply universally, whereas in the second instance, it would be a last resort. Question 7 dealt with the notion of risk associated with the type of business or the type of project that needs financing, which has a direct impact on the level of risk guarantee provided under the act.

Should the act help businesses without taking into account the level of risk involved or apply only in cases where the level of risk is considered reasonable?

Finally, question 8 asked the opinions and the needs of entrepreneurs regarding the purpose of the loan guaranteed under the act.

• (1300)

In this connection, ought the bill to guarantee only loans on equipment, real and personal property, or ought it to also include the working capital of a business?

Sixty-two per cent of our respondents felt that all small and medium-sized businesses ought to be able to avail themselves of the legislation, regardless of whether or not they could borrow money in other ways, or fund their projects in other ways, unlike the present situation, which limits access to only those which would not otherwise have access to funding.

When we see that a sizeable number of women are launching businesses of this type, one is entitled to expect a degree of openness in this area, since it is without a doubt almost universally recognized that women generally have far more difficulty than men in obtaining credit.

On the other hand, 91% of owners believe loans guaranteed under the act should be made only if the risk presented by the company or its plan is a reasonable one. This shows how wise the people in my riding are, as they call for a more universal opening-up of credit, as well as for guidelines and for only reasonable projects to be funded.

In this research and in the responses that came from our constituents, we also found out some very interesting things about the reasons small and medium-sized businesses succeed or fail.

I will probably have a chance to speak again in this debate in order to provide more detail on the points of view expressed by the men and women in my riding.

[English]

Mr. Deepak Obhrai (Calgary East, Ref.): Mr. Speaker, it is a pleasure to rise today to speak to Bill C-53. My colleagues

mentioned some relevant points earlier as to why we are opposing the bill, especially my colleague from Calgary Southeast.

Members of the Bloc have been talking this morning about the survey they have done and the feedback they have received from small businesses. Those are the bases of their argument. I have been running a small business for the last 15 years and what I will say is based on experience.

Small businesses, as we have heard constantly, are facing financial crunches. Access to credit for them is very difficult. Bankers present an opposite view, that they are working very hard to give access to small businesses.

On one hand we have constituents complaining. On the other hand the financial institutions are saying that they are doing a great job. Something is not right. Let me tell the House why it is not. From my experience banks do not understand small businesses. That is the bottom line.

For the last 15 years I have been in business I was afraid to go to the banks to ask for money. This fact has been recognized, but we cannot stop entrepreneurial spirit. That is the strength of Canada.

What have they been doing? They have been using other means. Even the banking industry admits that they are accessing credit cards at high interest rates. They are accessing from their friends at high interest rates. Why? It is because banks have not fulfilled their needs, irrespective of what promises they have given.

As usual, the government that wants to say it is doing something comes up with a program for giving guarantees so that small businesses can access funds. The program has been there for the last 25 years. Why are small businesses still complaining that they cannot access credit despite the fact that the same legislation we are talking about has been in existence for the last 25 years? It makes us wonder. Obviously there is something wrong. My colleagues have already mentioned what is wrong. The high cost of doing business is killing small businesses.

• (1305)

In the last 15 years I have been a small businessman I identified two costs that have been rising. Profits have not been rising. Competition is coming, but two costs have been rising. One is anything to do with the government, the bureaucracy. That is one of the single highest costs that is rising: taxation, user fees and government paperwork.

The second is the cost of doing business with the banks. Banks have many means of raising their charges to small businesses. There are straightforward service charges. They come along and tell them the service charges, but there are costs associated with overdraft privileges and high costs associated when cheques bounce, which is not their fault in any event. This is a huge burden.

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The economic climate of high taxation, bureaucratic interference and paperwork is killing the spirit of entrepreneurship. As my colleague said, it hits directly at profits.

The government said that it would abolish GST and we are still waiting for it to do it. I know from experience that small businessmen are paying GST from their profits. It comes out of their profits. The government may want to say that the consumer is paying it. Yes, the consumer was paying it, but businesses had to reduce their profit margins in order to accommodate that.

In principle I feel the bill is a great bill. It is there to help small businesses. It sounds excellent. The government says "Here is the money. We will guarantee it and the banks will run it. You can access it". As I mentioned, we keep hearing that small businesses are having problems and the government is doing the same thing again. We have a problem.

In his report the auditor general identified the problem. It is abuse by both borrowers and lenders. Lenders look at it as another way of making money without taking any risk. Who is at risk here? Small businessmen are already at risk when they apply for loans and the Canadian taxpayer is also part of it. There is a double risk. The banks are have absolutely zero risk.

When banks look at applications that come before them they ask why they should take any risk and they transfer it to the government program. They are fine; the chapter is closed. Once in a while they will take care of it. If they do not get it from the program they can get the money from the bank. That is a very simple statement. There is no initiative. There is no incentive for banks to work in co-operation with small businesses when taxpayers' money is at risk.

While the bill in principle may be right, it is not the way to go. The way to go is to create the environment, economic conditions for small businesses to succeed, and they can succeed without government intervention. Canadians have far more entrepreneurship and are far more willing. They do not need the government telling them what to do.

• (1310)

In talking to people outside this country time after time they make the point that they do not want to come to Canada to invest because our payroll taxes are very high. The business climate is not here. Instead of coming forward with band-aid solutions, the first priority is to work toward creating an economic climate in which small businesses can thrive, an economic climate where even the banks will understand that they have a role to play.

I appeal to the banks that will be running this program to take the interest of small business people into account. They have done a terrible job in the past. They should improve.

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Mr. Rob Anders (Calgary West, Ref.): Mr. Speaker, I will read the intended purpose of act and then tell the House its real purpose:

The purpose of this act is to increase the availability of financing small businesses which would not otherwise have access to financing.

That gets to the whole point of it. If its purpose is to increase the availability of financing to small businesses, should it be done by legislating it or by regulating it? Maybe some members across the way or other colleagues in the House think it works that way, but just because it is legislated or regulated does not make it so.

The problem for small businesses is not that they do not have the ability to acquire more debt. Their problem is that they do not have enough equity. The government continues to raise their taxes. It likes to talk about how small business is the backbone of job creation, but since it took office in 1993 there have been 40 tax increases. The government is breaking the backbone of business. The Liberals are taking baseball bats to the backbones of small businesses.

Let me talk about how many different baseball bats the Liberals have brought in. I will use the example of my home town of Calgary, Alberta. Alberta has about 1.62 million workers. Alberta pays into employment insurance to the tune of about \$1.8 billion per year and only takes out \$500 million. That leaves \$1.3 billion in the finance minister's coffers.

If we divide those numbers it is about \$750 per average working Albertan. That is money that is not in their wallets. That is money that is in the finance minister's mountain high overpayments in terms of the EI fund. That type of thing hurts small business. I do not think that legislating and regulating banks to try to give out more money is the way to do it. Why not do a favour for small business rather than try to regulate and legislate the banks? That is what small business wants.

If I were to knock on the doors of small businesses in my riding I can bet dollars to donuts they would not say that the number one thing they want from the government is more legislation and more regulation telling them how to run their shops. They would say they want lower taxes. That is what those Liberals across the way do not seem to understand. They do not hear that.

• (1315)

This government said it was going to cut the GST. The government said it was going to scrap, kill and abolish the GST. But no, this government has left that type of shackling on businesses in this country. This government said it would do something about it and it did not do it. It was a broken promise. The government does not like hearing about it, but it is the truth, and the truth hurts.

If the sting and the venom of my tongue hurts the Liberals' virgin ears, that is too bad. They need to hear the truth.

The GST was supposed to be scrapped, killed and abolished. The Prime Minister promised so. The Prime Minister is on tapes right across the land saying that he was going to do that if his government was elected. But this government did not deliver. This government fell short on that promise to small business people in this country.

This government brought in 40 tax increases and its members pride themselves on having balanced the budget. This government does not like talking about the \$24 billion more that it brings in in taxes in this country. Taxes have gone up. The GST has stayed. The government has raised CPP premiums and other payroll taxes.

The Liberal government is milking small business people dry and it talks about legislating and regulating banks. Shame on this government. That is not the answer and this government knows it.

Why does this government not give taxpayers and small business people in this country a break, rather than regulating them? That is not the solution and this government knows it is not the solution. For those members across the way who own small businesses, they should know that is not the way to cure the ailments of small business in this country. Small business is not asking or begging for more regulation.

Let us talk about priorities. This government says it wants to increase the availability of financing to small business. What is this government doing about corporate welfare in this country? Is corporate welfare somehow less important?

The government spends \$4 billion a year on corporate welfare. It gives money to its friends. I have certainly talked about that with ACOA and other programs that go on under this regime. It gives money to people who have given campaign donations. There seems to be an interesting if not spurious correlation there.

This Liberal government can find money for those things, but to lower taxes we would have to twist the finance minister's arm and break it at the wrist and the elbow.

This government does not talk about corporate welfare very much. This government does not talk about the funding it gives to special interest groups. Somehow that is more sacrosanct than cutting taxes for small businesses. I do not think so.

The government gives money to crown corporations. It believes that is more important than cutting taxes for small business.

Do members know that the CBC receives close to \$1 billion a year? It has been cut down a little, but at one point it was \$1.1 billion. Somehow that is more important than cutting taxes for small business.

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I see that some members are turning their tails and running.

The government has never come clean on this, but there are some in this country who are questioning whether Canada Post is using the money it gets from taxpayers for regular mail to cross-subsidize its courier services, e-mail and other things that it does in direct competition with Purolator Courier and other courier associations and businesses in this country.

When we have the public sector competing with private sector businesses, driving them out of business, eating up their advertising, their revenue dollars and their clients, it is a shame. This government happens to think that those types of things are more important.

I would like to go through the 40 tax increases and the types of things this government has brought in. It does not want to cut taxes. This government wants to regulate and legislate instead of getting to the whole problem of equity.

This government wants to give businesses more debt. We can bet our bottom dollar on that. We are asking for a little more equity. When people pay taxes they are incurring debt. If they have a debt already and they are paying more, they have to take on more debt.

• (1320)

I bet this government would like to give them more rope to hang themselves by. I bet the finance minister gloats over the \$24 billion more he has taken in since 1993. The finance minister and the rest of the Liberals love lining the government's pockets and building up hordes of money.

I am going to go through some of these tax increases that seem to be more important and more sacrosanct than cutting taxes for small business. Instead, the government is proposing legislation and regulations so that businesses have more rope to hang themselves by.

The government put a tax on life insurance premiums and extended it. What has that brought in? In the 1994-95 budgetary year it brought in \$120 million. It then got worse. One would think \$120 million in terms of tax on life insurance premiums and the extension was bad enough, but it went up to \$200 million, \$80 million more.

This government is all about taxing life insurance premiums. It is not about cutting taxes for small business.

What else is the government into? It is into income testing for age credits. One might ask how much money that has brought in. In fiscal year 1994-95 it brought in \$20 million. In the year after that it brought in \$170 million. By the time we got to 1996-97 it brought in \$300 million. Taxes keep going up and up with this Liberal administration, but I do not hear about it cutting taxes, lessening regulations and legislation. That is the way it knows how to solve problems.

This government also went ahead and made changes to the tax treatment of securities. For every single one of these five years it has brought in \$60 million more per year, for a total of \$300 million.

I realize that my time is up. I could go on and on. The solution is not to legislate and regulate to provide capital to businesses, it is to cut their taxes.

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, I am pleased to speak to the Bloc's Motion No. 1 and also to defend the interest of small business for the business people of Saanich—Gulf Islands and all of British Columbia.

I too will read the proposed motion:

The purpose of this Act is to increase the availability of financing of small businesses, which would not otherwise have access to financing.

Obviously they are at considerable risk.

I want to talk about the business climate in British Columbia. It is in an absolute crisis situation. No matter who I talk to, people are losing their homes and their jobs by the thousands every day in Prince George, Cranbrook, Duncan, Lumby, Terrace. Mills are shutting down. Every other day on the news we see another mill shutting down. Some have suggested we will lose another 10 by the end of the year. No matter who I talk to in these communities, they feel the largest single contributing factor for these job losses and their lives being devastated is government regulation.

Yes, there is provincial government regulation, but there is also federal. As these whole communities are being devastated, the small businesses are being driven out of business as well. That is what this government needs to focus on. It has to create an economic climate in this country and in British Columbia for these businesses to be competitive and to succeed. That is not happening.

This program is not helping small business. When I speak to the small business people in these communities, they tell me that they are overburdened by government regulation. Small business people in my community tell me they get government forms every other day in the mail. If it is not a GST report they have to fill out, it is a report from the Workers' Compensation Board for premiums, or a report for Canada pension plan premiums. The list goes on and on and on. It never ends.

These small businesses are absolutely burdened with bureaucracy. That is what we should be focusing on to help these small businesses.

• (1325)

As my colleagues have said, it is the responsibility of this government to create an economic climate so that small businesses can succeed. It should not be raising taxes 40 times over four or five years. It should not be raising payroll taxes.

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Government members like to stand and say “We have reduced EI premiums more than the Conservatives did”, but they do not tell us that they doubled Canada pension plan premiums.

This is choking the small business community. What does the government do? It says “We will bring in \$1.5 billion. We will be out there to champion the small business community. We will make this money available”. Government is not telling us that this is a huge liability for the taxpayer.

The purpose of this legislation is to help businesses which would not otherwise have access to financing.

If we ask anybody in the business community what that means they will tell us that these are high risk businesses which probably will not make it.

Why is that? There are probably some poor business plans that are not going to succeed, but a lot of them could if this government would tackle the real problem instead of just trying to put a band-aid on it, thinking it will go away. That real problem is reducing government bureaucracy and creating an investment climate for people to come in and take hold. That is not there.

I cannot emphasize this enough. I speak to small businesses in my community. They employ two or three people. They show me the government forms they receive. They have to hire a full time accountant just to look after their bookkeeping, to handle the government bureaucracy and all the different forms from all of the different departments.

They are not just getting them from the federal government, they are getting them from the provincial government. The list goes on.

It was ironic. I did a radio talk show in my riding. A representative of the federal Liberal riding association came in and said “Mr. Lunn is against small businesses. He does not support the Small Business Loans Act”.

What a pile of hogwash. They do not understand the problem. They think that if they throw money at it the problem will go away.

After spending a year in this House the one thing I have learned from this government is that it thinks that if it throws money at a problem it will go away by itself, without it having to attack the real source of the problem.

I would like to emphasize what is going on in British Columbia. It is in a crisis situation. If we go to any of the interior communities we will see people losing their livelihoods. They are losing their homes. Why is that? It is because governments, both federal and provincial, have created a climate through government bureaucracy and policies in which these companies cannot survive.

The spinoff, the rippling effect, the number of small businesses that are closing is staggering.

Let us take the example of the softwood lumber quota. The province of British Columbia has lost it through government regulations. It is struggling to export its product. It is forced into quotas by this government because of more bureaucracy, more government regulations, more paperwork.

Members opposite can shake their heads, but these are facts. I invite any member of the government to go out to British Columbia, go to the small communities and to talk to these people. Hear it from them. Look at the devastation that is happening out there and then come back here and say “We need more than just \$1.5 billion to throw at people with business plans who otherwise could not get financing from anywhere else”.

We have to do something for these people. What we see is absolutely not acceptable.

● (1330)

I think it is a disgrace that I have to look at this legislation in the House and then go back to the people of British Columbia and say this is what the federal government is doing for you. They will say that I am their federal member. I shake my head because these people are so frustrated. What are they going to do? There are real problems out there. We need to start attacking the root of the problems.

I will repeat that the government’s responsibility is to create an economic climate in which businesses can thrive, profit and provide employment without government subsidies and taxpayer liability. We are not doing that, although it is our role in this House to do so.

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, I rise to discuss Bill C-53 and Motion No. 1 moved by the Bloc. I will continue on from where my hon. colleague from Saanich—Gulf Islands left off in regard to what is happening today with small businesses and so-called small business loans.

The government is trying to infuse more money into a very bad situation. I have listened to some of the speeches today. Some members across the way have said how much they have done for small business, yet in the history of Canada the small business bankruptcy rate has never been so high. How much help has this government given small business? Why is our system not working?

This program is already in place and the Liberals want to throw more money into it. They know full well that it will not create a better climate for small business, that it will not help the entrepreneur go ahead. Canadians are overregulated and overtaxed.

Last winter between Christmas and New Year’s Day, I had a chance to get away with my wife for a few days. We decided to drive down to the coast of Oregon. A small business conference was going on there. I met a couple of mayors and a bunch of

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council people from Lincoln, Oregon. We got talking about the difference in business attitude between down there and up here in Canada. They told me of six new companies that had started during a two-week period. They were started by Canadian entrepreneurs who had been chased out of this country by this government.

Members on the other side ask about the American economy. It is coming from our Canadian entrepreneurs who have been chased out of this country. They have been chased out by those people, the government and its overtaxation and overregulation. Do Liberal members think those entrepreneurs are happy there? Do Liberals think those people want to invest \$50,000, \$100 million or \$200 million in this country? They do not. They have no confidence in the ability of this government to help them survive in this economic climate.

Liberals stand up day after day to say how great they have been to Canadian businesses. Let us take a look. There have been 40 increases in taxation since the Liberals have been in power. I will say it very slowly for those on the other side. That is a four with a zero at the end in tax increases. And the Liberals say they are the great saviours of the Canadian business climate. Shame on them. Shame on them for even standing up and saying that. It is total hypocrisy.

This government is like any government before it, like the Conservative and Liberal governments before it: "We will throw more money out there to make us look good. We will have something to throw out there so we can say this is what we tried to do although it did not work. We are so sorry it did not work". Governments have been trying this from day one in Canada and who has been paying for it? The taxpayers, those who are sitting outside this House, those who are sitting up in the gallery. They are the ones who pay for it.

The Liberals sit on the other side and think they have money. They think they have their own money but they do not. The Liberals have the people's money. They have the workers' money. Look after it for a change. It is total hypocrisy.

• (1335)

The Liberals campaigned that they would get rid of the GST and they would help businesses. They said they would scrap the GST. What did they do? They came along with a better idea, a bigger scam on the people of Canada. They would harmonize the GST. The cost went up another 3% through harmonization. Nice going Mr. and Mrs. Government on the other side. Shame on them. They cannot justify the 40 tax increases, so they will not mention them. They cannot justify any of them. They would sooner have a bill like this one which adds \$1.5 billion more to try and address the problem.

The problem has been there since the day the program started. People come to my office time after time wanting to know how

they can access the money that is supposed to be there for small business loans. It is not there. Most of them would be far better off going to their families and keeping the government and its regulations out. What kills business is taxes and overregulation.

If this government really wants to do something for the entrepreneur, for the business minded people, if it really wants to keep them in this country and not chase them across the line or to other countries like it is doing today,—it is called the brain drain—then start cutting the taxes. Get out of their faces and let them go ahead and compete. Get rid of the interprovincial tax barriers. Start treating Canadians as human beings instead of digging into their pockets and taking their money any time it feels like it.

Mr. Eric Lowther (Calgary Centre, Ref.): Mr. Speaker, I am so pleased to follow my colleague now that he has the attention of some of the members opposite. Hopefully they will listen to the continuation of the well reasoned arguments that our party has put forward.

I am troubled by this motion as I know many constituents are. It is such a sad reflection on the lack of leadership on the other side. The best the government can do is to put forward a bill that puts the struggling small businesses further in debt and offers them no possible relief or hope. This is not the way to increase the viability of small businesses in Canada. If they were more viable, lenders would be lining up to make sure money was available to them. This kind of motion makes it all that much more difficult.

Why are small businesses having such a hard time? A number of small businesses in Calgary Centre have spoken to me over the past year and they have listed their concerns. Never have they come to me to say that they need more access to loans to get them further in debt. Every priority they have presented to me has related to taxes, taxes and taxes. They listed the property tax they pay and how high it is. They listed the provincial taxes and the income taxes. The most painful of all is the payroll taxes. It is particularly painful when they see, hear and read about a surplus they and their employees have paid into but they will not be given any relief in that arena by the finance minister.

Particularly troubling to me was one small business owner, an elderly fellow. He and his wife ran an electronic shop. He showed me on paper that he could actually make a profit but after paying taxes, he was in a losing position. He lost money because of his taxes. It is tragic especially when we sing the praises of small businesses being the engine of our economy and then we tax them into bankruptcy. It is tragic.

• (1340)

We have heard previously from members today about the rate of bankruptcy in this country. Is this the best solution we can come up with for businesses that are going bankrupt? We are going to make the availability of more financing that they would not otherwise

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have access to drive these businesses that are carrying the tax burden further into debt through government loans. Is that the best we can do?

Certainly that seems to be the best members on the other side can do, but that is not why we are here. We are here to see that these small businesses become successful and to give them some tax relief. This component of our business community should be the first to receive tax relief.

The president of the Restaurant and Food Services Association in my riding has come to me more than once. He has written to me. He has never asked for access to more financing. Each time what he has asked for is relief from taxes. He has pointed out to me that the restaurant business is where many young people in our country get a start. They learn how to work within a company, serve and build their job skills. Yet restaurateurs are so burdened by payroll taxes that many of them are limiting the number of young people they hire and this is where our young people get a start.

At the other end of the spectrum, many professionals and people trained in our universities who venture out in small entrepreneurial enterprises carry the weight of a mountain of bureaucratic red tape and the tax burden. That is one of the factors why this country is faced with a brain drain. Educated professionals look at the options and ask do they stay in Canada or do they go somewhere where their efforts are going to pay a dividend. It is not here that they choose to stay.

We are asking that we get serious about some real solutions for small business. It comes from a climate that allows small businesses to succeed, not to get further into debt, a climate that allows them to make a profit. Some members in the House do not like to hear the word profit. Allow small businesses to make a profit, to reinvest it back into their companies, to expand, to employ more Canadians. Keep more Canadians here, young Canadians, instead of driving them across the border because of the heavy burden of taxes and government red tape.

No, that is not the answer. We need to show leadership in that area and it is leadership that is sorely lacking. That is why we are so concerned about this particular motion today and this bill. It so typifies that lack of leadership.

Let me also point out that our country has the highest tax rate in the G-8, which is something we have mentioned before in the House. Canadians are starting to hear it. We hear the finance minister talking about surpluses, yet he is refusing to give Canadians the tax relief they deserve.

We have seen the vibrancy in Alberta. Why? Because Alberta has one of the most positive climates in Canada for entrepreneurs and business people to succeed. People are moving to Alberta and they are succeeding in Alberta. But the Liberal government refuses

to take that as a lesson and allow for that kind of an environment to flourish in the rest of the country.

I refuse to accept the statement some would make that the success of entrepreneurs and businesses somehow means that those who are underprivileged or who are in need would be left out. My very own riding of Calgary Centre, the vibrant community of Calgary, in some ways is becoming the new business capital of Canada. I would say that the charities, the concern and the caring in that community is second to none in Canada.

It does not follow that just because there is business success somehow that means the underprivileged are forgotten. I put forward the strong example of Calgary Centre, my own riding where just the opposite is true. When there is success in business and the economy is strong, the needs of the underprivileged are cared for that much better than when business is struggling and under a heavy burden of tax.

• (1345)

We are so concerned about the lack of leadership on this issue shown by the government. It is so important. That is why we have made mention of this. We are making a point to bring this to the attention of the people in the gallery, those watching and hopefully the few members opposite who are listening.

My closing appeal for the young people of the country, the families that want to have a future, stay in Canada and have an opportunity to grow, raise a family and be strong contributing Canadians is that on their behalf instead of a weak approach of putting businesses further in debt that the government, parliament and all of us be committed to strengthening the economy through lower taxes, less government regulation and let the Canadian people flourish and build a stronger country.

Mr. Werner Schmidt (Kelowna, Ref.): Mr. Speaker, it is a privilege to follow an as erudite and eloquent speaker as the member for Calgary Centre. Was that not a thrill to listen to him advocate on behalf of our young people, small businesses and to encourage the entrepreneurship of those who are aspiring to become big businesses? That is tremendous. I congratulate my hon. colleague who presented a very balanced view of what is happening in Canada.

I will talk about the entrepreneurship that is so characteristic of small business people. The people who start small business are entrepreneurs in the absolute and best sense of the word because the entrepreneur is someone who takes his own initiative, motivation, ideas, learning, skills and abilities and applies them in a way that will make him some money, that will allow him to express himself, to get that self-actualization to the fore so that he can become that respected member of the community.

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Entrepreneurs are the very people who are the most charitable in giving their time, money and skills to the community. Recently we had a fundraising dinner for the cancer clinic in Kelowna. The fundraiser was populated by primarily small business people.

What did they do? Ninety of these small business people raised \$90,000 in one evening for the Kelowna clinic cancer centre. Is that not something to be proud of? I think that is wonderful and we should congratulate them. Those are the very same people who stand behind the United Way and have helped build the social conscience among the members of the community. Those are the kinds of people who have that have the spirit and drive that says I want to help myself and I want to show the aggressiveness and the way in which I can build a better community. That is what those entrepreneurs and small business people do.

That is not all they do. They are the source of most new jobs, with 85% created by small business people. Is that not something we should reward?

If that is the case perhaps this is a really good amendment because it is supposed to help small businesses. The interesting thing is that it says the purpose of the act is to increase the availability of financing of small business which would not otherwise have access to financing.

If that is the purpose then I want to ask what has the experience been. There was a Small Business Loans Act which had a purpose very similar to this one but how did it actually work its way out? In many instances the financial institutions recognized that if they would grant a loan under the provisions of the Small Business Loans Act they would be able to collect a better interest rate and besides that they were absolutely assured that the loan would be repaid regardless of what happened to the business.

If that does not sound, smell, taste or look like a subsidy to the financial institutions I would like to know what it is. I think we had better really look at this carefully and say what are we really doing here. Are we subsidizing those big banks that had profits last year of \$1.5 billion for one bank? They do not need the subsidy. But the small businessman needs a break. He does not want a subsidy. I have not heard a single small businessman say to me they want me to get them a subsidy.

• (1350)

What they say is "Give me a fair break so that I can compete fairly, that I can compete honestly and so that I can apply my skills in the best way possible. Reduce my taxes. Reduce the intrusion of government in my work and do not give me subsidies. If you give me a subsidy you are probably going to give my neighbour a subsidy. But worse than that, you are probably not going to give a

subsidy to me and give it to somebody else and that person is going to compete with me".

I will give a specific case of a business that was doing very well. It wanted to expand and did. It borrowed \$250,000 to expand the business, put a new product line in place and to make it more efficient. What did the business discover? It discovered that in another community that had the same market area as it did, the government came in with a subsidy for exactly the same business. Here we have an honest entrepreneur trying to compete with this big mammoth, giant government which gave this person an interest free loan. Is it any wonder that both those business had problems? That is the kind of thing we want to avoid.

Small business is also the centre of most new ideas and innovation. If we look back on the communication industry and how it has flourished, where did it start? We can look all the way back to Alexander Graham Bell. Where did he start? In big business? He started as a tiny little business. We can go back to the computer industry, back to the chips, back to virtually any of these things that are happening today. Where did they start? They started as small businesses. They did not start with the Small Business Loans Act. They started not with a special subsidy. They started because they had a good idea, they had a few dollars and they put their enterprise to work. That is how it works.

Does this mean I am opposed to small business? It is the exact opposite of that. It gives small businesses the courage, the enthusiasm, the support, the level playing field so that they can compete fairly and squarely with other businesses so that the best person can win. Let us face it, that is what we want.

It is government's responsibility to create a playing field that is level, an environment that encourages distribution and advancement, that builds on the talents and skills of the people. That builds a nation. The strength of a nation does not rest primarily on its natural resources. It rests on the motivation, on the skills, the abilities and the knowledge of the people. Because that is where it rests, it finds its greatest application in small business. That is where we need to look.

This government should be ashamed that it gets in the way of small business with its bureaucracy, gets in the way of small business by not giving it the opportunity it should.

Let us encourage this government. It has done wonderful things but there are some things it is doing that are wrong. That is what has to be taken care of.

The GST should go. The government said once it was going to go. There are all kinds of members over there who said it should go. Did it go? No. It harmonized the GST, which costs even more money. That is a disgrace.

What is it that we now need to look at with regard to small business? New jobs. If there is one thing that would encourage our

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young people, the graduates, more than anything else it is to recognize that their skills, their abilities, their training will result if a job.

Last summer I met with two university students, bright young people. They came up with a truck and a trailer. On the truck they had wheelbarrows, rakes and other tools. On the trailer they had some lawnmowers and other gardening equipment. I asked them what they were doing. They said they got a little loan and bought this equipment and were in business. Guess what happened. At the end of the summer they had paid off the loan, paid for the equipment and saved enough money to pay for their next year's tuition. They were so proud of being able to build the business. They were so happy and they are now putting that equipment to work during the winter, getting ready for the winter clearing of snow and things of that sort.

● (1355)

This started because these young people had some skills and ability and could not find another kind of a job and so decided they could help themselves. That is what this government should be doing. It should encourage our young people.

It is a great world. Canada is a great country and that is what we need to build on.

STATEMENTS BY MEMBERS

[English]

MIGRAINE

Mr. Tom Wappel (Scarborough Southwest, Lib.): Mr. Speaker, I am pleased to inform the House that the week of November 14 to 20 is migraine awareness week.

Over 3 million Canadian men, women and children suffer from the pain of migraine, a debilitating neurological disorder which costs the Canadian economy an estimated half billion dollars a year.

The Migraine Association of Canada provides information and compassionate telephone support to help sufferers manage this disorder. The association is launching its third annual campaign to increase awareness of the serious nature of migraine. Volunteers across Canada will display information in workplaces, community centres and schools to foster a greater understanding of the symptoms of migraine and their effects on the sufferer.

Please join me in wishing the Migraine Association of Canada and its volunteers a very successful migraine awareness week.

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HEADSTART PROGRAMS

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, one year ago 14 year old Reena Virk was brutally beaten to death in my riding by a group of teenage girls.

The Virk family, displaying enormous courage, turned its pain into positive action supporting effective crime prevention tools such as my private member's Motion No. 261 which passed in the House of Commons in May and calls for a national headstart program.

It focuses on strengthening the bond between parents and children, particularly those between the ages of zero and eight, so that children will have their basic needs met.

Headstart programs have decreased child abuse by 99%, youth crime by 60%, teen pregnancies by 50% and saved \$30,000 a child. Headstart programs have also decreased the single leading cause of preventable and irreversible brain damage, fetal alcohol syndrome which plagues one-third of the people in jail.

An ounce of prevention is worth a pound of care and I call on the government to act on the contents of Motion No. 261 and work with the provinces to implement a national headstart program so we will not see more deaths like Reena Virk's.

* * *

GUELPH—WELLINGTON COMMUNITY RADIO

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Mr. Speaker, when most people want local, up to date news they tune in to their community radio station. But the community radio stations in my riding of Guelph—Wellington, CJOY and Magic 106.1, provide so much more than this. They play a crucial role in building community spirit by promoting local events and encouraging people to support local charities.

During last year's ice storm and again in the aftermath of hurricane Mitch, CJOY and Magic helped to co-ordinate our community's response, keeping us informed and telling us how we could help. These are just two examples of the important role local radio plays in my riding.

I thank CJOY and Magic for their dedication to our community and for their generosity in donating free air time to local organizations and charities. They are a big part of what makes Guelph—Wellington the best place to live in Canada.

1998 GOVERNOR GENERAL'S LITERARY AWARDS

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, the 1998 Governor General's Literary Awards were presented today. These awards are given to the best English and French language work in seven categories.

• (1400)

This year's winners are Diane Schoemperlen, Christiane Frenette, Stephanie Bolster, Suzanne Jacob, Djanet Sears, François Archambault, David Adams, Pierre Nepveu, Janet Lunn, Angèle Delaunois, Kady MacDonald Denton, Pierre Pratt, Sheila Fischman and Charlotte Melançon.

Our thanks to the Canada Council for the Arts which administers the awards and provides invaluable support to Canada's writers and artists all year long.

I congratulate today's winners. All Canadians should be immensely proud of the extraordinary wealth of literary achievement and promise that exists in Canada today.

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[Translation]

CANADA-FRANCE INTERPARLIAMENTARY ASSOCIATION

Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.): Mr. Speaker, on behalf of the Canadian branch of the Canada-France Inter-parliamentary Association, it is my pleasure to draw your attention to the presence in this chamber of a delegation of the French branch of our inter-parliamentary association.

The French delegation is led by French branch chairman François Loncle, the member for l'Eure, who is accompanied by fellow member François Deluga and Senator Jean-Marie Poirier.

The purpose of the meeting our association's standing committee is currently holding in Ottawa is to establish our schedule for the coming year and come to an agreement on the next steps to be taken in strengthening both the parliamentary and governmental partnership and co-operation between our two countries.

* * *

[English]

RAILWAYS

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, last week while on route to an evening meeting in my riding I had to stop quickly for a freight train crossing the road in front of me. I felt fortunate that I had seen it for at night trains at crossings not equipped with lights, bells or barriers tend to blend into the darkness.

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If all railway cars had markings on their sides to alert drivers, many accidents could be avoided. Railways have taken the initiative and are painting reflective strips on the sides of their new cars and on cars that come in for repairs. The problem is that in today's intermodal marketplace trains may be hauling cars belonging to U.S. shippers or even the Government of Canada.

The government needs to make the safety of the motoring public a priority. The Minister of Transport has the regulatory authority to make reflective markings mandatory on all railway cars travelling in Canada, and he needs to do it now.

* * *

[Translation]

HARRIS CANADA INC.

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, I am pleased to inform the House that, on November 9, 1998, Harris Canada Inc. and the Government of Canada announced a \$133 million investment in the Montreal and Calgary divisions.

The Montreal project entails a \$9,861,900 investment by Technology Partnerships Canada, as part of a global investment of \$72 million over four years. This is a project to develop wireless point-to-multipoint broadband access systems, which will make functions like high-speed Internet access and video access accessible without wired components. This investment is expected to generate 320 jobs in Montreal by the year 2005.

I should point out that, since 1996, Technology Partnerships Canada has invested more than \$300 million, which helped maintain or create 3,875 jobs in the greater Montreal area.

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[English]

HUMAN RIGHTS

Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.): Mr. Speaker, I am pleased to rise in the House today to commend the efforts of the Prime Minister and senior ministers in our government for their steadfast approach to promoting human rights at the APEC meeting in Kuala Lumpur.

I applaud the Prime Minister's direct insistence that former Malaysian deputy prime minister Anwar Ibrahim receive a fair and honest trial. On November 14 our Minister of Foreign Affairs met with the father of opposition MP Lim Guan Eng who was wrongfully jailed for disagreeing with the prime minister of Malaysia.

I am proud of our Liberal government's strong effort in championing the cause of human rights at home and internationally.

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HEALTH

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, we know that Canadians are more concerned about health care than almost any other issue. It is no wonder. While our health minister says "trust me" and "read my lips", Canadians are saying "Let's read his record".

Did the health minister promise to ban tobacco sponsorships forever?

Some hon. members: Yes.

Mr. Chuck Strahl: Did he deliver?

Some hon. members: No.

Mr. Chuck Strahl: Did he promise to compensate all hep C victims?

Some hon. members: Yes.

Mr. Chuck Strahl: Did he deliver?

Some hon. members: No.

Mr. Chuck Strahl: Did he promise amendments to the Patent Act that would lower drug prices?

Some hon. members: Yes.

Mr. Chuck Strahl: Did he deliver?

Some hon. members: No.

Mr. Chuck Strahl: Did he promise pharmacare?

Some hon. members: Yes.

Mr. Chuck Strahl: Did he deliver?

Some hon. members: No.

• (1405)

Mr. Chuck Strahl: Did he promise home care?

Some hon. members: Yes.

Mr. Chuck Strahl: Did he deliver?

Some hon. members: No.

Mr. Chuck Strahl: Did he promise openness and transparency in his department?

Some hon. members: Yes.

Mr. Chuck Strahl: Did he deliver?

Some hon. members: No.

Mr. Chuck Strahl: Did he promise more funding for health care?

Some hon. members: Yes.

Mr. Chuck Strahl: Did he deliver?

Some hon. members: No.

Mr. Chuck Strahl: Did he promise to reduce waiting lists in hospitals?

Some hon. members: Yes.

Mr. Chuck Strahl: Did he deliver?

Some hon. members: No.

Mr. Chuck Strahl: The record speaks louder than words and the record of the minister is so abysmal it begs one final question. Does the health minister want to be prime minister one day?

Some hon. members: Yes.

Mr. Chuck Strahl: Will he ever deliver?

Some hon. members: No.

Mr. Chuck Strahl: Heaven help us. No way.

The Speaker: I am not sure if that should be one statement or ten.

* * *

[Translation]

ELECTION CAMPAIGN IN QUEBEC

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, what is at stake on November 30 is clear.

A vote for the Liberal Party is a guarantee that there will be no referendum on the separation of Quebec.

A vote for the Liberal Party shows unequivocally that it is possible to improve Quebecers' quality of life.

A vote for the Liberal Party is a show of confidence in Canada and Quebec's ability to improve their economic, social and cultural positions in the world.

A vote for the Liberal Party is an insurance policy for the majority of Quebecers who are opposed to the separation of Quebec from the rest of Canada.

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SHERBROOKE MUNICIPAL COUNCIL

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, on November 1, municipal elections were held in many Quebec municipalities, including Sherbrooke, which I have the honour of representing in this House.

In the 12 electoral districts, voters elected women to 50% of the positions on the municipal council. Sherbrooke, which is a leader in many areas, is once again making history by having the first municipal council with as many women as men. This is to the credit and benefit of the voters, since these women have a lot to offer to society.

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I congratulate all those who were elected in Sherbrooke, and particularly my wife, Mariette Fugère, who was elected in the electoral district which I represented for 12 years.

I am confident that on November 30, voters in my riding will elect as many women as men to the National Assembly, that is Marie Malavoy in the riding of Sherbrooke, and Frédéric Dubé in the riding of Saint-François, this in the best interests of the people of Sherbrooke.

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[*English*]

SOCIAL RIGHTS

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, Canada's anti-poverty groups are in Geneva today briefing UN officials on Canada's utter disregard for the conventions of the UN covenant on social, economic and cultural rights, a covenant that calls on government to work to ensure basic social rights like the rights of shelter and adequate nutrition.

Anyone committed to social justice now awaits what is sure to be a devastating UN rebuke. The central government has become adept at ignoring the cries of outrage emanating from within Canada's borders. The question is when that condemnation comes from the UN will it still be ignored.

We in the NDP are calling on the finance minister to commit today to using the \$10 billion budget surplus, a product of his continued attacks on the poor, to at least meet the basic requirements agreed to in the UN covenant.

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[*Translation*]

ELECTION CAMPAIGN IN QUEBEC

Mr. Denis Paradis (Brome—Missisquoi, Lib.): Mr. Speaker, this evening, an important debate is being held in Quebec. It is the leaders' debate, which is being held as part of the campaign leading up to the November 30 election.

It will give the Liberal leader an opportunity to show Quebecers that Canada is a land with a future of great achievements for the start of the next millennium. Brome—Missisquoi wants to be part of it.

The debate will provide an opportunity to underscore the reality and the issues of the upcoming election. A vote for the Parti Québécois is a vote for a referendum, as the Bloc Québécois leader indicated at the start of the campaign.

The debate will bring out the fact that Quebec enjoys a special status in North America because of its culture, its geography and its economy.

There is no doubt. A better life in Canada requires Quebec.

FINANCIAL INSTITUTIONS

Mr. Odina Desrochers (Lotbinière, BQ): Mr. Speaker, according to the word going round in the papers, it would appear that some of Canada's chartered banks are boycotting Quebec bonds.

We learn in fact that neither the Bank of Montreal nor the Royal Bank have any Government of Quebec bonds. And yet, they have \$1.4 billion worth of federal bonds and over \$420 million in bonds issued by five provincial governments elsewhere in Canada.

It is a scandal that the financial institutions wanting our savings cannot even be bothered to invest them here.

I am sure this information will give a number of people who were perhaps thinking of doing business with these banks cause for reflection.

* * *

• (1410)

[*English*]

FISHERIES

Mr. Mark Muise (West Nova, PC): Mr. Speaker, this coming Saturday has been designated as World Fisheries Day. It is important that Canadians and the rest of the world recognize the importance of the fishery in our economies and the devastating consequences that will result if we do not start doing a better job at protecting this industry.

The collapse of the northern cod fishery is a prime example of what can occur when we take fishing stocks for granted. The results are that thousands of fishers have been forced out of the fishery, bringing to an end a way of life that has survived for generations.

I am not convinced that our fisheries minister has learned anything from past mistakes. For months now I have tried to focus his attention on the serious illegal lobster activity going on in West Nova. The minister is intent on believing that the problem has been addressed.

Fishers, along with regional DFO officials, continue to tell me otherwise. It continues to be a serious problem that must be addressed before the lucrative West Nova lobster industry goes by the wayside like the northern cod fishery.

* * *

SIMCOE—GREY

Mr. Paul Bonwick (Simcoe—Grey, Lib.): Mr. Speaker, I rise today to make you, our Prime Minister, my colleagues in the House and in fact all of Canada aware of one of the greatest economic opportunities in industry.

The opportunity I speak of is Simcoe—Grey. Simcoe—Grey is situated in the most beautiful part of southwestern Ontario and

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indeed all of Canada. We are strategically located within a two hour drive of well over 10 million people.

We also have access to a variety of university and college campuses. These facts, coupled with a group of mayors and councillors that are willing to work with business, make my riding an ideal investment opportunity.

I ask industry officials to think of the potential: the third largest market area in North America, skilled labour pools, open for business attitude and a quality of life second to none.

On behalf of the residents of Simcoe—Grey I say please visit our riding. We are open for business.

* * *

POVERTY

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, the living conditions of the very poorest in Canada are worse now than in a very long time. The numbers of the homeless continue to rise and the line-ups at food banks grow longer. Aboriginals living on reserves are often living in third world conditions. After tax incomes remain well below individual incomes of the 1980s.

Next week several Canadian anti-poverty groups are visiting the United Nations to point out that for too many Canada is not the best country in the world in which to live.

The government has shamed Canadians by ignoring UN questions about our social problems for two years. When it finally had to submit a report, the government simply refused to answer some of the strongest concerns.

Yet the government sits on \$10 billion in overtaxation for the first six months of this fiscal year alone. Why does the government continue to overtax and cut services to the most disadvantaged in our society?

* * *

EDUCATION

Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.): Mr. Speaker, I rise today to applaud the achievements of the two universities in my riding of Kitchener—Waterloo.

In this year's *Maclean's* magazine annual ranking of Canadian universities our reputation thrives. The University of Waterloo is considered the best overall comprehensive university and Wilfrid Laurier is the fourth best overall primarily undergraduate university.

U of W is considered the best overall, the most innovative and ranks highest for the leaders of tomorrow. Within comprehensive schools it ranks first for the average entering grade and student awards.

In its category Wilfrid Laurier ranks first in the proportion of students with 75% or higher and second in average entering grade.

Post-secondary education is the key to our future prosperity as a nation. The tangible commitment our Liberal government has included increased funding for granting councils, centres of excellence, improvements to the Canada student loans program, the millennium scholarship fund, research infrastructure renewal and the Canada Foundation for Innovation.

I congratulate both universities for their excellent standing in this annual survey and commend them for always striving to be better.

* * *

EDUCATION

Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP): Mr. Speaker, I acknowledge the great contribution made to the economy and society of British Columbia by the University College of the Cariboo.

The University College of the Cariboo created a cult of innovation for young entrepreneurs and investors throughout the central part of British Columbia. It developed a culture of openness, welcoming students from over 21 different countries to study and to enrich the educational atmosphere of that university college.

Its programs from degree granting to training and upgrading reflect the totality of the British Columbia economy. The plans of the University College of the Cariboo reflect a changing economy, a very innovative university college to meet the demands of the ever changing economy of the 21st century.

It is a model for the rest of Canada and provides the kind of educational experience that truly reflects the realities of the new millennium and the true realities of a knowledge based economy.

ORAL QUESTION PERIOD

● (1415)

[English]

FINANCE

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, for yet another year the auditor general has refused to sign off on the finance minister's accounting trickery.

The auditor general says the finance minister is improperly billing the taxpayer today for spending that will not happen for years. He objects to the finance minister's trying to hide billions of dollars from Canadians who want tax relief and debt reduction today.

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What is the point of even having an auditor general when this finance minister simply laughs in his face and ignores his recommendations?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the accounting procedure that was followed in this case is the one followed in the private sector. It is more open and transparent than that which has been recommended by the auditor general in the public sector.

We believe government has a responsibility to be as open and transparent as possible. That is why we booked the liability as soon as it was incurred.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the auditor general has pointed out that the finance minister is billing Canadian taxpayers for programs that have not even started yet.

If a private business were to book expenses that have not yet been made to hide the true size of its profit, the revenue minister would have that business in court.

Why should the finance minister be allowed to get away with accounting practices which would land a taxpayer in court or in jail?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the Leader of the Opposition is wrong on both counts. In fact, the millennium foundation has been set up. Second, it happens all the time in the private sector that when obligations or liabilities are incurred they are booked.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the finance minister is playing a shell game with the money of Canadian taxpayers. He pads expenses with future projects to make the surplus look smaller so he can say there is no money for tax relief. He cuts \$7 billion out of health care, gives \$2 billion back and thinks no one will notice there is \$5 billion missing.

Does the finance minister actually think these kinds of shell games will fool anyone other than gullible Liberal backbenchers?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the real difference of opinion between us and Reform is how that money was spent.

The last budget was one of the most important education budgets ever brought forth by the government. We gave students a tax credit on their deductions. At the same time we gave single parents a \$3,000 grant.

Reform in its taxpayers' budget said it would take \$200 million out of education.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, the finance minister should do card tricks the way he talks his way around things.

The government knows the auditor general is the top watchdog in the country to look after the government's books and he should obey them. He has not done that. Businesses and home owners would not be allowed to cook their books the way the government has.

I ask the revenue minister, because he would be so happy to sue anybody who took after this kind of bookkeeping, will he stand in his place right now and say that the way the finance minister is cooking his books is wrong, plain and simple?

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Mr. Speaker, this finance minister is the best finance minister we have ever had. We are very proud of the work he has done. Members opposite should be embarrassed to ask the questions they have asked of this finance minister.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, in the words of one great Canadian philosopher, beauty fades but stunned is forever.

This minister knows that when one cooks the books in a business—

• (1420)

The Speaker: A few years ago we had reference to Shakespeare. We are coming a bit close. I ask the hon. member to watch her language.

Miss Deborah Grey: Mr. Speaker, long live the king.

The auditor general has refused to sign off on the government's books. It can try to discuss that away but it simply will not work. If the auditor refused to sign off on a private company's books Revenue Canada would move in, the management would be fired and there would be an investigation.

I again ask this question of the revenue minister and I would like an answer. Should Canadian businesses be allowed to operate their books the way the finance minister has been, thinking he is against the law?

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Mr. Speaker, obviously the hon. member does not know much about business.

When business people have liabilities those liabilities are booked. Those liabilities are banked whenever they exist. She should do her homework. She should talk to business people and find out how they do their accounting. Obviously she does not know a lot about business.

* * *

[Translation]

BUDGET SURPLUS

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, yesterday in this House the Minister of Finance confirmed

Oral Questions

his desire to continue to dip illegally into the employment insurance fund and admitted that he had deliberately underestimated the size of the budget surplus.

He said, and I quote:

—our projections would not be of our optimum performance, but of our minimum.

Why does the minister assess his surpluses at a minimum, while dipping into the employment insurance fund to a scandalous and immoral maximum?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, what I said yesterday, and what I say again today, is that we intend to proceed in a balanced manner. Every year since we came into power, we have cut employment insurance contributions. Last year, we reduced taxes and put money into the sectors of the future.

This is an approach that works and one we will continue to use.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, speaking of balance, one month ago the Minister of Finance was telling us there would not be a budget surplus.

One week ago, his own department told us that, after six months, there was a surplus of \$10 billion. Why such a discrepancy? The answer is one of two things: either this minister is incompetent, or he refuses to debate with his colleagues, the Minister of Health and the Minister of Human Resources Development, in order to decide what to do with the surplus. Which of these is the right answer?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member is mistaken.

Some hon. members: Oh, oh.

Hon. Paul Martin: I have always said we would be going to have a surplus this year. I said so in the economic statement. Moreover, Canadians need to be proud of this.

What I am still saying, and I would like to quote the senior economist at Mouvement Desjardins, is “The presence of numerous risks, both from the economic and the financial point of view, calls for continued caution”. That is our position.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, the chief economist for the Mouvement Desjardins predicted a \$15 billion surplus by the end of the fiscal year, while this morning the Conference Board anticipated a surplus of \$10 billion. These are the true figures.

For three years now, the Bloc Québécois has accurately forecast the situation of our public finances. This year, the surplus will, in our estimation, reach \$15 billion. We are proposing to allocate \$7 billion to the employment insurance fund, \$6 billion to health and \$2 billion to tax reduction, for a total of \$15 billion. This is our proposal.

What is this minister, who plays with numbers to hide the reality, proposing?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, allow me to quote François Dupuis, the senior economist of the Mouvement Desjardins, who said “While the financial context has stabilized in recent days, we must not forget that the situation remains highly volatile. The presence of numerous risks, both from an economic and financial point of view, calls for continued caution”.

We are being cautious. The Bloc Québécois wants to take us back to the days when we had a deficit.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, now that the minister is done saying things that make no sense, I am asking him what he has to say to the president of the Canadian Chamber of Commerce, who recognizes that there will be a surplus in excess of \$10 billion by the end of the current fiscal year, who accuses the minister of playing with numbers, and who asks, on behalf of all Canadian entrepreneurs, that the Minister of Finance show a little more respect.

• (1425)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member is contradicting the senior economist of the Mouvement Desjardins. He is contradicting the senior economist of the Bank of Commerce.

He is contradicting the vast majority of economists in Canada, who are advising us to remain cautious and who agree with our principles, which are to reduce the debt, lower taxes and invest in sectors of the future, including health.

* * *

[English]

PAY EQUITY

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, in August the government rationalized yet another delay in honouring its pay equity debts to its own employees, claiming that further clarification was needed from the courts. With today’s federal court decision to throw out the Bell case, the pay equity issue is now crystal clear. Will the minister agree to stop the delay and just pay?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, the basic issue has not changed. There are two groups of women that would be submitted to two different systems of pay equity and we have to appeal to make sure the law is clarified.

The judge did not make a decision on methodology in the judgment of today but merely sent it back to the tribunal of first instance. Therefore we are back with exactly the same problem we had. We have two different methodologies. We cannot treat two

Oral Questions

groups of women differently in terms of pay equity. We are in favour of the principle but we have to appeal.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, when this government likes a decision it touts it and when it does not like a decision it studies it endlessly. Obviously the government must have anticipated today's court decision as one possibility. Surely the government had a plan. Does the plan include paying its debts to its own employees or will it dredge up more excuses for more delays?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, the union appealed when it did not like the judgment in the Bell Canada case. In our case we cannot as a government treat two groups of women, the 20,000 women in the Bell case and the women in the public service, in different ways. We still have the same problem. We have two different methodologies and we still must ask the court to clarify the law. We believe in the principle of pay equity but we must treat women, whether in the private sector or in the public sector, in the same way.

* * *

AGRICULTURE

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, in 1995 the government dismantled the long term safety net programs that were put into place by Progressive Conservative governments to deal with commodity pricing.

A farmer from Manitoba said that dealing with short term cash inputs without long term commodity price safety nets is like giving Valium to a cancer patient.

When will this minister and his government put in the proper safety nets for our agriculture commodities?

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I remind the hon. member of what we inherited in 1993 which caused us to take a very serious look at the future of not only support to agriculture but support for all Canadians, a \$42 billion deficit. In spite of that and with that saddle on our back, we have worked with the industry to put in place a safety net system to support the Canadian agricultural industry. We are continuing to work with it and we are presently reviewing that support.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, two weeks ago the minister met with provincial agriculture ministers and industry stakeholders. At that time the minister said it was time for discussion, not for decisions. It has been reported that yesterday the United Kingdom put \$250 million into its agriculture industry. Perhaps it is time for decisions to be made.

When will this minister put those types of funds back into our industry so farmers can put crops in this year?

• (1430)

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, we are continuing those discussions with the provinces and with the industry participants. We are taking this very seriously. We are looking at it in a very thorough and comprehensive way. We are determined to do all that we possibly can in order to provide all the support we can for the producers as they go forward into the completion of this year and into the 1999 crop year.

I remind the hon. member the farmers will not be planting this year. It will be next year.

* * *

FINANCE

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, today the auditor general said "In my opinion the 1997-98 surplus is understated by \$2.5 billion, and accounts payable and accrued liabilities as well as the accumulated deficit are overstated by the same amount". He goes on to say "I consider this stated accounting policy to be inappropriate".

Does the finance minister really think that the top accountant in Canada, the auditor general, is wrong? Is he saying that the auditor general, the watchdog for taxpayers, is wrong and that the finance minister is—

The Speaker: The hon. Minister of Finance.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the accounting firms of Coopers & Lybrand as well as Ernst & Young have submitted letters. Letters from both of these firms were tabled in the public accounts committee stating that the procedures followed by the government were procedures followed by the private sector and were well within the judgment capabilities of the government to do.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, the auditor general is independent. He reports only to parliament. The finance minister has a political constituency to appeal to.

Does the minister not understand the need of parliament to have an independent person like the auditor general oversee the finances of the nation so we can avoid this kind of political trickery? Does he not understand that?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, when we took office in 1993 one of the things we found was the reason that the deficit came out higher than it should have was that there were obligations that had not been reported by the government at that stage. We decided under those circumstances that we would be open and transparent as no other government has been. That is why we have done this and we will continue with that procedure.

Oral Questions

[Translation]

HAZARDOUS TOYS

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, yesterday, Greenpeace released a damning report that shows how negligent the Minister of Health had been on the hazardous toys issue.

Besides the notice issued yesterday as a result of the denunciations by Greenpeace, how can the minister justify sitting on his hands all this time, when he has been aware for over a year of the threat posed to our children by these toys?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, we gathered evidence showing the risks and, yesterday, we took action. We put out a notice to parents, advising them to discard toys that constitute a hazard or pose a risk. We acted responsibly.

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, in light of the danger, why did the minister, who does not miss a chance to encroach on the provinces' jurisdiction over health, not take action sooner?

Would he not have been better off looking after his business properly?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, we acted absolutely responsibly. We closely monitored the situation. We examined the studies presented by Greenpeace and others. We collected evidence and, after considering all the facts, we took action. Yesterday, we issued a notice to all Canadian parents concerning toys that pose a risk.

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[English]

FINANCE

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, let me quote the auditor general. He states "The \$2.5 billion has been recorded as owing to an organization that was not in existence at March 31, 1998". We know that the Prime Minister has imaginary friends. Now the Minister of Finance has imaginary organizations and calls this good accounting.

• (1435)

Why does the finance minister not just acknowledge that he is building a slush fund for the next election?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the government had taken a decision. There was a cabinet decision.

The institution in question was set up before the government's books were closed. I am sure the hon. member knows that the millennium scholarship fund is not a slush fund but in fact is a very important instrument to help students fund their education.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, we do not deny helping Canadians and we want to help Canadians. The minister is taking the money and expending it today so he has it to spend just before the next election, as if he is doing a great thing by the Liberal Party.

It is a slush fund by any name one might want to call it. Whether or not other auditing companies agree with the statement, the auditor general says no way. When are you going to listen to the auditor general—

The Speaker: I ask the hon. member to address his question through the Chair.

Mr. John Williams: Mr. Speaker, I apologize. I would ask the Minister of Finance to tell us when he will listen to the auditor general and respond to his concerns.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member is a member of the committee that read the Coopers & Lybrand letter. He knows that what we are dealing with is a judgment call and a judgment call that is perfectly within the government's capability.

What distresses me is that the hon. member, a member for whom I have a great deal of respect, again refers to the millennium fund as a slush fund. He knows full well that the costs of education are onerous for many students and it is a responsibility of all levels of government to help students pay for their education.

That is the way we will build a future. That is not a slush fund and I am sure the hon. member wishes he had—

The Speaker: The hon. member for Mercier.

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[Translation]

BILL C-54

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, my question is for the Minister of Industry.

On October 30, the 12 provincial and territorial ministers of justice unanimously called for the withdrawal of Bill C-54 on e-commerce and the protection of personal information because, and I quote "It constitutes a major intrusion in areas of provincial and territorial jurisdiction".

When will the Minister of Industry be announcing his agreement to withdraw his bill, as requested unanimously by the Quebec and Canadian ministers of justice?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the protection of personal information in electronic form is very important for all Canadians.

We will protect it, we will pass Bill C-54. This is not an intrusion into provincial jurisdictions. It does not even apply in the Province of Quebec, where such legislation already exists.

Oral Questions

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, Bill C-54 is so muddled that the some forty experts at the information meeting organized by Industry Canada each had a different interpretation.

Given all this confusion, when will the minister announce he is withdrawing his bill?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, never, because the protection of private information is too important for Canada's consumers.

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[English]

HEALTH

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, the Liberal assault on medicare is pretty plain: \$7 billion gutted from provincial transfers, 188,000 people left in pain on waiting lists, and thousands of health care workers leaving Canada every year.

Why would anybody trust this health care minister with such a dreadful record on health?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, if Canadians want to know where the parties stand on medicare, they should consult the record. When they look at the record they will find out where the Reform Party stands on medicare and the Canada Health Act.

They will find that the leader of the Reform Party said he "would amend the Canada Health Act to allow user fees, deductibles and private delivery of services". He said that he "would require some Canadians to pay at least a portion of their own health care costs under certain conditions".

The Reform Party would cut \$9 billion from social programs. And that is the party that expects us to listen to it on medicare.

• (1440)

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, is it not interesting that the lawyer for the court tries to wiggle out of his own record by deflecting attention to somebody else.

Some hon. members: Oh, oh.

The Speaker: I would ask the hon. member to go to his question.

Mr. Grant Hill: Mr. Speaker, the trust is gone. Carl Erickson is on a waiting list. He does not trust this minister. The hepatitis C compensation people do not trust this minister. Why would anybody trust this Minister of Health with his dreadful record and pay attention to his record?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, in fairness to my profession, I think I should first make it clear that

lawyers do not wiggle. They step deftly. Let me do just that in pointing out that so far as the member and his party are concerned, the verdict is in. The verdict is that if Canadians want to see medicare protected, if they want to see health care in the future as they have seen in the past, if they want to see investments in social programs and social justice, they will support this party and this government.

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[Translation]

ICEBREAKING POLICY

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, with regard to the issue of icebreaking on the St. Lawrence River, the president of the Coalition maritime et industrielle nationale wrote the following to the minister, on July 3:

Very few of our 27 recommendations were accepted. Most were rejected, ignored or altered to serve the interests of the coast guard.

How can the minister have the nerve to tell us that he implemented the recommendations of a committee when it is absolutely not true?

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, as regards the icebreaking fee structure, we did follow the committee's advice. The committee was made up of 10 members. Seven were from the Great Lakes and the St. Lawrence. There were people from Ontario and Quebec.

They proposed a rate scale. We accepted it. This is exactly what happened.

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[English]

PUBLISHING INDUSTRY

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, my question is for the Minister of Canadian Heritage.

Critics of Bill C-55 allege that it is protectionist and it will hurt Canadian advertisers. Will the minister inform this House how this legislation will indeed help our magazine industry?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, I want to thank four out of the five parties in the House who understand the importance of keeping Canadian spaces for Canadian voices and Canadian children, and I would further underscore, as have also successive Canadian governments.

[Translation]

The governments formed by various political parties have always supported the right of Canadians to protect their own culture in their own country.

*Oral Questions**[English]*

There is only one political party in this House that prefers to speak for the Americans and that is the Reform Party.

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FORESTRY

Mr. John Duncan (Vancouver Island North, Ref.): Mr. Speaker, Greenpeace is killing forestry in British Columbia and the government is helping.

The leaders of the local forestry union asked the Prime Minister to meet with them to discuss this crisis. He told them to go and see the labour minister who told them to go and see the human resources minister who yesterday said no.

Why does the minister not save everyone's time and just admit that he does not give a damn?

The Speaker: Perhaps Rhett Butler could say it, but not in this House.

Mr. Bob Speller (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, the Government of Canada is very concerned about any misinformation campaign on Canadian forestry practices being waged by any group or government.

• (1445)

I also want to make it very clear that sustainable forest management is a very high priority for the Government of Canada. We enforce our forest practice codes to the letter. Our missions and consulates around the world are standing up for the Canadian forest industry, the workers, the producers and the governments, and I think they are doing a good job.

Mr. John Duncan (Vancouver Island North, Ref.): Mr. Speaker, the Liberals place no priority on this issue which affects our largest export. This is because the Liberals do not care about problems west of the Rocky Mountains.

The other question from those devastated families is: Why does the minister treat foreign lobbyists better than Canada's own forestry representatives?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, long before this member or that party engaged in this issue in this House, this government and our provincial counterparts were working very hard on delivering the message around the world that Canadian forest practices are sustainable and that we can be trusted to pursue those practices in this country.

Among other things, we invite buyers to come to this country to look at our practices, and those buyers who have come and seen for themselves go home and change their opinion because they have seen the truth in Canada.

* * *

HAZARDOUS PRODUCTS

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, last year the health minister said that Canadians concerned about toxic toys were misinformed. The minister even voted against a bill by the member for Acadie—Bathurst to label toys containing phthalates. Now the minister finally issues a warning, but there is no list of the hazardous products and we cannot even get through on his 1-800 number.

What is the minister doing to resolve this retail nightmare? Will the minister at least agree to the labelling of toxic toys?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, we went one step further than that. We took toxic toys off the market. That is the way we should behave.

I will say something else to the member. Rather than acting as the member would have us do without evidence, we spent the last many months with other countries examining the facts in scientific tests to determine what the facts were. Based on the evidence, all of which was published on Monday of this week, we acted in a responsible way. For us the bottom line is the safety of Canadians.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, the minister has done no such thing. The minister has created chaos at the retail level and he has refused to deal with poisonous substances in terms of phthalates, lead and cadmium.

Will the minister finally admit that he was wrong? Will he take steps to ensure that children's safety is put first? Will the minister regulate any products that have dangerously high levels of phthalates, lead and cadmium? Will the minister do everything to ensure that children are not exposed to dangerous substances that cause neurological damage? Will the minister do it now?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, Canadians by now, along with most members of the House, have learned to filter out the fevered rhetoric of the New Democratic Party. Instead they focus on what the reality is.

The reality was explained calmly yesterday by scientists from Health Canada who tabled the proof, who took the public through the facts, who explained which toys are safe and explained why others are being taken off the shelves.

I believe it is clear to Canadians what course they should take. It is equally clear that this government has acted in the public interest.

*Oral Questions***TAXATION**

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, in 1989 the current finance minister said that he was worried that the government would attack the deficit on the backs of the people who could not afford to bear the burden. Yet a recent survey shows that low income Canadians have been the hardest hit by this government's regressive tax policies. Bank of Canada figures show that Canadians have the highest personal debt ever.

Is the finance minister satisfied that he has helped put this government in the black by putting Canadians in the red?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, what happened in 1989 is that we were objecting to the increasing taxation as we headed into a period of recession, which is what the previous government did. Since that time obviously Canadians have suffered. Fortunately, if we take a look at what has happened, in 1996-97 family disposable income rose and the net worth of Canadians increased.

• (1450)

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, the government has balanced the books by overtaxing Canadians. Federal tax revenues have ballooned from \$116 billion in 1993 to over \$151 billion this year. As well, policies like free trade, implemented by the previous government, have helped generate revenues to pay down the deficit. Yet the current finance minister was opposed to free trade in 1990. The finance minister has flip-flopped on free trade.

I ask him today to do the right thing and flip-flop on tax reductions. Do the right thing now, take our advice and give Canadians the tax relief they need.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, perhaps the hon. member was not here for the last budget, but after we had eliminated the \$42 billion deficit we immediately began to proceed to reduce taxes by \$7 billion over the next three years. Four hundred thousand taxpayers have been eliminated from the tax rolls.

We very much hope that we can continue to do this.

Let there be no doubt about it, tax reduction is an important priority for this government, but, unlike the opposition, so is health care, so is education, so is research and development and so is the basic social fabric of the country.

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CANADIAN WHEAT BOARD

Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.): Mr. Speaker, my question is for the Minister of Natural Resources.

The so-called Farmers for Justice are complaining that the voters' list for the Canadian Wheat Board contains the names of people who are deceased.

I would like the minister to explain why they are putting dead people on the voters' list.

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the House of Commons Standing Committee on Agriculture and Agri-Food expressly amended Bill C-4 to specify that CWB directors will be elected by producers. That was supported by all parties and by all major farm organizations.

The word "producer" is a defined term in the act. It includes actual producers and those who are interested parties legally entitled to share in a portion of an actual producer's crop. This latter category obviously, in some cases, includes those who are administering the estates of interested parties. It is up to farmers themselves to ensure that the information shown in CWB records is accurate and up to date.

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CANADA PORT AUTHORITIES

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Mr. Speaker, we know that the Senate is full, but the Liberals still have a good patronage haven, the Port of Halifax.

The intent of the new Canada Marine Act was to devolve control of seaports to local stakeholders. In Halifax nominations to the port advisory committee by local shipping, commercial and labour interests were ignored to make room for the same Liberal hacks who have run the port for years.

Now Merv Russell and his crew are incestuously engaged in selecting themselves and their buddies as port authority directors.

When will the Minister of Transport defend the public interest and stop abetting this nonsense?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, we are setting up 18 Canada port authorities across the country and they are all being treated in the same way. They are all being treated fairly, according to the dictates of the law.

There are many inaccuracies in the hon. member's question.

First of all, the interests that he claims were not on the advisory group are represented. The Chamber of Commerce is represented. Local business is represented. Trade unions are represented. They are all represented. What he is doing is getting sucked into a local partisan political debate in Halifax. I would have thought he was above that.

Oral Questions

[Translation]

ICEBREAKING POLICY

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, my question is for the Minister of Fisheries and Oceans. Yesterday, in reference to his unfair policy of charging for icebreaking, the minister stated, and I quote:

At the time, the committee thought it had achieved the most satisfactory compromise—

Are we to conclude that, at the time he refers to, the minister finally realized the error of his policy of charging for icebreaking, and that he intends to change it before irreparable damage—

The Speaker: The hon. Minister of Fisheries and Oceans.

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the policy is clear. Vessels using the icebreaking service must meet 17.5% of the costs. Not half, merely 17.5%.

A committee made up of representatives of the ports and of interests in the St. Lawrence and the Great Lakes drew up a scale of fees. We accepted it. It is based on ships' crossings, and 85% of them—

The Speaker: The hon. member for Winnipeg Centre.

* * *

• (1455)

[English]

UNEMPLOYMENT INSURANCE

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, the EI system is showing an incredible surplus of \$600 million per month, yet less than 40% of unemployed Canadians qualify for benefits.

Now the government suggests that it will use some of its fiscal surplus to provide tax cuts to the wealthy. It is like some perverted version of Sherwood Forest where it intends to rob from the poor to give to the rich.

Will the finance minister reject calls from the Business Council on National Issues and others to take billions from the pockets of the unemployed to line the pockets of the rich? Will he commit today to use the EI surplus only to restore benefits and eligibility and for no other purpose?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member knows full well that we reduced EI premiums. We have done so every year.

He also knows that in the last budget the 400,000 people who we took off the tax rolls were the lowest income Canadians. At the same time, the tax cuts that we brought in benefited those earning

salaries of less than \$50,000. The national child tax benefit brought in by my colleague, the Minister of Human Resources Development, is directed toward poor families with children.

The fact is that the tax cuts we bring in are really dedicated to those who need them most.

* * *

CANADA POST

Mr. Gilles Bernier (Tobique—Mactaquac, PC): Mr. Speaker, it seems to me that Canada Post has once again run amok.

I have been given information from several Canada Post employees that Mr. Barry Bennett, the director of the Fredericton region, used the Fredericton sorting station to store his sports car last winter.

When exactly did the minister begin allowing Canada Post managers to use crown owned properties as their personal storage facilities?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I thank the member for bringing this case to my attention. It is the first time I have heard of it. I will investigate it right after question period and we will see what happens.

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UNEMPLOYMENT INSURANCE

Mr. George Proud (Hillsborough, Lib.): Mr. Speaker, for months now we have been hearing opposition members complain that the government does not care about seasonal workers, that the employment insurance system does not meet the needs of Canadians and that the government is only interested in balancing its books on the backs of the poor.

Can the minister tell us what he has done recently to prove the opposition wrong? What has he done to fix the unemployment insurance system?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, on November 10 I announced the launch of a new small weeks project in 31 high unemployment regions of our country.

This small weeks project is a direct result of our commitment to monitoring EI reform on a continuous basis. We are investing a further \$225 million so that workers who often rely on EI benefits are not penalized when they take on as much work as possible.

This clearly shows our commitment as a government to make changes—

The Speaker: The hon. member for York South—Weston.

TAXATION

Mr. John Nunziata (York South—Weston, Ind.): Mr. Speaker, the Minister of Finance knows that ordinary working Canadians are being ripped-off by the tax system.

The National Hockey League Players Association earns tens of millions of dollars tax free every year as a result of a loophole in the tax system.

Does the Minister of Finance believe that it is fair that ordinary working Canadians should be subsidizing rich hockey players who earn on average \$1.25 million a year? When will the Minister of Finance close this unconscionable loophole in the tax system?

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Mr. Speaker, what the hon. member is saying is simply not true.

All hockey players in Canada are required to pay taxes. They are required to pay on the number of games they play within Canada. It is pro-rated. They do pay taxes just as any other Canadian.

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CANADIAN FARMERS

Mr. Howard Hilstrom (Selkirk—Interlake, Ref.): Mr. Speaker, this government is gouging farmers. It collects \$138 million through user fees by agencies such as the Canadian Grain Commission and the Canadian Food Inspection Agency. It is within the agriculture minister's power to immediately cut these costs. To date he has done nothing.

Why does the agriculture minister keep on ripping the last of the profits from our Canadian farmers?

• (1500)

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the Canadian Grain Commission provides the guarantee to the Canadian producers of grain and to the rest of the world that we have the finest and highest quality grain. The recovery costs on that system to the producers is the same now as it has been for many, many years. On the Canadian food inspection system, in the efforts that we had to take in order to recoup from the incredible financial situation that we inherited, we have asked the industry after a long consultation to participate in covering some but only a minor portion—

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PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in our gallery of Mr. Arthur Donahoe, Secretary General of the Commonwealth Parliamentary Association.

Some hon. members: Hear, hear.

GOVERNMENT ORDERS

[English]

CANADA SMALL BUSINESS FINANCING ACT

The House resumed consideration of Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses, as reported (with amendments) from the committee; and of Motion No. 1.

Mr. Grant McNally (Dewdney—Alouette, Ref.): Mr. Speaker, it is a pleasure to speak to this amendment.

In this bill the government is taking a look at small business. It wants to provide more funds for small business. We would argue on this side of the House that what the government should do is provide the economic climate for small businesses to flourish and prosper in Canada.

• (1505)

I visit businesses in my riding. I talk to employers who work very hard at their businesses and who employ a small number of employees. They do not mention that they need a subsidy.

It is the government's responsibility to provide an economic climate that would help to foster a positive economy for our country. We know small business is the engine of job creation in Canada; it is not government but small business.

Subsidies can have the effect of rewarding one small business in competition with another with the other company's own tax dollars. That does not seem to make sense. It would make better sense for the government to focus on the things it can take care of, such as high payroll taxes.

There are very high EI taxes in Canada. Today in question period we heard the finance minister openly defy the auditor general's report. The auditor general said that the accounting practices the minister is employing are not proper and that he would not sign off on those government estimates. Yet the finance minister stands in his place and says that it is okay, that the Liberals can do this, that they are the government so they can do this.

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That is exactly the kind of thing small businesses would like to see changed. They would like to see payroll taxes decreased.

The Acting Speaker (Mr. McClelland): I know the hon. member for Dewdney—Alouette is having a bit of a difficult time but I can assure the hon. member for Dewdney—Alouette that he has the undivided attention of the Speaker if that of no one else.

An hon. member: Does he read well?

Mr. Grant McNally: Mr. Speaker, thank you. I appreciate that.

The Minister of Transport indicates that I am reading my speech well. I have no notes before me. I am simply telling him and the government what the people of my riding are telling me. They are telling me that they are sick and tired of high payroll taxes. Those payroll taxes are the taxes that are stopping them from hiring more employees. It is those payroll taxes, which the Minister of Transport seems not to be aware of, that are causing employers in his riding and in my riding to work very long hours because they cannot afford to hire more staff to do the job. I have talked to a number of such employers in my riding. If he had any interest in the small businesses in his riding, he might do the same.

The government is currently overcharging employees by \$350 on their EI premiums. Businesses are paying a whopping \$500 more for each employee than they need to. That means in a company with 10 employees, each are paying \$350 too much. If they could keep that money they could spend it in the local economy and stimulate that economy even further. With the current premiums and the 10 employees, the employer is paying an extra \$5,000 per year. If it were a larger company with 100 employees, the government would be overcharging it by \$50,000. That is wrong. It kills jobs.

We know, and the Minister of Finance has said this himself, that high payroll taxes are a cancer on job creation in Canada. Yet he goes ahead with these policies. He barges ahead. He defies the auditor general who has said that these accounting practices are not ones that he can agree with.

• (1510)

There is also the issue of high CPP premiums. We know that those premiums have had to be increased because of the government's mismanagement of the CPP fund. We know that those payroll taxes are also increasing. They are going to increase by 73% over the life of those increases, over the six years that this government has implemented its plan of grabbing back more money from Canadians.

What this government could do is take note of these types of payroll taxes and work to lower them. It could do that. It has the power and the ability to do that. We see other bills being brought forward by the government. However, issues that Canadians and

small business people are talking about in lowering their taxes are being ignored. It is quite unbelievable.

We saw that again today in question period when the Minister of Finance said that it is okay for the government to do that kind of thing, that it is well within the government's purview to do that. The Minister of Finance is saying to Canadians and small business people that it is okay for him to extract extra cash from them, which is not needed for the EI surplus because there is already a large surplus there. He is saying that to working Canadians. He is saying that to small business people in Canada.

Those are the kinds of things the government should be addressing. We would encourage it to address those issues. Those are the things that really strike at the heart of working Canadians and small business.

If the government were really concerned about small businesses it would go about making changes and implementing policies and plans that would get the bureaucracy and red tape out of small businesses and allow them to flourish.

When I was talking to small business owners in my riding I was quite surprised by the number who told me that they would like to hire more employees. I know I mentioned this earlier but I do not think the government was listening. They would like to hire more employees but they have such an incredible amount of red tape right now and are paying such high payroll taxes that they just cannot do it. A number of them told me something very shocking and surprising. They were on the verge of selling their businesses and going back to work for someone else. They simply cannot put in the long 18 hour days any more. It is beyond their capability to do that.

That is sad because what that means is that those individuals who are creating the jobs are being saddled with such high taxes that the government is providing them with a disincentive to do better. Of course the better they do, the higher their taxes are. The more employees they hire, the more payroll taxes they pay. In fact they are overcharged for every employee, as I mentioned earlier. That is hurting them. It is simply not an effective policy. It is the kind of thing we and small business have been asking the government to address for a very long time.

We do not see responses from the government. We do not see it moving in this direction. We see it moving in other areas that are not effective. We have to assume then that the Liberal government is devoid of any new ideas, of any practical implementation of things within its power to put in place. It would be very simple for the government to do that. It is a shame it has not taken the time to put those policies in place.

It is for that reason I cannot support the amendment or the bill. I would encourage the government to focus on lowering payroll

taxes and making life easier for small businesses because they generate the jobs in this country.

• (1515)

[*Translation*]

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, I am pleased to rise in the House today to speak to Bill C-53 and to support the amendments brought forward by the member for Mercier. These amendments are aimed at making the act more responsive to the real needs of small and medium size businesses.

Even though the Bloc Québécois is extremely disappointed with this so-called review of the Small Business Loans Act, we do not for one minute think that the SBLA should disappear. On the contrary. However, we want the government to be more attentive to the needs of small and medium size businesses in reviewing the act.

The truth is that small businesses are extremely important. Statistics reveal that large businesses no longer are and will no longer be the main creators of jobs. Small businesses will give opportunities to those who want to become their own boss and to succeed in a field in which they chose to specialize to create their own job and to create other jobs for people who may join their small business.

With my colleague from Mercier and several members of the Bloc Québécois, I took part in a poll of small and medium size businesses in my riding because we know how important this act can be for them. It is a matter of life and death. We asked the interviewees very specific questions and the response rate shows beyond any doubt that the amendment put forward by the hon. member for Mercier indicates exactly where the small businesses stand right now and what they need in order to survive and if possible expand, and hence create jobs.

In answer to the first question, 90% of the small businesses responding stated that they find it very hard to get financing at a reasonable cost. Several of them added, and I quote:

More and more often, we have to put up not only our own assets but those of our spouse. Our own recognizance is not enough. Banks often charge small businesses higher fees. Since the banks do not make a lot of profit on personal loans, they hike up the service fees that are not legislated. To increase the term of a loan from five to eight years does not make any sense.

Not enough financing is in some ways worse than no financing at all, because the business cannot develop and expand as it could or as it should.

The second question was used to find out if the Small Business Loans Act was well known. And 55% of the respondents indicated that they did not know the legislation very well and 45% knew about it, but the vast majority, more than 90% of the respondents,

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thought the legislation could be enhanced. I would like to quote some of the comments made most frequently: get rid of capital tax; there are so many criteria to have access to financing and to qualify that, in the end, we would not need it.

On the fourth question, 95% of respondents felt that loans should be given for working capital and not only for equipment and assets and real property. The pilot projects will provide a good opportunity to establish the options in this area.

The last question for heads of SMBs read "From your experience and according to your staff, would it be easier to develop SMBs if they had ready access at reasonable cost to management advice?" The answer was 98% affirmative. Also "In your experience, would there be fewer bankruptcies?" Ninety-five per cent said yes.

For these very eloquent reasons supported by a very enlightening poll in addition to arguments my colleagues have made, we tabled the amendments to improve Bill C-53 for SMBs, that is, to make it serve them, employment and productivity better.

We want the good news for these businesses to be not just the extension of the small business loans program, but its extension and its improvement. The aim of our amendments is to respond to the shortcomings we and the SMB managers have noted.

• (1520)

[*English*]

Mr. Howard Hilstrom (Selkirk—Interlake, Ref.): Mr. Speaker, the Canada small business financing act deserves more scrutiny than what it will get and more critical comment that may not be listened to by the government as the bill proceeds through the House of Commons.

The motion we are discussing today by the member for Mercier is that Bill C-53 be amended on page 2 by adding in a new clause. Clause 2.1 states:

The purpose of this act is to increase the availability of financing of small businesses—

Where I start to wonder what is really meant by this amendment is when it states:

—which would not otherwise have access to financing.

What is a small business? A small business is simply an individual, a man or a woman, who has an entrepreneurial spirit, a spirit of being able to say "I don't really want to work for someone else, I want to work for myself and, as a result, I want to start up my own business".

Small business is the backbone of a lot of our communities. As a result, we need these kinds of people, these entrepreneurs who will stand up say they can make it work.

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There is no doubt that an entrepreneur who comes forth with a better widget, a better product, a new product that has never been thought of before, a service or an idea that needs promotion and development will need to access capital.

However, in accessing that investment capital his idea, his service, what he is thinking of, the job he may be wanting to put forward to create employment may not be good. As a result, when the entrepreneur goes in for financing from the normal sources or even from relatives or their own investment sock they may have put away, they may find that the financial institution or the independent lender says their idea is not good enough and they are not willing to finance it. What the financial institution may say to the entrepreneur is that their idea has little or zero chance of success.

It would seem to me this amendment is then going to state that where an entrepreneur has no chance of success maybe the government will step in and kind of make sure they do get financing.

The country is littered with empty plants, both small and large, where government has stepped in and said it is great to be producing this bottled water in Saskatchewan. There are magnificent magnesium processing plants in Alberta. Manitoba has certainly had its share of plants that started up, ran for a couple of years and then shut down because they were not viable.

We therefore have to be concerned when we see amendments like this which state that financing should be provided to businesses and entrepreneurs which otherwise have no access to financing.

• (1525)

When there are amendments and clauses in acts like that it is an open invitation to the government of the day to use the financing and guarantees of loans that are not economically viable or financially stable. It simply uses these special little sections to provide money to people who in lots of cases are looking to the government for support, and in return the government expects to get votes. That is why I have a problem supporting this amendment to Bill C-53.

We know that any time the government starts passing legislation it will cost money. Every act costs money. If it is not necessary or will not do the job it is meant to do then it should not be passed.

In this case financing a small business idea that is not economically viable and will not work is not where government should be prioritizing its funding, or in the case where it does not put the money out directly where it guarantees the loan and ultimately ends up paying it off.

The cost of legislation can be seen in all manner of things that have been passed in the House in the last five years, probably even

longer. I refer to the Firearms Act which this year is in the neighbourhood of \$130 million plus the \$200 million the RCMP is expected to come up with for a computer system.

The purpose of the Canada small business financing act is certainly not to support money losing businesses and ideas. The effect it has is to demoralize those business entrepreneurs who are making a go of it with a good idea and they see someone else have an unfair competitive advantage through government support.

The cost of government applies across the whole sector. At present we see small businesses near agricultural communities suffering because of the cost of government on the agricultural sector. Certainly it would help if the cost of government on agriculture were reduced.

I mentioned to the agriculture minister today that many of the user fees and cost recovery programs the government has instituted over the years could well be set aside, either suspended and/or terminated. That would leave more money in the hands of small businessmen like farmers. In essence they are small businessmen. As they spend and the money flows through the economy everyone would have more capital with which to start small businesses.

The costs to small business are the same as in agriculture. One could think of a hardware store or whatever in a small town. Some of the costs are applied to all business such as the GST and the employment insurance premiums that are taken off. In this case there is a lot more paid in than is needed to keep the fund going.

We see Canada pension plan premiums rising all the time and we end up in 20 or 30 years with a pension that is so small compared to what we invested that we should have just saved our money in the first place.

We see business and personal taxes so high they are killing investment. They kill the idea of a small business man or woman trying to get ahead. It may be financed to get the business started but if it is killed after it gets going with taxes, employment insurance, GST and all these onerous taxes, why bother starting it in the first place?

I do not support the amendment to Bill C-53. I suggest to the government that it look at getting out and reducing the cost of small business. That would have a lot more benefit than trying to finance some business that does not have a chance in the first place.

• (1530)

Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.): Mr. Speaker, it is a pleasure to speak to Bill C-53, an act to increase the availability of financing for small businesses which would not otherwise have access to financing.

You are aware, Mr. Speaker, of what small business is about if I gauge it right. You have been involved in small business and know what is needed to run a small business: financing and capital. I

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started thinking in layman's terms as far as a farmer is concerned. If you ain't going to make it, why borrow more money and do it? That seems to be the intent of the bill.

There is a saying on the farm that if government helps once we will survive. If it helps twice we will get very sick and if it helps another time we will die. That is possibly what is happening here. If a businessman does not deserve or cannot be provided with financing by somebody, maybe death will be there in the long run anyway.

I do not want to take anything away from entrepreneurs. I give the example of a gentleman that I have known for a number of years. He had some financial problems in his business venture and had to shut it down. He got another idea which he felt was a deserving idea. He required some financing from financial institutions but was turned down time and time again.

I did not realize that this had been going on, but when I saw him he had started a business and was doing fairly well. I asked him where he finally found an institution that would give him financing. He said he never found one but had asked a couple of friends whether they would be part of what he was doing. He found some private money and got started. He was very successful.

I asked him what he had to do to persuade somebody that he was stable enough or entrepreneurial enough to start a business. He said he had to pay 18% interest for the money. That was what he had to do.

He was honest, worked hard and made it. If the money had come easily and he thought if he did not make it the government would back him up, I wonder if he would have put in the same effort and asked other people to advise him or to help him. This is what I am talking about when I say that perhaps government helps too much. It helps us to die, not to survive.

I thought a very interesting comment was made in the House the other day when we were debating the farm crisis on a motion the Reform put forward. A question was asked of the agriculture minister who said that no farmer should be able to farm without getting a job on the outside. That is the type of help the government wants to give to the farming industry. Does it realize it is a small business compared to large manufacturing? That was a rather discouraging answer.

We just heard the hon. member for Selkirk—Interlake talk about some of the fees assessed against farmers. I will point out a very simple illustration on my farm in the last month or so. We grow some very desirable durum which the U.S. likes in its milling industry as far as pasta manufacturing is concerned. As it happened we thrashed the durum and took it into the elevator. It was graded a number 3CW durum which is a fairly good grade for the pasta

industry. When we started hauling the durum to the elevator a few pieces of ergot were found in it, which is not desirable at all. It was downgraded it to No. 5 durum. This was a setback to my boys on the farm. It reduced the price of the product and probably would result in their bottom line being even more in the red. They took a sample into the U.S. to be analysed and to see what the Americans would pay for very high quality durum with a bit of ergot in it.

• (1535)

The Americans took a look at it and said they did not mind, that they would take the durum. It was a good idea. We could go to the wheat board and get a buyback. The wheat board would accommodate us and help us get a better price for the durum. The Americans offered us \$4.55 for the durum within the same distance of our farm as the Canadian elevator. The initial price is \$1.57 for No. 5 durum.

This meant we could triple our income if we could get a licence to export it to the U.S. When we asked the wheat board for that export licence, it wanted to charge us \$5.12 for durum which they said was rotten and no good.

This is the way government helps industry and small business. It gets them on their feet then taxes them to death. If our small business had the same type of tax relief as other industries in other countries they would be very viable.

American farmers get a \$6 billion tax write-off just because of depressed prices. That would help every farmer in Canada. Not only would it help farmers, but they would have money to spend in rural communities where other small business people would benefit. As well, more taxes would be earned.

This is what we have come to. The government gives the perception that it is doing something that is good for the country when actually it is destroying it with overtaxation, with trying to keep viable industries that probably should never be operating.

I want to be very fair. I would like all businessmen or constituents with the idea of starting their own business to have that opportunity. The best teacher they could have in life is running their own business and being their own boss. It gives them the idea of how many sleepless nights it sometimes takes to earn a feeble living that is maybe less than they would get from the payment of wages in another profession.

A level playing field, an opportunity to work within a system that treats everybody fairly and equally, is a must in democracy. That is why I urge the government to look at tax reduction and to look at creating level playing fields rather than giving handouts which we have seen do not work.

Mr. John Cummins (Delta—South Richmond, Ref.): Mr. Speaker, it gives me a great deal of pleasure to address the issue of

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the availability of financing for small business which would otherwise not have access to financing.

The reason I am pleased to speak to the issue is that it gives me an opportunity to advance the notion, as my colleagues have done, that the problem facing business today is not so much the availability of financing as it is the management of business and the high taxes that businesses must endure.

I will give an example of what I mean to talk about. About a year ago I received a phone call from a fisherman back home, a gentleman whom I did not know at that time. He had been a long time participant in the fishing industry but was concerned about his ability to pay his bills that year, especially the mortgage on his boat. He had suffered from a poor catch and poor prices in the 1997 season. To his knowledge he had tried every opportunity or every avenue for financing that he could. Some help was needed. He wanted to know if I had any advice for him.

• (1540)

I gave him some directions on some of the lenders of last resort I know, some of which were government agencies. I suggested that he try his luck at finding alternate financing for his vessel. He phoned me back a few weeks later and said that he had been successful. He had managed to renegotiate a loan and felt that he would be off the hook and able to survive another year. He was quite pleased with that.

I obtained a call from that same gentleman a couple of months ago after the conclusion of the 1998 fishing season, which was a disaster in British Columbia. Again the request from this individual was for help. He needed alternate financing for his vessel. Otherwise he would lose it. I told him that I had given him the best information last year. If he cannot survive on that there is not much I can do. The problem is not in the fishery itself but in the management of the fishery.

Let us take a look at what happened last summer and consider some of the causes for the concern of the gentleman. On June 19, 1998 the Department of Fisheries and Oceans issued a background on the management of the fishery in British Columbia.

The problem last year which the minister expressed endlessly and with some accuracy was a concern about the viability of coho salmon, in particular coho salmon on the upper Skeena River and on the Thompson River. In an effort to minimize catch opportunities, the minister proposed dividing the coast into yellow zones and red zones. I will just read what he said on yellow zones in the background:

In the yellow zones, recreational fishing will proceed as usual except all coho must be released. . . . Barbless hooks must be used when salmon fishing.

Fishing opportunities will be available in the areas they gave.

Red zones were described as areas where there would be no fishing. Let me read what he said about red zones:

—red zones are areas where upper Skeena and Thompson coho are expected to be prevalent.

In red zone areas salmon fishing will be restricted but opportunities will remain for all other finfish and shellfish harvesting. Within the red zone small nearshore areas will be open to carefully monitor fishing salmon in order to determine if selective fishing for salmon other than coho can be conducted with the objective of zero mortality for the stocks of concern. Monitoring by independent observers will be employed to evaluate the ability to avoid encounters of coho. If coho are encountered in these small experimental areas, the fishery will be moved or closed. The location and times of experimental fisheries were set out.

The backgrounder went on to identify area one on the north coast including offshore areas. From June 16 to August 26 the waters of area one were closed to salmon fishing except for the nearshore areas from the entrance of Masset Inlet to Langara Island and a three-quarter mile ribbon around the island.

According to the original documents presented by DFO scientists that whole area on the north coast was considered a red zone. It is an area where coho were prevalent.

• (1545)

In fact, in one area just off the northern part of the Queen Charlotte Islands there is a point called Coho Point. That point was not named because of a lack of coho. It was called Coho Point because that was an area of some coho prevalence when the fish were running. That area in the rejigged management scheme allowed for sport fishing only. It is an area, interestingly enough, where the Oak Bay Marine Group operates a large fishing lodge. There are a couple of other lodges that operate in that area as well.

It seems to me and it seems to many other people that the big problem here was not a matter of trying to protect coho, but a matter of trying to provide some sport fishing opportunity for those people who are rich enough to be able to afford to attend these lodges. It had nothing to do with protecting fish.

This preference did not stop there. The department decided that it would promote sport fishing in that area. It says in this same release that Fisheries and Oceans Canada is working with the Canadian Tourism Commission, the Sport Fishing Institute and Tourism B.C. to develop tourism and a marketing campaign aimed at encouraging recreational fishermen to come to British Columbia. It says that the CTC, the Canadian Tourism Commission, has already committed funding of \$350,000 for this project and further federal support is expected shortly. That further federal support did come and it was in the amount of several million dollars.

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In a sense we should not complain too much. It is federal money that is designed to help promote British Columbia business. But let us go back a minute. How is that money going to help the small boat owner who came to me in 1997 and said he could not afford to make the mortgage payments on his boat? How is it going to help that fellow one year later when he came to me and said "Can you help me? Can you find funding for me again?" It will not do him any good.

The fishing records in that area show that the interception of coho by the commercial fleet in 1997 was minimal. It was something like 1,000 fish for the whole season. But we have on record that day after day probably close to 900 coho were killed in this barbless hook sport fishery in that area. To me that is a great problem.

It points to another shortcoming of the federal government. The British Columbia job protection commissioner, in talking about the problems facing the commercial industry, recommended to fisheries management that some effort be made to promote the marketing of B.C. salmon. That is most appropriate because this fall there were opportunities to fish chum salmon, but there were no buyers. Fishermen were prepared to go fishing, but nobody was prepared to buy the fish. That is pretty sad because that is a top quality food product which was allowed to go unharvested because there were no markets.

In fact the federal government has made no effort to market commercially caught salmon in British Columbia. That has to be seen as a huge problem for the fishing industry and it is one problem that is not going to be addressed simply by making more loans available. Making more loans available in the commercial industry at this time is only going to drive people into the poorhouse further and faster.

Mr. Grant Hill (MacLeod, Ref.): Mr. Speaker, I get little chance to talk about small business, which of course is the backbone of our country, and it is a privilege to do that.

It has been fascinating to watch the Ottawa idea about how to help small business. I think that people in Ottawa say that small business needs helps and their idea is to organize a government program for small business.

• (1550)

That is not what I think small business in this country requires. In fact, in my own community when I ask small business people what they need they say "The best thing for us would be to get government out of our way". I agree with that.

I look for help for small business by getting government out of the way, by reducing red tape, by removing a lot of the barricades and barriers to their success.

I will use an example of exactly what I think happens to small business when government gets in the way. I am using a provincial example. It has little to do with the federal government, but it is an example close to my own home and one that I think illustrates very well the issue of government interference in the marketplace.

The Alberta government decided that primary resources were not sufficient, that we should branch out. That, on the surface, sounds very positive. In looking for secondary industry a fabulous idea came to the Alberta government.

The idea came from a fellow with a good intellect. He came up with a concept for smelting magnesium by a very high temperature electrical process. This was proven by a very, very small experimental process in a laboratory. It never had any large scale testing, but he convinced government officials that this was an extremely useful thing for Alberta.

Alberta had cheap electricity. We had good railroad access to a community close to my home of Okotoks. There was magnesium ore not so far away. This would be an absolutely perfect way to advance the fact that Alberta needed a magnesium industry.

That magnesium, of course, was in use in the automotive industry for tire rims. It is a light metal, so it is useful for the automotive industry.

They built what I would charitably call an edifice, the MagCan plant, halfway between Okotoks and High River in a little community called Aldersyde, right on the railroad line.

Millions of dollars of taxpayer funds were spent on the MagCan plant. Charitably speaking, it was a white elephant. I suppose that if I stood inside the building it would be difficult in the MagCan plant to take a softball and toss it to the roof. That is how tall this building was. It was full of expensive equipment.

They brought magnesium ore all the way from British Columbia and piled it up. It was quite a sight, glistening in the sun. They brought in huge amounts of electricity, more electricity than is needed for a large city. There were huge transformers.

When it came time to put the ore in the smelting process and flip the switch, it fizzled. It flopped. Zip. Nothing. That MagCan plant stands today with pigeons flying around this beautiful edifice of taxpayer funds all because some distant bureaucrat decided that this kind of process had a good chance of success. It did not.

Had that individual gone for private resources, they would have said "Do you think that little experiment on the lab table is really going to generate the kind of magnesium that we require? Don't you think we should have a pilot project that might be big enough

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to fit into a garage? Don't you think maybe we should spend \$30,000 proving this? Don't you think you should come up with \$30,000 out of your own jeans?"

That is the way successful small business gets organized. This individual put up not a nickel, not a penny.

I had another person come to me in my riding not so long ago, a fellow who had a great idea. This idea was to put winglets on aircraft instead of de-icing fluid. It was a fabulous idea. De-icing fluid is toxic. These winglets would cover the wings. When the plane is ready to leave they take them off and there is no ice, no snow and no need for toxic chemicals.

• (1555)

He said to me "Doc, where do you think I should go for funding? Is there a government program?" I said "Is there what? You wouldn't dream of going to a government program with this. Taxpayers' money should not go into this. This is an investment opportunity. That is where you should go. I know three individuals".

He went to those three individuals and they said to him "The tax system in this country is so tough that we have taken all of our speculative funds offshore". Where did he get his money? Offshore, away from Canada, away from a fair taxation system which we do not have, away from the entrepreneurial spirit in Canada which we do not have. This is a sad story of a young man with a fabulous idea who had to leave this country. He lived here, he breathed here, he wanted to pay taxes here, but he had to leave.

I want to give another example of how Canadian small business is treated here. We are moving now into an area that is closer to home for me. We have spent a lot of time going through the natural health products area over the last while. My personal philosophy on this issue has been that the public should have access to natural health products if there is not proven harm, not proven side effects and not proven contamination. People who want to look after their health with preventive measures should be allowed to do that.

To my surprise, I found that the health protection branch, when it decides for sometimes very arbitrary reasons to stop making a product available in Canada—it cannot be marketed, sold, distributed by wholesale or retail and cannot be used—allows the Canadian consumer a three month personal supply by mail order or by going to another jurisdiction, in particular the United States. That is illogical to me. If a product is not safe, it should say no, ban it and not allow it into the country. If a product is safe, surely it would allow a Canadian retailer to market the product.

I have an example of a little pill called Stevia which has just been taken off the market in Canada. It is a herbal sweetener. It has nothing to do with anything toxic. People can pop it into their

drinks to sweeten them. But it does compete with another sweetener. I suspect that might be the reason it would be taken off the market.

Government getting out of the way of small business and providing an environment for small business is what we expect. That is what we look for. That is what small business hopes for.

We do not need more government programs. We do not need individuals who will tell us to use taxpayers' money in a speculative manner. That is the last thing Canadians want. It is the last thing that small business wants. And it is the last thing that I will vote for.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, today we are debating Bill C-53, the Small Business Loans Act.

Right now we are debating an amendment at report stage. The bill has been examined by the committee, has come back to the House and some amendments have been proposed. This is Motion No. 1. It is an amendment to restate the purpose of the the act. It states:

The purpose of this Act is to increase the availability of financing of small businesses, which would not otherwise have access to financing.

I think that what motivates this bill and this amendment is a recognition of the fact that capital is in short supply for small businesses in this country. Of course, capital is what allows businesses to put infrastructure in place, to put inventory in place, to have proper computerization, to hire qualified people and to succeed.

• (1600)

It has long been a concern in this country that for a variety of reasons small businesses have had difficulty in obtaining the kind of financing they need. Some people point to the fact that the big bad banks refuse to a large degree to take a chance on small businesses. Unless a small business can secure a loan or prove it does not really need it, a bank will turn down the loan application. There have been cases that would give merit to that concern.

The banks have made some strenuous efforts over the last while to try to address that problem. Many banks have ombudsmen who re-examine loan application turndowns which are felt to be unfair and too harsh by small business applicants. There has been some action on the part of the banks to be more proactive in this area and to be more responsive to the concerns of small businesses. The proof of how serious banks are about being more open and more responsive to the concerns of small business in their need for financing to some degree remains to be seen but the problem has been recognized.

This amendment proposes to essentially force banks and lending institutions to provide loans to small businesses. It states that the purpose of the act is to increase the availability of financing of

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small businesses which would not otherwise have access to financing. I assume that means banks would have to make financing available to small businesses that would not be a good credit risk in the ordinary prudent course of business. We have to question whether that is a fair and reasonable requirement to place on the banks. If lending institutions are forced to provide financing to dubious or shaky business ventures then everybody will pay the price.

Banks are not some enormous monster in a cave. The banks are us. Banks are people who own bank stocks. Banks are unions. Unions have a huge amount of their pension funds invested in bank stocks. They are pensioners in this country. They are all kinds of people who have bank stocks. If banks have to essentially give away money in the form of bad loans or unwarranted loans, we will all have to pay the price. I do not think a lot of us, our pensions or our RRSP investments can take that kind of hit.

While I am sympathetic to the plight of small businesses and their need for financing, the answer is not to have a forced draw or confiscation of bank moneys in order to finance small businesses with no ability to convince a reasonable lender of the merit or soundness of their enterprise or of their ability to repay loans. Most reasonable Canadians would probably agree with that.

The question remains of what we should do for our small businesses that are obviously struggling, that do not have the necessary resources to keep up with technology or to rent good premises where they can do booming business. There is a line in real estate that location is everything. Another is hire the top people. We all struggle with that almost every day in one way or another.

My suggestion to this House and to the proposer of this amendment is that other factors can be addressed to assist small businesses in this dearth of capital and financing which is a real problem and a fact rather than forcing private institutions to cough up money against their better business judgment.

• (1605)

As other speakers have, I suggest that the biggest problem for our small businesses is that government stands by hovering over their profits, ready to pounce on them and confiscate a huge chunk of them as soon as they appear. It is pretty hard for small businesses to pay the freight when government is sucking away their proceeds. A large part of the answer is for the government to examine why small businesses do not have the capital and finances they need to succeed. A large part of it is that government is taking too much in taxes.

I would like to concentrate on two taxes which are sucking the life out of small businesses. These are two payroll taxes, the CPP

payroll tax and the EI payroll tax. Those are the two taxes the finance minister when he was younger and more objective said were a cancer on job creation. All of a sudden when the finance minister wants to look good and wants to look like he is getting out the red, he decides that putting small businesses in the red is better than him being in the red. So he takes money from small businesses partly in the form of payroll taxes to make his books look good.

Let us look at the facts. By the time the CPP payroll tax is phased in will cost every business roughly \$700 more per employee. That is in addition to what it will cost the employee. Let us look at the EI payroll tax. The business will pay \$500 per worker more than is required to meet the benefit claims of the system. In other words, the employer does not pay only the \$500 per worker, but \$500 of that is an overcharge necessary to meet the requirements of the program.

What does the finance minister do? He wants to keep that money. Why does he want to keep that money? He wants to make his books look good. He wants to hoard it against an election so he can dole out to Canadians some nice goodies and say "Are we not wonderful? Vote for us we will give you everything you want". That is the way politics works. What does this do to small businesses? It sucks the lifeblood out of them. They are paying \$500 per worker more for EI than they ought to. They pay \$700 per worker for CPP premiums which may or may not keep a shaky system in place. Those charges discourage businesses from doing business. They take money from businesses.

One of my colleagues talked about how his house building business would lose 25% of its profit because of the CPP payroll increase alone.

We have small businesses starved for cashflow and starved for finances. What does the government do? It sucks more money out of them.

I challenge the government. Rather than put some piece of legislation in place that has a hearts and flowers approach to helping small business financing, let small businesses pay reasonable taxes, keep a lot more of their profits and prosper as will everybody else. That would be a dimension of this debate which should be seriously considered by the House.

Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.): Mr. Speaker, I am pleased to rise to speak on Bill C-53. I will be restricting my comments to Group No. 1 amendments put forward by my hon. colleague for Mercier.

Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small business, is this government's attempt to put a band-aid solution on a problem of access to financing for small business.

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• (1610)

The Liberal government has helped to create that problem.

The mandate of the Small Business Loans Act is to facilitate debt financing for small, young businesses that would not likely obtain that financing under the current banking oligarchy in Canada. This mandate, which will be maintained under Bill C-53, essentially dictates that the government and therefore the taxpayer should take on more risk than private lenders are prepared to incur.

The only reason the taxpayer is forced to incur that risk is the Liberal government has mismanaged and over regulated the banking industry.

Even with the changes contained within Bill C-53, the taxpayer still covers 85% of any small business loan defaults. One of the amendments put forward by my hon. colleague calls on this taxpayer liability to be reduced to 50%. I am sure members of this House have enough respect for the average Canadian working to support this proposal.

Whether the members chose to support or oppose this bill, it must be remembered that the essential aspect of Bill C-53 is to provide high risk loans that the private sector cannot or will not provide.

If members of the House believe this is a fair risk to place on the shoulders of Canadian families they should support the bill. If they believe it is an unfair risk to place on the taxpayer they should oppose the bill. Furthermore, if members believe the private sector can and should provide small business financing they should oppose the bill and force the government to make fundamental changes to the financial services sector.

Two questions immediately came to mind after reviewing this bill. Why should the taxpayers take on more risk than the banks and is there no other way to ensure that small businesses have access to much needed investment capital?

The intervention by the government maintained by Bill C-53 will remove important market forces from the lending process and will lead to the funding of less viable business ventures. This may help to garner political support for the Liberals but will do nothing to foster a healthy economy.

This government seems to have no concern for average Canadian families struggling every day under the highest tax burden in the G-7. Clause 5.1 of Bill C-53 illustrates the government's indifference to the fact that it is playing politics with the paycheques of Canadian people.

This section refers to the minister's liability should a loan not be repaid. However, it is clear that the liability is that of the Canadian taxpayer. It is not the industry minister's problem if high risk loans are defaulted on. It is the taxpayers'.

For this reason I fully support the amendment and would include reference to the taxpayers in the legislation so that it is transparent to legislators just who is ultimately responsible should the loans under this act fall to default.

I think the issue of risk should be examined more closely. Risk is a key element in the proper functioning of a free market. If it is artificially lessened or eliminated from market interactions it leads to a misallocation of scarce resources. That is, lending institutions will be less inclined, despite the provisions for due diligence contained in Bill C-53, to evaluate the long term viability of a business venture.

This situation will lend itself to the financing of unsustainable market ventures and it is the taxpayers under this regime who will inevitably be the losers.

This is supported by the government's own statistics which show that the default rate under the Small Business Loans Act was about 5% while the private sector was at approximately 1%. This is substantial when one considers the amount of money at stake.

The industry department proudly claims that the taxpayer has only a \$1.5 billion liability. This is not an insignificant amount of money. Canadian taxpayers are at their breaking point. Someone has to say enough is enough.

Everyone in this House understands the vital role that small businesses play in the Canadian economy. Many of my colleagues from the official opposition are small business operators. We understand the difficulties small business owners face.

I remind the House that high taxes and regulations come first to mind when I think of how tough it is to survive in a small business climate. If payroll and income taxes were lower, life would be easier for small business owners. However, the government does not care enough to do anything about these problems.

• (1615)

If members of the House wish to stand and talk about their commitment to small businesses, then they should first return every cent of the EI surplus. Until that time they have no right to speak on behalf of small business.

The impact of small business on the Canadian economy is substantial and Reformers have always supported the needs of small businesses. However, Bill C-53 is not a debate about whether small business is valuable, it is a question of whether small businesses can get access to financing without the government intervening in the economy.

High risk small business ventures can be financed in a competitive banking system, provided the lenders are not unnecessarily restricted from conducting their affairs in a manner that allows them to incur risk without incurring losses. It is really that simple.

The Reform Party is committed to getting the government out of the business of business and out of the pockets of average Canadian families, but this bill further entrenches the government's role in the banking industry. We must push aggressively to change the industry so that small businesses can get access to financing without the government setting the terms of that financing.

Bill C-53 and its predecessor the Small Business Loans Act allow the government to ignore the real obstacles to small business financing. No more taxpayer dollars should be placed at risk until the government has made substantial changes to the banking industry to create real competition.

At this point small businesses' access to finance can be reviewed and new legislation can be tabled if the government can demonstrate a legitimate market failure.

The government just cannot seem to get the fundamentals right. Bill C-53 plays politics with the taxpayers' paycheques. It demands that the taxpayer take on more risk than the banks by guaranteeing loans. Let us get the government out of the business of business and off the backs of the Canadian taxpayers.

[*Translation*]

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

Some hon. members: Question.

The Acting Speaker (Mr. McClelland): The question is on Motion No. 1. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. McClelland): All those in favour will please say yea.

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And more than five members having risen:

The Acting Speaker (Mr. McClelland): Pursuant to Standing Order 76(8), the recorded division on the motion stands deferred.

[*English*]

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.) moved:

Motion No. 2

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That Bill C-53, in Clause 4, be amended by replacing line 26 on page 3 with the following:

“limits; and

(e) the loan must not be in addition to other loans made under this Act to reasons related to the borrower for the operation of the same small business.”

Motion No. 3

That Bill C-53, in Clause 4, be amended by replacing line 33 on page 3 with the following:

“to the borrower does not exceed \$100,000”

• (1620)

Hon. Alfonso Gagliano (for the Minister of Industry) moved:

Motion No. 4

That Bill C-53, in Clause 4, be amended by replacing lines 41 to 45 on page 3 with the following:

“tions, of all loans made under this Act and guaranteed business improvement loans made under the Small Business Loans Act.”

Motion No. 5

That Bill C-53, in Clause 7, be amended by replacing lines 18 to 22 on page 5 with the following:

“made under this Act and guaranteed business improvement loans made under the Small Business Loans Act.”

Mr. Deepak Obhrai (Calgary East, Ref.): Mr. Speaker, as my colleagues and I said this morning, we oppose the bill. We gave excellent reasons as to why the official opposition does not agree with the bill.

We recognize that since we do not have a majority the chances are that the bill will go through. Therefore, my colleagues have come up with amendments which will bring more accountability to this issue and two motions were put forward.

One is to make sure that only one family member receives the loan. As well the limit is being reduced from \$250,000 to \$100,000. The average loan has been \$65,000. Reducing the limit to \$100,000 in no way will have a major impact but it will bring more accountability and ensure that the loan is given to small businesses.

This morning I read a news item which said that the banks are going to set up a small business bank. This came out of their desire to merge. They have said to the small business people that they will set up a small business bank to address this issue.

I am glad to see that the banks feel they have to do that. They have come up with an innovative idea. I think it is a good idea. They are addressing that issue, but that is the whole point of what we have been trying to say. The banks have to come up with innovative ideas to address the issue of small business financing. It is not a bill like this one under which the banks can hide and not take any risk and say they are helping small businesses.

The debate this morning by the official opposition has been that the private sector and in this particular instance the banks have to

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take more responsibility. They have to come up with innovative ideas on how to finance small businesses. They need to change their thinking. The banks have to change from thinking about how much money they can make. The banks must think of how they can be partners with small businesses to improve the Canadian economy. That is the thinking that requires change.

I was talking with the vice-president of the CIBC. He said they understand and realize there needs to be a change in thinking and that they would be working on it. I would just tell them that they had better hurry up so that they do not miss the boat. The official opposition is asking for the banking sector to open up to more competition.

• (1625)

There are ways the banks can work with small business. As I said, I have had experience with small businesses. That is why I am saying that the way the banks can help small business is to set up advisory councils of business people who can advise the banks so they can broaden their criteria on how they give out loans. And here we have another intervention by the state in the banks through this bill by saying the state is coming in and it will guarantee the loan. The banks will shirk their responsibility.

As I mentioned this morning, this kind of financing has been available for the last 25 years but still there are complaints out there that small businesses are having a hard time accessing funds. This bill is not going to solve the problem of financing for small businesses.

Some good news I mentioned earlier is that the banks want to set up another institution that will primarily address the needs of the small businesses. Great. It is a good idea. They should have done it a long time ago.

In the overall picture the responsibility for the burden on small business is the economic climate created by the government. We have made it clear and we are saying it again. The high level of taxation, which takes into account payroll taxes, the bureaucratic reporting and the huge amount of paperwork businesses have to do which is an indirect cost on small businesses is what leads them to ruin and stops an entrepreneur from putting time into the business to make it successful.

Business people are asking to be left alone so they can carry on doing their business. That is what they want to do. Is the economic climate there for them to do it? No. They are mired by government bureaucracy. They are mired by reporting structures. They are mired by this report and that report.

When I started a small business 16 years ago it was great fun. One would work hard, pay one's little taxes, pay one's employees and get going. It used to be fun. Today it is not fun. It is becoming a burden. Today you have to think "Oh man, I have to send in this

report. I have to do this and I have to do that". What a change over 16 years in doing business in this country. The blame lies partly with that side. And I am talking from experience.

I am telling the government to create the environment and reduce the taxes. The GST which the Liberals said they were going to remove is another big headache. The reporting structure of it is a problem. We need to create the economic climate to let Canadians do their job and let Canadian businesses try.

• (1630)

The motion we are supporting is an attempt to bring forward accountability. We hope the banks will not shrink from the responsibility of addressing the issues. We hope the government will recognize that it has to create a climate in which small business can thrive.

Mr. Gurmant Grewal (Surrey Central, Ref.): Mr. Speaker, I pleased to speak to Group No. 2 which contains Motion Nos. 2, 3, 4 and 5. The bill is about small businesses. If there is a big storm the big trees fall. Only the grass remains green and survives a big storm. It is very important that we take care of small businesses at least as much as big businesses.

I have no difficulty in supporting the motion, but one thing that is clear is that the Liberal government has had all the opportunities. Some amendments were brought forward from 1993 and so on, but nothing significant was addressed or taken care of to enable small businesses to get the benefits the act intended, not to mention that medium and big businesses borrow money from it.

The rationale behind Motion No. 2 which we are dealing with is that it is designed to prevent one family member who is part owner of a small business from taking out a loan if another family member has already done so. The idea is that the system should be more equitable. It should be fairer and should not be subject to abuse as it has been in the past according to the auditor general.

According to the Small Business Loans Act each borrower has been limited to a maximum loan of \$250,000. The auditor general detected a few cases in the sample loan file where certain individual corporations with substantial common ownership managed to collectively obtain numerous loans far in excess of the stipulated maximum loan amount of \$250,000.

In one case, according to the auditor general, a group of 23 related corporations managed to collect more than \$4 million under the SBLA. This is a gross abuse of the system. Although Industry Canada had already notified lending institutions in writing that such loans would not be covered under SBLA after July 1996, detection of such cases by the department is difficult because of the lack of complete access to loan file information during review of submitted claims. These practices are contrary to the intent of the act.

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The auditor general also noted that while the Small Business Loans Act specifically defined the eligibility conditions of those who may borrow under the program, there were no provisions designed to prevent a group of entities with substantial common ownership from gaining multiple access to loans under the program.

The auditor general recommended a clarification of this issue to ensure the SBLA program meets the goal of providing financial assistance to smaller businesses within the acceptable risk exposure of the government.

These practices are contrary to the intent of the act. Currently there are no provisions under the Small Business Loans Act to prevent this even though such rules exist under the Income Tax Act, which has provisions designed to limit access to the low corporate rate of tax for smaller businesses and to prevent abuse by the creation of a number of related corporations. More rigor is needed to address the issue.

We would like to support Motion No. 3. We know that the government is slow in learning, but I am the one who brought forward the issue in Motion No. 2 and No. 3 in the first debate we had on the bill. I am glad that it is learning but learning slow and I am glad to support Motion No. 3. The rationale is that the amendment lowers the maximum amount of a small business loan from \$250,000 to the pre-1993 level of \$100,000.

• (1635)

Groups such as Canadian Federation of Independent Business made presentations before Senate and House committees which called into question whether the ceiling of \$250,000 was too high. Industry officials concede that the average size of loans made under the old SBLA was only \$65,000. In view of this, present levels could be trimmed. I am glad the government has learned that.

The problem of column shifting appears to be more pronounced in loans over \$100,000. This could mean a number of things, but most likely there is an inverse relation: the larger the size of a loan to an SME, the smaller the bank's willingness to underwrite the loan. There is an inverse relation between the amount of the loan and the willingness of the bank.

From its inception to March 31, 1993 the program made \$339 million in net payments to lending institutions over a 32 year period. Following amendments to the Small Business Loans Act in 1993 the program considerably broadened eligibility criteria and increased the maximum loan amounts per borrower from \$100,000 to \$250,000. The auditor general noted it and it has been addressed. I am glad that it has been addressed in the bill.

The Canadian Federation of Independent Business which has over 90,000 members has been saying that if the current abuses of

the Small Business Loans Act were curbed and if the parameters of the program were restricted, the program would require less of an allocation of funds while being effective in meeting the program's objective. The thresholds for financing are too high in the old SBLA. The legislation defines small businesses as those firms that have up to \$5 million in sales. That is not small.

The CFIB says that we are not talking about small businesses in this case. What we are talking about is medium or large size businesses. That becomes an alternative source of financing for medium and larger businesses, depriving smaller business of the facilities which are intended for them. Small businesses are not being given any advantage compared to what medium and larger firms are getting from Bill C-53.

If the size of the loan and the size of the annual sales of the business were reduced, we would have a system that serves smaller businesses. We would also have a system with a drastically reduced rate of abuse, which is important.

As I said in the beginning the government cares about larger businesses, not about smaller businesses. When the storm comes, the government will remember that smaller businesses which are supporting our economy can survive any type of storm but the big firms are subject to falling.

The government has been giving big businesses all the big benefits it could give. We know that Bombardier got \$25 million worth of interest free loans. We know that Bombardier or some other businesses like it have been getting all those facilities. Bombardier also got sole source contracts of \$2.85 billion from NATO through the government.

Smaller businesses have been subject to abuse. They have been subject to high taxes by the government. CPP and EI premiums have been so high that smaller businesses could not cope. Even the government knows that \$350 per employee and \$500 per employer are being paid too much by the smaller businesses.

I summarize by saying that I am happy to support Motions Nos. 2 and 3. Motions Nos. 4 and 5 are more of a technical nature rather than of any significant legislative importance. We will be supporting Motions Nos. 4 and 5 along with Motions Nos. 2 and 3.

• (1640)

[*Translation*]

The Acting Speaker (Mr. McClelland): 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, Agriculture; the hon. member for Tobique—Mactaquac, Asia Pacific Economic Cooperation Summit; the hon. member for Cumberland—Colchester, Aircraft Safety; the hon. member for Louis-Hébert, Scrapie.

*Government Orders**[English]*

Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, first I will speak to Motions Nos. 4 and 5 which reference the Fisheries Improvement Loans Act. After review of the act it was seen that reference to the Fisheries Improvement Loans Act was no longer required.

Several small business support programs were restructured in 1987. Fishers became eligible borrowers under the Small Business Loans Act and no new loans were made under the Fisheries Improvement Loans Act. Loans that were still outstanding continued to be administered by fisheries and oceans and borrowers continued to make payments on those loans. Some 85 loans were still outstanding under the program when the bill was being developed. It was decided that a reference to the Fisheries Improvement Loans Act was necessary.

We have subsequently learned that the loans still on the books under the old Fisheries Improvement Loans Act have declined to a negligible amount. Given that most of these loans will soon be paid off the books, reference to the Fisheries Improvement Loans Act in the proposed Canada Small Business Financing Act is no longer required. An amendment to the same effect was made to clause 3 when the bill was at committee. I urge all members of the House to support these amendments as technical clean-up of the bill in its references to the fisheries loan act.

There have been many comments with respect to Motion No. 3 which recommends the reduction of the amount that can be lent to small business from \$250,000 to \$100,000. Much of the discussion has been referenced to the CFIB, that its recommendation was to reduce the amount to \$100,000. The Canadian Federation of Independent Business surveyed its members and found that over 49% supported leaving the limit at \$250,000. It notified the standing committee along that line.

I remind everyone here, especially the official opposition, that other stakeholders like the Canadian Restaurant and Food Services Association, the Canadian Bankers Association and some independent witnesses in committee also spoke to maintaining the \$250,000 limit.

There was much discussion on related borrowers which is what Motion No. 2 addresses. I am surprised the member for Saskatoon—Humboldt put forward this motion after all the debate we had in committee including a discussion of the preliminary regulations. It was agreed among the bankers and the stakeholders, the CFIB, the Canadian Restaurant and Food Services Association and the department, that they would look at and come up with the respective regulation that would follow up on the auditor general's comments.

• (1645)

This process has started. It is well under way and the regulations will be issued in due course, after the bill is approved, hopefully by all members of this Chamber, despite some earlier comments.

With respect to Motion No. 2, there are some 1,600 deliverers of what is now known as the SBLA, the future Canada small business finances act.

Because of the timing for regulation approval and training of between 1,500 and 1,600 deliverers, this item will be taking effect, as noted by all the people as discussions were held in the industry committee.

For that reason, I would not now support going back on what we had said in committee and on what we had agreed to with respect to the regulations coming forward to change the items shown in Motion No. 2.

I wanted to speak to those motions. Hopefully members of the official opposition will realize that there has been more fine tuning of this act. The standing committee on industry had great discussions.

I welcome the new NDP member on the committee, specifically the member for Kamloops, Thompson and Highland Valleys. I want to mention his contribution. He took a great interest in this bill and has shown that he wants to be more involved with small business.

I hope all of the opposition parties, when the time comes, will approve this bill for the benefit of small business rather than for political reasons.

Mr. Werner Schmidt (Kelowna, Ref.): Mr. Speaker, this amendment is very positive. I would like to refer, in particular, to the hon. member's comments just now about "related".

We need to be very careful about "related" and how we define it. It is all very well to argue that we are going to have this very carefully defined through regulation and things of that sort. I agree that has to be done. However, there are times when "related" needs to be defined very clearly in the legislation itself. Perhaps even this definition may fall slightly short of what is needed.

I want to refer to a practice which has happened. I do not know how often it has happened, but I know of at least several instances. A company, which was not such a small business, needed capital of about a million dollars. It discovered that, yes, there was a small business loan that it could get. However, the maximum it could get was \$250,000 and it needed \$1 million.

With their ingenuity—and a lot of these small business people are characterized by their ingenuity—they said "How can we do this?" They divided the company into four subsidiaries. Each of those subsidiaries qualified for a small business loan. Subsequently, each of those four businesses borrowed to the maximum of \$250,000. Lo and behold, the full \$1 million was available to the company.

There was common ownership among the four subsidiaries. Obviously, what was happening was that they met all of the

technical requirements of the regulations and the provisions of the act; however, they definitely did not meet the spirit or the intent of the legislation. I believe that is really what is behind this motion.

• (1650)

I believe that the hon. parliamentary secretary who spoke a moment ago recognizes full well that that is precisely what is involved here and I hope this amendment makes that very clear.

The other point we need to recognize, which I want to reinforce, is the point that was made earlier by my colleague for Calgary—Nose Hill, which had to do with payroll taxes and the impact those taxes have on the effectiveness and profitability of small businesses and their ability to hire people.

She referred to the Canada pension plan. The point that needs to be added is that over the next four years Canada pension plan premiums will increase by about 71%. There will be no corresponding increase in the benefits received by the individual who subscribes to the pension plan. The difficulty for the businessman who has an employee is that it will cost him an additional \$700 a year to have that person on the payroll, and yet the individual does not receive additional benefits. We need to recognize that this is what is happening.

The other point has to do with EI premiums and the hon. member covered that point very well. But we need to recognize that when the two are added together it means that each new employee costs the small businessman roughly \$1,200 a year. That is a very significant amount of money. That reduces the bottom line by that amount of money.

I want to draw the House's attention to something I find rather unique. I discovered it in the November 14 weekend edition of the *Globe and Mail*. What struck me was the logo. The BDC has a new logo. It says "We are a different kind of bank. We are the small business bank". The ad reads:

Buy Japan without risking principal. The Business Development Bank of Canada, Japanese Stock Index Linked Notes, Series 2, due November 24, 2006. Interest based on 100% of any increase in the Nikkei 225, Japan's major stock market index. If held until maturity, principal is fully protected and paid. Direct obligation of Business Development Bank of Canada, an agent of Her Majesty and right of Canada. No direct foreign currency exposure. RRSP eligible as Canadian contact.

For further information, please call CIBC Wood Gundy Securities Inc. 1-800-563-3193.

In very small print it says:

CIBC Wood Gundy Securities Inc. is a member of the Canadian Investor Protection Fund and a subsidiary of Canadian Imperial Bank of Commerce. The Nikkei 225 Index is intellectual property of Nihon Keizai Shimbun, Inc. ("NKS") and is compiled and calculated solely by NKS. "Nikkei 225" is a service mark of NKS, which licenses the

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use of the index and the mark to the issuer of the Notes but does not sponsor or endorse the Notes.

I have a couple of observations. First, in this ad the Business Development Bank of Canada is offering to sell or make available to investors and individuals notes that have guaranteed principal if held to maturity. If we invested \$1,000 and we left it until November 24, 2006, we would be guaranteed the full principal on the maturity date.

• (1655)

Preliminary investigations suggest that the notes themselves are backed by a basket of stocks on the Nikkei Stock Exchange, the Japanese stock market. This suggests that the interest is based 100% on any increase in the Nikkei 225. So if there was no increase, then only the principal would come back. If there was a substantial increase, then the value of those notes presumably would increase by the value of that basket of stocks.

This is interesting. It looks to me that these are Japanese stocks that are being talked about, yet it says clearly that there is no direct foreign currency exposure nor is there foreign content. It is RRSP eligible as Canadian content. This is an interesting ad. It requires a lot more study before we get into the detail of what is going on.

I would also refer to the CIBC Wood Gundy Securities Inc., which is a subsidiary of the Canadian Imperial Bank of Commerce. We know that last week the CIBC advised the world and all of its shareholders that in the previous quarter its profit had dropped by 70%, largely as a result of its unsuccessful operation within the investment market.

I am not suggesting that there will necessarily be bad performance. However, the BDC is acting as an agent of the crown, an agent of the Government of Canada, which means that if the stock market goes down, as it did recently, in November 2006, the Canadian people will be responsible for the full principal that has been invested.

If this is a different kind of bank, a bank for small business, I would like to know what in the world is going on. It is incumbent upon the Minister of Industry and the Minister of Finance and even the Prime Minister to look at this and ask "What are we doing with this kind of a corporation in Canada?"

[Translation]

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, from the very start of the debate, I have been hearing our Reform colleagues say that if taxes and wages were lower, small businesses would be doing just fine, and that in any case government guaranteed loans were not needed when businesses were sound.

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With all due respect, unless the situation out west is very different from that in Quebec, what they are saying does not fit in with the needs of small businesses.

In a number of sectors, start-up or expanding companies represent a risk. Members who were with me when bankers appeared before us know that, every time we asked them about start-up companies, they said that there was indeed a risk, that a new venture is always a risk. An expanding business needs room to grow and this also represents a risk.

I believe that the thrust of the bill is to ensure that, when a small business which is considered a risk but has a reasonable chance of being successful cannot get a loan, the government steps in to guarantee the loan. This is the intent of the bill.

I might have been the first one to say that small businesses should pay lower EI premiums, but I will never say that lowering them means that start-up or expanding companies no longer need the Small Business Loans Act.

• (1700)

The same thing goes for lower wages. We are not looking to create an economy based on lower wages. What we want is an economy where small businesses about to start up choose to operate in sectors where work is highly paid and people can earn a decent living. You can be sure that developed countries and nations enjoying stronger growth have not relied on low wages.

Although I feel I need to defend this bill against the attacks of my Reform colleague, I also want to tell my Liberal colleagues that they could have done a much better job of it. In fact, this bill is supposed to help small businesses, but what we have seen is some kind of negotiations with the banks and the big franchisors.

It is important to understand that we need the banks to lend the money and to compel them to meet a number of conditions, that the loan guarantee cannot be seen as their chance to get some bad loans paid back, which is why the spirit of the legislation has to be clearly stated. Unfortunately, nowhere can it be found in this bill.

Nowhere in the bill before us is the spirit of the legislation mentioned. The regulations previously included in the legislation have been withdrawn. The committee agreed to ensure that the regulations would not be changed without prior consultation of the parties and the committee. We hope things will stay that way. The regulations really reflect the spirit of the legislation.

Here are some of the points we, in the Bloc Québécois, want to make about these amendments. The first point that we will continue to make is that the purpose of the act must be stated in the act. We will also make the point that, in assessing the act, we must not only ask ourselves if the total cost of the loans will be paid by the borrowers.

There are fundamental questions that must be asked. What is the effect on the economy? What is the effect on employment as well as on the survival and the growth of small and medium size businesses?

When a loan application is denied, when a prospective business is denied access to a loan and cannot start up as a result, how much does it cost to our economy? How much does it cost in terms of money that is not being injected into our economy? How much does it cost in terms of social spending for the person who is unemployed? We must take into account the costs of a business not being able to get off the ground as well as the risk of problems for small and medium size businesses.

We will make that point. We will also make the point that pilot projects must include working capital.

Everybody knows that the financing of working capital is almost an essential requirement for a business that wants to start up or to grow. We agree that it is not appropriate to use this general program to finance working capital. However, we think there should be at least a pilot project where working capital would be guaranteed, but the business receiving the loan would also receive management counselling.

• (1705)

A number of my colleagues and I sent out simple questionnaires to our small and medium-sized businesses. One of the things we asked was: "In your opinion, if credit were easier to get, would the risk of bankruptcy be lower?" Many of the respondents said "Yes". The reason we asked this is that, in our experience, small and medium-sized businesses often do not manage to hang on for more than a year and a half, two years, two years and a half, because of administrative problems, yes, but also because they often have financing problems.

The Canadian Federation of Independent Business had good reason to say that this is a very significant problem for more than 29% of businesses. This is why we are going to defend these points which will help advance the financing of small and medium-sized businesses.

It is worthwhile pointing out at this time that loans for equipment account for 73.4% of the total, loans for land, 12.8%, and loans for commercial space, 12.8%. It seems to me that this should help our colleagues beside us understand the importance of this bill, because equipment is what enables the company with some commercial space, whether or not it owns the land, to get started up.

Sometimes the business also needs to finance its working capital. Businesses which have to purchase products for use in their production, to purchase raw materials to be manufactured, and then sell their products perhaps without any return for three months,

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may fail, despite all their spanking new equipment, their employees, because they lack the working capital.

We ask that all this be looked at in order to improve the bill, and not to make it unworkable, as my colleagues next to us would like to do.

[*English*]

Mr. Jim Gouk (Kootenay—Boundary—Okanagan, Ref.): Madam Speaker, I have a couple of points I would like to raise under Group No. 2. One deals with some of the comments made by the hon. member from the Bloc who just spoke. The other deals with comments made by the government side.

Starting with the comments on the government side, members said they held their committee hearings, listened to people across the country and got a particular input from those people. But then later they said there were supplemental letters to the committee. I am not aware of these. I have seen what was presented at committee and I have not gone beyond that. In that committee many groups, including the Canadian Federation of Independent Business, specifically said they thought the ceiling on this was too high.

I go back to a time when I was on the transport committee. There was one particular blatant piece of legislation that I recall, the Canadian Transportation Act. On that we had a tremendous number of interveners from across this country, from one end to the other. A huge majority of them, in the 90% range, were opposed to clause 27. They were clearly against it and they went on at great length to explain why they were opposed to it. I made an amendment at committee to delete that clause which was so objectionable to so many people.

I found it incredibly interesting that not one of the government members supported that amendment to delete that clause of the bill.

When the hon. member from the government said that the Canadian Federation of Independent Business amended its position after consultation with its membership, I do not know if he misspoke but he gave a figure that less than a majority was in favour of a higher ceiling.

• (1710)

It is most curious that he used a figure of less than 50% because it automatically implies that more than 50% still wanted that lower ceiling.

The member from the Bloc made reference to how the Reform Party says the answer to this is lower taxes and lower salaries. She is half right, which is probably not bad on an average day. We certainly think there should be less tax. No one has suggested that people should get paid less as the answer to businesses making more profit. We would like to see people making more profit and

able to buy more things which means they should have more disposable income.

We have for a long time been very clear about disposable income and the ability of a Canadian business to compete and to sell its products cheaper by all means, but not by cutting profits. Most cannot cut their profit as most of it has already been taken away.

I refer to the speech I made earlier today. I hope the hon. members listening were privy to that. I used an example of my being in small business just prior to being elected. I was in the construction business and the results of the increase of the CPP tax alone accounted for two of the eight houses I built each year; 25% of my gross profits, not for all payroll taxes, not even for all the cost of the CPP. This was just for the amount that this government was increasing it by, 25% of my gross profit, \$12,000 a year.

I carry a dandy little device, a financial analyst calculator. While I was listening to the hon. member speak I pulled my calculator out of my briefcase and quickly calculated the \$1,000 a month, which is what the government would have taken out of my pocket were I still operating my small business just for the increase in the CPP alone. I calculated the amount at 9% interest which is pretty nominal for a small business trying to get a loan these days. I amortized it over a 10 year period, compounded semi-annually, which is the normal banking practice. It would have required a loan of \$80,000.

What we are saying is that the problem with this whole bill with its \$250,000 limits, government guarantees and high ratios which we will get into in part three of this debate, is that it suggests we have to give more money and back up more. What we have to do is stop taking money away. I do not care if we are talking in terms of intent, in terms of how high a ceiling we should put on this or what ratio we should guarantee. The best way to help businesses is to stop taking their money. We should not be creating legislation that makes it easier for them to borrow money to give to the government.

As a small business operator, if I had to maintain my gross revenue income flow to pre-CPP tax increase levels I would have to go to the bank and borrow \$12,000 a year. Over the course of 10 years I could take and amortize with interest a loan of \$80,000. That is \$120,000 with interest payments added up that my business would have to put out in order to come up with the money the government would take out of my pocket for the CPP increase alone.

The problem in this bill is not whether the whole ceiling should be lowered. It is the government's approach to the idea of what small business needs. It somehow thinks that it is all right to fix the whole problem in our economy by making it easier for business to borrow money.

We will repeat in each section of this bill that the true way to solve the problem for small business is to leave the money in that business.

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I remember back in the late 1970s the banking industry decided this was a pretty vibrant economy and it could make tons of money by just getting businesses and individuals to borrow more. Contrary to what we have now where we have to go on bended knee and beg the banks to loan us money, in the late 1970s they were begging people to take it. Because it was so easy and they made it sound so great, people borrowed more and more.

• (1715)

They wanted to borrow \$50,000 to buy a used machine they saw. They felt they should be able to borrow \$125,000 and buy a new one. This was no problem. They would write a cheque right then.

That is what this government is leading people toward. The government has increased the cost to operate business then makes it easier for these businesses to borrow money. We get into a vicious cycle.

This government and Liberal governments in the past, all governments past, the old style politics of Canada operated by the two principal parties that have occupied this House, have often in many parts of Canada created a dependency on government. They have created that for businesses and individuals and they have created it for entire regions of this country. They created dependency for a race of people, a culture of people, through the Indian and northern affairs legislation and acts of that branch as well.

Now this government is trying to do it once again. This government is trying to get businesses on hook to the generosity, in its view, of the Liberal government through a loans program.

There is something wrong when the government thinks that the first thing it has to do is tax away everyone's money then turn around and loan some back. It will arrange to have some of it loaned back. The government will guarantee it. That is mighty generous of the government considering what it is really guaranteeing is individuals' own money. The government took the money from them in the first place. The amount the government stands to lose can be paid out of the CPP increase alone.

I think we should be lowering those limits. The majority of people who borrow money, the majority of businesses that borrow money, traditionally borrow on average far less than what we would like to see that ceiling reduced to, partly in response to many of the groups that spoke in committee. We think that is good.

The real way to solve the problem, which the government will hear a lot and I hope it sinks in, is that it will have to recognize that borrowing money to overcome oppressive taxes is not the answer to getting the economy going in this country again.

The government should deal with all businesses by ensuring that they get to keep some of that money in their pocket. Businesses

earned it. It belongs to them. The government has not earned it. Unlike the thinking of the finance minister the money does not belong to the government.

Mr. Ted White (North Vancouver, Ref.): Madam Speaker, we are talking about Motion Nos. 2 and 3.

Anyone who has ever applied for loans probably found it disappointing if they were turned down. It would be unusual if at some time in our lives when we applied for a loan we were not been turned down. It is not always because the idea was not good or the product we wanted to buy was not a decent product but it could just be because the proposal or our income was not sufficient to support the loan.

This does not remove the disappointment but one of the things this bill does is facilitate dependency by groups of businesses that cannot qualify through the normal lending channels. That is one of the thrusts we have been talking about today.

The government is going about financing small business the wrong way. What the government is doing is building a dependency where people who cannot get money through a regular bank can go through the back door by having taxpayers guarantee the loan.

Earlier today when I was speaking on the first group of amendments, I was talking about the alternatives that can be used to get around that. It is not a problem that these businesses cannot get money. Businesses can always get money. But it is the problem of there being a price to be paid for it. Sometimes these people do not want to pay the price.

When it is a new business, a risky venture, it may be a good idea but the banks have never seen it before. Individuals approach various banks and the banks say they have never seen any history of this type of business and do not think they can make it and they do not qualify.

Those individuals are not satisfied that they cannot get the money from the banks. But there are alternatives out there if they pay a bit more in interest.

We have had examples today from some of my colleagues of businesses that were started with borrowed money from friends or from a venture capitalist. I explained that my business, prior to being a member of parliament, was specializing in the financing of home based businesses. Certainly we lent the money out at an interest premium to the banks because we were filling that niche of handling that risky area of business.

• (1720)

The biggest problem we had as a small company involved in that financing sector was that when we used mortgages as a guarantee the government considered us to be in an investment business and it taxed us at a 50% rate on our profits. That took away our ability

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to reinvest in these people. Yet we were willing to make all sorts of creative financing options for people that made it possible for them to get into business. In the five years we ran the leasing business prior to my becoming a member of parliament we never had a single loss.

Yet we always took on businesses that could not get financing at the regular places. All it took was a little creativity. Instead of going through the normal procedure a bank might go through of making people fill out pages and pages of information about their personal financial history and being unable to prove they had a previous background, we would look instead for stability and trustworthiness.

We did that in a very simple way. We had five telephone directories in our office that went back five years. The first thing we did when a person called and asked for lease financing was look in those telephone directories to see if the person had lived in the same place for five years. If they had, that gave us the first good clue that the person was stable, reliable and would be there.

Second, we asked applicants for their job histories. Had they worked at the same place for a good length of time, four or five years? A second clue that they were trustworthy, reliable and would not run away would be if they had the same job for five years, had just been laid off and thought they would get into business for themselves. If we leased them a fax machine or a photocopier they would not just run away and disappear out of sight.

Third, we asked if we could do a credit check on their credit cards to find out if they were up to their limit. If the people going into business were not up to their credit card limits, that indicated they were not yet under financial stress.

Those were all good signs, being in the phone book for five years, having a good steady job prior to going into business for themselves and having credit cards that were not maxed. If these criteria were met they got their loans. That is all we did. There was no in-depth financial investigation of their pasts. We just looked for reliability, trustworthiness and a sense these people would not run away if something went wrong.

Of course a portion of the loans we made started to go bad. People would miss payments. Because these people were trustworthy and believed in their ideas we could approach them, talk with them and make arrangements for them to catch up. They could find alternative positions, to sell the equipment or to make adjustments to their portfolios.

That sort of creativity is possible but because the government taxed away so much of what we made from this exercise we were robbed of capital to expand. The demand for what we could do was much greater than what we could ever fill.

The government response is to build dependency by providing money at a bank market rate by making taxpayers carry the can on any defaults. It was mentioned earlier that only a small percentage are in default. It is about 5.6% to 6%. The aggregate amount that can be paid out under this program is \$1.5 billion. A default rate of 5.6% amounts to about \$75 million under default at any particular time. That is a significant chunk of money. We should be pretty concerned about the liability faced by taxpayers when they are guaranteeing these sorts of loans.

That is why the amendments proposed in Group No. 2 are being put forward. Motion No. 2 makes sure no loans are made to relatives of the initial borrower to put more money into the same business. It is not right to use a loophole to get around the intent of the act. If we have decided a business can borrow a certain amount it is not right to allow relatives working in the same business to borrow their share and to increase the total amount being risked on a particular business. That was the reason we introduced this amendment stating the loan must not be in addition to other loans made under this act to persons related to the borrower for the operation of the same small business. More than two of my colleagues have given examples found by the auditor general of abuse in this area.

• (1725)

The other amendment we put forward is that the amount given to the borrower does not exceed \$100,000. Industry officials had to admit that the average loan size was \$65,000, which is still a reasonable chunk of change for people starting a small business.

Borrowing \$250,000 for the average person is a lot of money. That is more than starting a small business. There really is no need to go to that level. Restricting it to \$100,000 is quite enough, especially if the minister will not agree to preventing this multiple borrowing we are trying to correct with Motion No. 2.

I urge members to support the Reform motions and if they do they will significantly improve the bill.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Madam Speaker, it is a pleasure to speak on Bill C-53, Motions Nos. 2 and 3.

We have gone through this before. The government is nibbling around the edges. The bill unfortunately will not address the problems affecting the private sector by any meaningful way. I will continue with the speech I was making earlier on constructive solutions that can be applied to the bill if the government would listen. It would find there would be widespread agreement among the electorate.

There are various things the government can do with respect to labour policy. It can work with the provinces. I challenge the ministers across the way to call their provincial counterparts together to deal with the issue of labour policies which are having

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a restricting effect on the ability of the private sector to function as well as it can.

Unionization techniques are being done to quite significantly restrict productivity. Certain things can be implemented. For example, there is the aspect of members taking a strike vote. The strike vote or a vote on whether to unionize should be a silent or anonymous vote rather than public. Often strong arm tactics are used on members to vote for unionization or a strike. That should be done by a secret ballot system.

The aspect of sexual bargaining should be banned, as this also restricts the private sector.

It is really horrible that we have not been able to address these significant problems that have been beleaguering the private sector for so long.

The government has an enormous role to play regarding industrial policy in reduction of interprovincial trade barriers. We had an opportunity to do that in this House and rather than taking meaningful measures to reduce interprovincial trade barriers the government once again nibbled around the edges.

The private sector says we have more boundaries east-west in Canada than we have north-south. In part that can explain the reason why, although we have implemented free trade agreements, they have not been as good as they can become because the Government of Canada has actually impeded and impaired the ability of the Canadian private sector to be competitive with its counterpart south of the border because it has not done much with removing the interprovincial trade barriers that hamstring them so badly. I would encourage it to do that.

By eliminating direct subsidies to businesses we can save taxpayers a lot of money. They really are not necessary because the private sector does not want the money. It wants the environment that will enable it to be productive.

We have a fetish for introducing regulations but have little desire to remove them. British Columbia has enacted 3,000 new regulations since the government was elected.

The Acting Speaker (Ms. Thibeault): I must interrupt the hon. member. When the bill is brought back before the House for debate he will have approximately six minutes left.

* * *

• (1730)

[*Translation*]

CRIMINAL CODE

The House resumed from November 5 consideration of the motion that Bill C-51, an act to amend the Criminal Code, the

Controlled Drugs and Substances Act and the Corrections and Conditional Release Act, be read the third time and passed.

The Acting Speaker (Ms. Thibeault): It being 5.30 p.m., the House will now proceed to the taking of the deferred division on the motion at third reading of Bill C-51.

Call in the members.

• (1800)

[*English*]

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

(*Division No. 263*)

YEAS

Members

Adams	Alarie
Anderson	Assad
Assadourian	Asselin
Augustine	Axworthy (Saskatoon—Rosetown—Biggar)
Axworthy (Winnipeg South Centre)	Bachand (Richmond—Arthabaska)
Bakopanos	Barnes
Beaumier	Bélair
Bélanger	Bellehumeur
Bellemare	Bennett
Bergeron	Bernier (Tobique—Mactaquac)
Bertrand	Bevilacqua
Bigras	Blondin-Andrew
Bonin	Bonwick
Borotsik	Boudria
Bradshaw	Brien
Brisson	Brown
Bryden	Bulte
Byrne	Caccia
Calder	Cannis
Caplan	Cardin
Carroll	Casey
Catterall	Cauchon
Chamberlain	Charbonneau
Chrétien (Frontenac—Mégantic)	Clouthier
Cohen	Collenette
Comuzzi	Copps
Crête	Cullen
Dalphond-Guiral	Davies
de Savoye	Debien
Desrochers	DeVillers
Dhaliwal	Dion
Discepola	Doyle
Dromisky	Drouin
Dubé (Lévis-et-Chutes-de-la-Chaudière)	Dubé (Madawaska—Restigouche)
Duceppe	Duhamel
Dumas	Earle
Easter	Eggleton
Finestone	Folco
Fontana	Fry
Gagliano	Gagnon
Galloway	Gauthier
Girard-Bujold	Godfrey
Goodale	Graham
Gray (Windsor West)	Grose
Guarnieri	Guay
Guimond	Harb
Hardy	Harvard
Harvey	Herron
Hubbard	Ianno
Iftody	Jackson
Jennings	Jordan
Karetak-Lindell	Karygiannis
Keddy (South Shore)	Keys

Private Members' Business

Kilger (Stormont—Dundas)
Knutson
Laliberte
Lastewka
Lavigne
Lee
Longfield
MacAulay
Mahoney
Maloney
Marceau
Marleau
Martin (Winnipeg Centre)
Matthews
McDonough
McKay (Scarborough East)
McTeague
Mifflin
Minna
Muisse
Myers
Normand
Nystrom
O'Reilly
Paradis
Patry
Peterson
Phinney
Pickard (Chatham—Kent Essex)
Plamondon
Pratt
Proctor
Provenzano
Reed
Riis
Robinson
Rock
Scott (Fredericton)
Solomon
St. Denis
Stewart (Northumberland)
St-Julien
Telegdi
Thompson (New Brunswick Southwest)
Tremblay (Rimouski—Mitis)
Valeri
Vautour
Wappel
Wayne
Wilfert—205

Kilgour (Edmonton Southeast)
Kraft Sloan
Lalonde
Laurin
Lebel
Lincoln
Loubier
MacKay (Pictou—Antigonish—Guysborough)
Malhi
Manley
Marchand
Martin (LaSalle—Émard)
Massé
McCormick
McGuire
McLellan (Edmonton West)
Ménard
Mills (Broadview—Greenwood)
Mitchell
Murray
Nault
Nunziata
O'Brien (London—Fanshawe)
Pagtakhan
Parrish
Peric
Pettigrew
Picard (Drummond)
Pillitteri
Power
Price
Proud
Redman
Richardson
Robillard
Rocheleau
Saada
Sekora
Speller
Stewart (Brant)
St-Jacques
Szabo
Thibeault
Torsney
Ur
Vanclief
Volpe
Wasylycia-Leis
Whelan

PAIRED MEMBERS

Alcock	Bachand (Saint-Jean)
Baker	Bernier (Bonaventure—Gaspé—
Îles-de-la-Madeleine—Pabok)	Canuel
Chan	Coderre
Finlay	Fournier
Godin (Châteauguay)	Lefebvre
Leung	Marchi
Mercier	O'Brien (Labrador)
Perron	Sauvageau
Serré	Shepherd
Steckle	St-Hilaire
Venne	

The Speaker: I declare the motion carried.

(Bill read the third time and passed)

PRIVATE MEMBERS' BUSINESS

[English]

CANADA STUDENT LOANS

The House resumed from November 5 consideration of the motion.

The Speaker: Pursuant to order made on Thursday, November 5, the next deferred recorded division is on Motion No. 132.

We will vote again under our relatively new system. Because the mover is on my left, those in favour of the motion in the rows to my left starting with the fifth row and moving to the front will vote and then we will go to the other side.

● (1810)

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

(Division No. 264)

YEAS

Members

Axworthy (Saskatoon—Rosetown—Biggar)	Bachand (Richmond—Arthabaska)
Bernier (Tobique—Mactaquac)	Borotsik
Brisson	Caccia
Casey	Cummins
Davies	Doyle
Dubé (Madawaska—Restigouche)	Earle
Hardy	Harvey
Herron	Keddy (South Shore)
Laliberte	MacKay (Pictou—Antigonish—Guysborough)

NAYS

Members

Ablonczy	Anders
Bailey	Benoit
Breitkreuz (Yellowhead)	Cadman
Casson	Chatters
Cummins	Duncan
Epp	Forseth
Gilmour	Goldring
Gouk	Grewal
Grey (Edmonton North)	Harris
Hart	Hill (Macleod)
Hill (Prince George—Peace River)	Hilstrom
Hoepfner	Jaffer
Johnston	Kenney (Calgary—Southeast)
Lowther	Lunn
Manning	Martin (Esquimalt—Juan de Fuca)
Mayfield	McNally
Meredith	Morrison
Obhrai	Pankiw
Penson	Ramsay
Reynolds	Ritz
Schmidt	Scott (Skeena)
Solberg	Stinson
Strahl	Vellacott
White (Langley—Abbotsford)	White (North Vancouver)
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The Speaker: I declare the motion defeated.

• (1815)

The Acting Speaker (Mr. McClelland): The House will now proceed to the consideration of Private Members' Business as listed on today's order paper.

[Translation]

CANADIAN HUMAN RIGHTS ACT

Ms. Diane St-Jacques (Shefford, PC) moved that Bill S-11, an act to amend the Canadian Human Rights Act in order to add social condition as a prohibited ground of discrimination, be read the second time and referred to a committee.

She said: Mr. Speaker, it is with emotion and hope that I initiate today the second reading debate on Bill S-11, an act to amend the Canadian Human Rights Act in order to add social condition as a prohibited ground of discrimination.

I would like to be able to start my presentation by stating that we have every reason to be proud of living in this country because Canada is internationally recognized as one of the leading proponents of human justice, as a country whose society is said to acknowledge every human being's right to dignity, respect and equal opportunities. Unfortunately, I cannot make such a statement because nothing could be further from the truth.

As governments in this country concentrate their energies on reducing the budget deficit, the equality deficit caused by poverty in the form of discrimination is being overlooked. While being increasingly recognized on the international scene as a human rights issue, poverty remains one of the main barriers to equality in Canadian society.

Indeed, Canadians who, because they are poor, are excluded from the social, economic and cultural life the rest of us enjoy are often treated like second class citizens. The everyday reality of many Canadians, living in poverty generally means lack of food, substandard housing, increased vulnerability to illness and systemic barriers to schooling and employment.

But, to add insult to injury, there is more to this horrific state of affairs.

• (1820)

In addition to having to endure the material hardships that accompany poverty, poor Canadians are always having to face ostracism and negative stereotyping in their dealings with financial institutions, owners, businesses and their staff, officials, the legal system, neighbours and strangers and in the media.

Canadian society is indeed intolerant of the poor. This disparaging treatment is in part fed by the generalized obsession with the debt and the deficit, as I mentioned.

Canadians who depend on social programs in order to live are disparaged and humiliated by taxpayers as a whole. The conclusion is self evident. Disparagement of the poor promotes discrimination

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against them. In other words, I would say they are faulted in a way for being poor.

Despite this general attitude, I am convinced that many Canadians would be upset to see how financial institutions treat the poor.

Although I recognize the recent efforts by the banks to give disadvantaged clients greater access to basic services and to treat them fairly and courteously, I feel they have a long way to go when I hear that some people are still having trouble cashing their government cheque.

As recently as last month, the media in Quebec were talking about how difficult it is for welfare recipients to obtain services in federally chartered banks as well as in the provincially regulated caisses populaires.

A simple amendment to the Canadian Human Rights Act would prohibit discrimination against the poor and would give these people an effective recourse when they are discriminated against, for example, when they are denied housing or the possibility to open a bank account.

Let us not kid ourselves. There are still people in this country today who are victims of discrimination when they do such simple things as apply for a job, look for an apartment or open a bank account. Add to that the feeling of shame from having to stand in line at the soup kitchen and the feeling of anguish from not knowing if their children will have a roof over their heads and food on the table the next day. Members will certainly agree with me that these people unquestionably need to have their right to respect and to dignity protected under the law.

I am talking about the protection of a right since Bill S-11, which supports both the intent and the purpose of the Canadian Charter of Rights and Freedoms, does not grant any special privilege to the poor in Canada. Its sole purpose is to ensure explicit recognition of poverty and its related attributes, such as being a welfare recipient, and to prohibit discrimination against the poor in areas under federal jurisdiction.

Need I remind members that the Canadian Human Rights Act does recognize that some people in our society are considered vulnerable and must be protected against discrimination. The prohibited grounds of discrimination include race, national or ethnic origin, colour, religion, sex, marital status, family status, disability and, since not too long ago, sexual orientation.

Bill S-11 simply proposes to add the words "social condition" to the list of prohibited grounds of discrimination in section 2 and subsection 3(1) of the act. And the reason for that is very simple: one-fifth of the Canadian population does not live the same way you and I do.

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I know this concept is hard to grasp for those of us who have never had to face the human misery associated with real poverty. Let me ask you to follow me for a few seconds on an imaginary trip that might help you measure the magnitude of the terrible social and human problem that poverty is.

Imagine yourself coming home to announce to your family that you just lost your job, a job in which you poured all your talent and energy, sometimes at the expense of your loved ones, because there was just not enough time.

Now, you have all the time in the world, but what are you going to do with it? You just did not think this could ever happen to you. In the weeks that followed the initial shock you started looking for work, knocking on every door and meeting every employer who might need your services.

Unfortunately, the labour market is saturated. While being apologetic and polite, employers constantly explain to you that they have to face the new economic realities. They simply do not need you.

Weeks have gone by. You have used up your savings and your retirement fund. You must now sell the car, and you will soon have to do the same with the house, because you can no longer pay the mortgage.

● (1825)

You managed to save face in front of your friends and your neighbours during the first few weeks of this nightmare. But now they are aware of the situation. There is no way you can hide the sad reality of your human and social decline. You are a poor and undesirable human being that one may nod to but would rather cross the street not to have to acknowledge.

For some time now, no one has come to shake hands with you and ask you how you have been. No one wants to hear bad news. It is too depressing. You may think you have reached bottom, but you are wrong. You have seen nothing yet, because now you have to find ways to survive.

So you go to your bank manager, with whom you have always enjoyed a friendly relationship, and now it is his turn to tell you, in a very official tone, that he cannot lend you money. "I am sorry, but I have to abide by the rules of the institution. My hands are tied, you have to believe me", is what he tells you, secretly hoping this is the last time he has to deal with you.

What is next? To whom do you turn to? To a food bank? No. To the state, of course, to this welfare state that cares so much about the have-nots in our society. You will have to forget about your pride and your dignity, that is if you have any left. But you have no choice. You have to feed your hungry children, who are giving you a reproachful look, blaming you for the social stigma that will no doubt mark them for the rest of their lives.

Poverty is a debilitating scourge which strikes at random. Let us stop thinking we can be spared such a plague and let us work together towards its elimination.

"The day will come when nations will be judged not by their military or economic strength, nor by the splendour of their capital cities and public buildings, but by the well-being of their peoples; by their levels of health, nutrition and education; by their opportunities to earn a fair reward for their labours; by their ability to participate in the decisions that affect their lives; by the respect that is shown for their civil and political liberties; by the provision that is made for those who are vulnerable and disadvantaged; and by the protection that is afforded to the growing minds and bodies of their children." This quote from the United Nations report entitled "The Progress of Nations" sums up perfectly the spirit in which I am undertaking this initiative in the House today in order to give some dignity back to the poorest citizens of this country.

The Prime Minister himself said: "Canada may not be a super-power, but we are a nation who speaks on the international scene with great moral authority". Are we really entitled to waiving our moral authority in the face of other economic world powers? I wonder. We are indeed perceived as such, but what are the facts? I willingly acknowledge that for the fifth year in a row, the United Nations world report on human development has rated Canada as having the best quality of life compared to 174 other countries.

However, in spite of this highly desirable ranking with regard to human development, according to the same report, out of 17 industrialized countries, Canada has the 10th highest level of poverty. Indeed, according to the UN human poverty indicator, 11.7% of Canadians live under the poverty line, a most embarrassing situation for a country that is so proud of its moral values.

I say that citizens of this country have a right to expect their government to take without delay the steps required to reinforce and clarify the current legislation on human rights.

The Canadian Human Rights Act, which is the keystone of our legislation in this regard, is essentially aimed at protecting citizens against discrimination and guarantees equal opportunities in federal jurisdictions such as telecommunications and banks. It also embodies the international human rights commitments Canada has made since the Universal Declaration of Human Rights was signed in 1948. With the Canadian Charter of Rights and Freedoms and provincial legislation on human rights, this Canadian law promoted the fundamental values of equality and human dignity.

Unfortunately, this act is not currently clear or consistent. Although it is aimed at promoting equity for all Canadians, it perpetuates the discrimination it seeks to eliminate by protecting only certain vulnerable groups.

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The fact that the Canadian Human Rights Act does not include social condition among prohibited grounds of discrimination is an indication of the social and economic alienation of the poor and of their lack of influence in the Canadian political system.

• (1830)

Until this oversight in the legislation is corrected, the poor will continue to be the victims of discrimination and prejudice. The specific purpose of Bill S-11 is to rectify the situation by building a society where everybody are equal.

That is why this bill is so important to me. The almost ideal society where everyone is entitled to the same respect and the same human dignity is now within our grasp. The poor may be the only marginalized group that has not yet been included in the Canadian Human Rights Act. It is up to us, as members of this House, to correct this deplorable flaw in the legislation.

From a practical point of view, this will tell employers and service providers under federal jurisdiction that they cannot discriminate against a person because he or she is, for example, a welfare recipient. I want to emphasize that adding social condition as a prohibited ground of discrimination would not force businesses to provide services if they have good reason to believe that the client is unable to pay or that he or she clearly represents a financial risk.

Indeed, paragraph 15(g) of the act states clearly that there is no discrimination when an individual is denied services or is a victim of any adverse differentiation and there is bona fide justification for that denial of differentiation.

Having said that, I want to mention that national antipoverty organizations that are unsatisfied with the lack of legislation on human rights have started to use the judiciary system to bring about some change. They essentially claim that marginalized groups that are not listed in the charter of rights, but who are the victims of such discrimination, must be considered on the same footing as the groups that are listed and be treated as such under the law. They only have to prove to the court that these groups are the victims of such discrimination.

For example, this was the direction taken by homosexuals rights' advocates when they got tired of waiting for politicians to act. Noting their success, other groups in search of equality are already starting to follow suit.

By amending the Canadian Human Rights Act to include social condition among prohibited grounds of discrimination, parliament will then fulfil its responsibility to abide by the Canadian charter of rights, while saving taxpayers the costs associated with court challenges in order to bring the Canadian Human Rights Act in line

with the Constitution of Canada and international commitments made by Canada on human rights.

On both a symbolic and practical level, it would be important, on the 50th anniversary of the Universal Declaration of Human rights, for Canada to reaffirm the commitments it made when ratifying international covenants, including the International Covenant on Economic, Social and Cultural Rights.

I remind the House that Canada ratified this international covenant in 1976. By signing this covenant, the federal government recognized the right of all Canadians and of their families to enjoy an adequate standard of living, including food on the table, good clothing, appropriate housing and living conditions that keep improving. The agreement also provides for periodical reviews of Canada's compliance with the covenant.

This committee is currently carrying out its third periodical review. I am afraid that, once again, as a government, we will get bad reviews. Need I remind the House that, while the standard of living has improved for some Canadians in certain areas, Canada has yet to guarantee access to the bare necessities for its most vulnerable citizens.

Food banks, which were nowhere to be found in the 1970s, now number in the thousands and can be found in 450 communities. The problem of affordable and adequate housing has now become a full-blown crisis: almost 400,000 Canadians live in substandard housing.

These are some of the issues that convinced the National Anti-Poverty Organization and the Charter Committee on Poverty Issues to travel to Geneva, in May of 1993, to appear during the examination of Canada's second report on the implementation of the International Covenant on Economic, Social and Cultural Rights. The brief submitted to the Committee on Economic, Social and Cultural Rights, as well as the testimony of these two national anti-poverty organizations, emphasized the inequities in what they ironically call "the land of plenty". Not surprisingly, committee members were quite stunned by the information they were provided with, since they thought all Canadians enjoyed an exemplary standard of living. They were also shocked to find out about the high levels of poverty among children and single mothers, the large number of food banks, and the state of disrepair of a large proportion of low-cost housing units.

• (1835)

On June 10, 1993, the Committee on Economic, Social and Economic Rights tabled its conclusions, in which it expressed a number of concerns about poverty in Canada. The committee was alarmed at the persistence of poverty in the country, and at the fact that no significant progress had apparently been made in the previous decade. It expressed its particular concern that more than

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half of all single mothers and a large number of children live in poverty.

The committee recommended among other measures that the legislation on human rights include more explicit provisions on social, economic and cultural rights. By passing Bill S-11, we would confirm Canada's will to take these criticisms into consideration.

I also like to think that, by expanding the scope of the Canadian Human Rights Act, we are doing more than merely defending an ideal. The protection of these rights could well be one of our most powerful tools in the fight against poverty, since it promotes human dignity, justice and equal opportunities.

Since the Canadian Human Rights Act is a powerful education tool, establishing standards would help create social behaviours. A dialogue would then follow, so that institutions and the public in general might better understand what it means to live in poverty.

In another vein, I want to say that the fact that most circumstances leading to discrimination based on social condition come under provincial jurisdiction does not justify the absence of this prohibited ground from the federal act. People in this country have the right to seek remedy and redress when federally regulated institutions such as banks, airlines and telecommunications companies practice discrimination based on social condition.

Bill S-11 does not infringe on the provinces' legislative powers since the Canadian Human Rights Act only applies to areas under federal jurisdiction. This being said, it should be noted that the provinces are ahead of us and have acted in their respective areas of jurisdiction.

As a matter of fact, in eight provinces, the human rights act prohibits discrimination based on social condition, social background, source of income or being on welfare. The steps they took are aimed at protecting the poor against discriminatory practices in areas under their jurisdiction such as housing and public services. The prohibited ground of discrimination applies to every activity legislated by the provinces except in Ontario where it only applies to housing.

I am pleased to add that my home province is a leader in this area since for the past 13 years the Quebec Charter of Human Rights and Freedoms has prohibited discrimination based on social condition in every area covered by the charter.

May I conclude by repeating once more that poverty is a serious threat to the right to equality, and that it has no place in an affluent country like Canada.

I urge you to consider poverty in the light of human rights. I suggest that the prejudice the poor have to face in Canada is similar to that of the marginalized groups listed in the Canadian Human

Rights Act. Yet, poverty is still not recognized in the law as a direct and dominant cause of inequality and disadvantage in Canadian society.

I urge all my colleagues in the House to correct this regrettable legislative weakness. Let us stop saying it is time to act, and let us do something right now by passing Bill S-11.

[English]

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Mr. Speaker, I am pleased to rise in the House today to debate this very important issue. It is a matter of great importance not only to the residents of Waterloo-Wellington but to all Canadians.

I support the essence and spirit behind Bill S-11, an amendment to the Canadian Human Rights Act to add social condition as a protected ground under the act. I believe the drafter of Bill S-11 intended it to provide protection to the poor and to prohibit discrimination based on economic discrimination. This is laudable and should be supported by all members.

My concern is not with the object and aim of Bill S-11 but rather the overly broad and necessarily confusing nature of the exact wording. Simply using an open ended term such as social condition will add confusion to the act and will result in an endless sea of litigation.

• (1840)

If we are serious about assisting the poor and disadvantaged in society, we must create opportunities for jobs and provide education, training and the necessities of life so that they will be able to participate as full and equal members of society. We must provide a remedy through our human rights legislation for prejudicial treatment of the poor in a manner that makes that protection meaningful.

This year we are celebrating the 50th anniversary of the UN declaration of human rights. It is a fitting time to review our current human rights legislation to ensure that it protects the most vulnerable of society. In Canada we have honoured our commitment to the declaration for 50 years. I might remind all members of the House that article 25 of the declaration states:

Everyone has the right to a standard of living adequate for the health and well-being of himself or herself and his or her family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, old age or other lack of livelihood and circumstances beyond his or her control.

Recently the United Nations in its human rights development index report gave Canada top marks as being the best place in the world to live based on 1995 data. The hon. member mentioned that in her opening speech. I believe that Canada received the high rating because Canadians take our commitment to human rights

very seriously. That is why the government is committed to a broad review of the human rights act in this area. We want to ensure that the act is an effective instrument that protects the human rights of all Canadians.

Let us go a step further and note that although Canada received high marks the authors of the report cautioned Canadians to note that there was a growing wealth disparity among Canadians. This is unacceptable. Acknowledging this, the federal government is very committed to protecting all Canadians. We are particularly concerned with designing programs that provide specific relief to the most needy.

The Government of Canada and provincial and territorial governments have agreed that children are a top public priority and have jointly participated in the design of the national child benefit system. This initiative is an important one which aims to prevent and reduce the depth of child poverty and to promote attachment to the workforce.

In addition, the 1997 federal budget announced a \$850 million per year increase to the Canada child tax benefit for low income families. The 1997 Speech from the Throne committed at least an additional \$850 million within this mandate for the national child benefit, and this was confirmed by the recent 1998 budget.

The addition of the ground of social condition as stated in Bill S-11 is to extend the protection currently provided by the act to include economic rights. However we need to ask what we mean by economic rights. We must be very clear on the meaning of this additional ground if we want the Canadian Human Rights Commission, the tribunal and the courts to understand the exact type of problems we hope to address by adding the words social condition to the Canadian Human Rights Act.

Let us sit back for a minute and examine the purpose of the Canadian Human Rights Act, what it can achieve and what impact adding this new ground will have on the act as a whole. The Canadian Human Rights Act is an anti-discrimination statute. It does not provide for rights directly but rather it provides for redress of an individual or a group of individuals who believe that they have been the victim of discrimination.

The act covers discriminatory acts in the context of employment and the provision of services and facilities customarily available to the public. Notably the act only applies to the federal sector. This includes the federal government and federally regulated employers and service providers such as banks, airlines, railways, telecommunication and interprovincial trucking companies. The vast majority of small businesses, schools and religious institutions are governed by provincial human rights legislation.

Groups that appeared before the senate committee on the bill such as the National Anti-Poverty Organization provided firsthand experience about the poor in Canada. They spoke of the plight of

the homeless, the problems of people below certain income levels finding housing, for example, and the difficulties they encounter in accessing services from banking to telephones. These are some of the problems ostensibly that this amendment was designed to resolve.

However this motivation may be somewhat misplaced. First, housing is primarily a provincial matter. Many provincial human rights codes currently provide as an enumerated ground of discrimination sources of income or receipt of social assistance.

• (1845)

This ground provides a remedy for discrimination for individuals living on social assistance. For example, when a landlord refuses to rent to a family because it is on social assistance, this type of discriminatory act is captured by the provincial human rights codes that contain the ground of social assistance.

It is important to note that the only province in Canada that has the ground of social condition in its human rights legislation is Quebec. Quebec formally added this ground in 1996. There have not been a large number of tribunal decisions on this ground but we know at this point that this term includes both the objective element of being poor with the social aspects of prejudicial treatment against people who are poor. It is too early to determine the impact of adding this ground in Quebec and of course the impact on the federal jurisdiction as I stated earlier is not clear.

There are problems in the federal jurisdiction that do not need to be talked about here but clearly need to be addressed. The National Anti-Poverty Organization for example, citing Quebec statistics found that 80% to 90% of the poor were refused services from the banks, services such as cheque cashing or opening an account. I understand that the banks have taken some measures to correct these actions. We must be sure that no one is denied a service because the source of their income is provided by the state.

I am concerned that the banks and telecommunications companies may not be doing enough to ensure that their policies do not discriminate against the poor. It is this type of situation that needs to be looked at in the broad review of the Canadian Human Rights Act.

We will look at determining the scope of the problem of the poor in this country in the context of what relief the Canadian Human Rights Act could possibly offer. We will then work to find a solution that is tailor made to address the specific problems that we uncover.

Left as it is, Bill S-11 simply incorporates a term that might make us feel good but it does not effectively address the problems in the federal context nor provide a truly effective remedy for the poor.

By comparison, look at the prohibited grounds currently listed in the act, for example, race, national or ethnic origin, colour,

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religion, age, sex, sexual orientation, marital status, family status, disability, and conviction for which a pardon has been granted. For the most part these grounds are immutable characteristics.

We know what the ground marital status means for example. It includes single, common law, same sex partners and married couples. This ground has resulted in changes to federal programs to ensure that they do not discriminate on the basis of someone's marital status.

I am strongly in favour of addressing the real needs of the poor. No one can support discrimination against anyone simply because his or her income is below a certain level. But I am concerned that we have not in any meaningful way fully canvassed the legal implications of the term social union in the federal context. There would be real concerns in terms of where we are heading.

Does it mean we must not discriminate because of someone's level of income? We apply different income tax rates based on different income levels. Does it mean then that the Income Tax Act could be suspect as potentially contrary to the human rights act if we adopt such a term? We would have to be very careful.

We would also have to note carefully the employment insurance program which requires specific criteria to be met before someone is eligible to obtain benefits. Would this program also be suspect?

Could RRSP provisions be subject to scrutiny under the Canadian Human Rights Act given that individuals of certain income types and levels, or very low levels of income cannot take advantage of this provision? I certainly hope not. That would be most unfortunate.

If we are going to provide additional protection for the poor, and I believe we should and I think all members of this House believe we should, we want it to be meaningful. Let us take the time then through the broad review of the Canadian Human Rights Act to research this problem and to find a solution that will provide meaningful protection for the poor. I believe that is what all Canadians want.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, I too am pleased to enter the debate on this private member's bill. I sense the deep caring of members of this House for those who are less fortunate or disadvantaged particularly because of their social condition.

• (1850)

The proposal is that the Canadian Human Rights Act would add social condition as a prohibited ground of discrimination. I think the concern for others that is behind this bill is something we all share and applaud. The question is whether this proposed remedy is appropriate, whether it will do the job and whether it will have the consequences we hope it will have.

The first question I have for the sponsor of this bill is what is the definition of social condition? There was no definition offered by the member in her speech. It is very important that we define our terms.

We saw the problem the Liberals got themselves into by committing themselves to something called pay equity. It was undefined and it was left up to courts and tribunals to sort out what the legislators meant. They came up with the result which the proposers of the measure did not like. Now the Liberals are in the very embarrassing position of having to fight the interpretation of their own legislation. That is not a good position to be in.

If we are going to add something into such a critical and strong piece of legislation as the Canadian Human Rights Act, we had better know what we are talking about.

The eight provinces that have similar provisions in their human rights legislation use somewhat different terms. Newfoundland uses the term social origin. Nova Scotia, P.E.I., Manitoba and Alberta prohibit discrimination on the grounds of source of income. Saskatchewan and Ontario prohibit discrimination on the basis of being in receipt of public assistance.

The member in her speech mentioned source of income or being in receipt of public assistance as a concern encompassed by the bill. We need to be clear about what we are talking about.

I noticed that the senator who introduced this bill in the Senate said "poverty is a serious breach of equality rights, which I believe has no place in a country as prosperous as ours". It is suggested by the senator that social condition refers to poverty. If it does, I think we should be clear about that so that we do not get unwarranted or unexpected interpretations in our desire to protect some Canadians.

The senator also referred to the absence of any direct recognition of poverty as a pervasive source of inequality and disadvantage in Canadian society. If we are talking about poverty, perhaps that is what we should say.

Quebec is the only jurisdiction in which the term social condition is used. It is listed as a prohibited ground of discrimination and it is not defined in the Quebec statute. How has it worked out in Quebec? What has happened is that virtually all applications in which social condition is stated as a ground of discrimination were dismissed by the Quebec courts. I would suggest it is not a very strong protection for people when the courts do not find the term to be sufficiently specific to actually use it to protect people.

There is only one case concerning the refusal to rent a housing unit that was found to be discriminatory on the basis of social condition. That is not an experience the Parliament of Canada would find very helpful in protecting the people we want to protect under the bill.

The human rights tribunal in Quebec has taken a broader interpretation of the term social condition, as human rights tribunals have done for example in the case of pay equity. Damages were awarded in seven of eight decisions that we have been able to identify. In those seven judgments, the social condition was defined fairly narrowly as being a social assistance recipient.

• (1855)

It is important that legislators legislate from their hearts. But they also must legislate in a way that is objectively and legally effective to protect people in society.

The other question I have concerns the whole area of the law of unintended consequences. If we are going to protect people on the basis of social condition, nobody knows exactly what it is. Senator Cohen made a very revealing comment at the end of her intervention on this subject. She said "In passing this bill, hon. senators, we provide protection for our most vulnerable citizens". We all want to do that. "While you or I may not fully understand the significance of this law, it is clear to me that those who live in poverty consider this to be an extremely important statement about their worth and their value as citizens of this country".

There probably is not a member in this House who does not think it is extremely important to affirm the significance and value of each human being, each citizen of this country. We need to do this, but to put an undefined and possibly wrongfully interpreted term in our legislation in order to make this kind of affirmative statement is very dangerous. At the very least, it is a very poor and illogical way of bringing forward a social consequence that we would all support.

We have to look at how this term could possibly be misinterpreted. For example, as the member who spoke before me pointed out, social condition could be used to bring a case that higher income people should not be given higher progressive taxes because it would be discriminatory. By taxing the higher income people more because of their higher incomes, their social condition could be seen as being treated in a discriminatory way.

We want to be careful that those kinds of interpretations cannot be made because our terms are carefully defined.

While the intent of the bill is something we all support, I would argue very strongly that this House carefully consider whether it is appropriate and whether we are going to get the results we want by passing the bill in its present form.

Social condition is largely subjective whereas other prohibited grounds, such as race, ethnic origin, colour, religion, sex, age, all of those things are objective. We have to be very careful when we put

Private Members' Business

subjective criteria in place. We may know what we want and we may think we know what we are getting but we can get something completely different. It would be very irresponsible of us as legislators to do that.

When we talk about this legislation, I would support having a very careful look at how we can remedy the wrongs and the ills that the member so eloquently points out. In my view the bill would not do that. It could very well have undesirable consequences because it has not been carefully drafted at this point and we could be quite aghast at the consequences in years to come.

For that reason, although I fully support the intent behind this bill, the compassion and caring that motivates it, I think it would be a poor piece of legislation for the House to pass. I would ask members to go back to the drawing board and come forward with something more specific and effective to do the job than this bill would do.

• (1900)

[*Translation*]

Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ): Mr. Speaker, it is with pleasure that I rise today to speak on private member's Bill S-11, an act to amend the Canadian Human Rights Act in order to add social condition as a prohibited ground of discrimination.

This is a short bill. It contains only two clauses. But it nevertheless addressed a shortcoming in the existing Canadian human rights legislation, a major shortcoming, by prohibiting discrimination on the basis of social condition.

The first clause of the bill states that:

1. Section 2 of the Canadian Human rights Act is replaced by the following:

2. The purpose of this act is to extend the laws in Canada to give effect, within the purview of matters coming within the legislative authority of Parliament, to the principle that every individual should have an equal opportunity with other individuals to make for himself or herself the life that he or she is able and wishes to have, consistent with his or her duties and obligations as a member of society, without being hindered in or prevented from doing so by discriminatory practices based on race, national or ethnic origin, colour, religion, age, sex, sexual orientation, marital status, family status, social condition, disability or conviction for an offence for which a pardon has been granted.

Clause 2 reads as follows:

2. Subsection 3(1) of the act is replaced by the following:

3.(1) For all purposes of this act, race, national or ethnic origin, colour, religion, age, sex, sexual orientation, marital status, family status, social condition, disability and conviction for which a pardon has been granted are prohibited grounds of discrimination.

It might be interesting to take a brief look at the meaning of "social condition" and its importance in the various provinces.

Private Members' Business

In Quebec for instance, this ground of discrimination is part and parcel of the Charter of Human Rights and Freedoms, whose section 10 reads as follows:

(Discrimination forbidden)

10. Every person has the right to full and equal recognition and exercise of his human rights and freedoms without distinction, exclusion or preference based on race, colour, sex, pregnancy, sexual orientation, civil status, age except as provided by law, religion, political convictions, language, ethnic or national origin, social condition, a handicap or the use of any means to palliate a handicap.

Moreover, the Ontario Charter of Human Rights stipulates that receiving social assistance is a banned ground for discrimination only in connection with housing. In Manitoba, in Alberta and in Nova Scotia, source of income is a forbidden ground for discrimination. In Saskatchewan, it is receiving social assistance, while Newfoundland refers to social background.

In fact, all of these provisions are aimed at banning discrimination based on poverty. In practice, however, this is unfortunately limited to being a welfare recipient.

Only the Quebec law includes a broader interpretation by having integrated the term "social condition" without restricting it to receiving social assistance. Quebec jurisprudence has, in fact, defined social condition as encompassing income, occupation, level of education, and social background. It is therefore a very broad interpretation, one aimed at clearly emphasizing that it is forbidden to discriminate against the poor, who are becoming more and more numerous as we know.

One example of discrimination based on social condition is a landlord's refusal to rent to a person solely because that person is on welfare. Here, the reason for refusal is not based on the ability or inability to pay the rent, but solely on the fact that the person is receiving social assistance.

Another example, under federal jurisdiction this time, would be a bank's refusal to open an account for a person on welfare. It is a matter of public knowledge that certain banks do not hesitate to charge for opening an account, this being particularly aimed at social assistance recipients.

• (1905)

I think this bill sends the message that at the dawn of the third millennium discrimination against poor people is unacceptable. Quebec long ago adopted this value. It is high time the poor were protected against discrimination in areas of federal jurisdiction.

At a time of globalization and free trade, it is more important than ever that individuals' basic rights be respected, especially the right to equal opportunity.

In this context, it is totally unacceptable for business people, such as the president of Bombardier International, to be anxious

about the Prime Minister's discussion of human rights in Malaysia. It is true that it may be easier for the little guy from Saint-Maurice to talk about human rights in Malaysia than to respect them in Vancouver.

Nevertheless, it is regrettable when fundamental human rights are sacrificed at the altar of international trade.

We cannot fail but protest the fact that current Liberal government policies are broadening the rift between rich and poor. More and more children are growing up in poverty in Canada, more and more families are poor.

Entrenching Bill S-11 in the charter should amount to more than wishful thinking. The best way to fight discrimination against social condition is to improve the living conditions of our fellow citizens who find themselves in difficult economic straits incompatible with human dignity.

This government must take specific action to ensure justice for our society's most disadvantaged. Changing the employment insurance plan, returning to the provinces the money savagely cut from transfers, reducing income tax for the middle class—these are all ways to show that the improvement of social conditions is a priority of this government.

Unfortunately, I fear that such wishes, while easily realized, will not become a reality. However, I would hope that Bill S-11 will be passed unanimously by this House. It at least will become a reality.

[English]

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I am very pleased to rise in the House to support Bill S-11, an act to amend the Canadian Human Rights Act, in order to add social condition as a prohibitive ground of discrimination.

I express my thanks to Senator Cohen who worked very long and hard to raise this issue not only in the Senate but in Canadian society. Senator Cohen has done a lot of very good work including producing an excellent report on poverty in Canada. I also thank the member for Shefford who has brought this bill from the Senate into the House for debate.

In March the chief commissioner of the Canadian Human Rights Commission said: "Poverty is a serious breach of equality rights which I believe has no place in a country as prosperous as ours. Human rights are indivisible. Economic and social rights cannot be separated from political, legal or equality rights. It is now time to recognize poverty as a human rights issue here at home as well". She said this in her annual report to parliament in 1998.

The commissioner is saying what we know from our own experience and what I know from my own riding of Vancouver

East, that poverty is one of the greatest barriers to equality in Canada. There is no question when we look at what is happening around us that poor people are losing their rights. Discrimination is growing. We are witnessing a growing homelessness that is now at crisis proportions in Canada. There is an increasing environment of poor bashing. We are seeing municipal bylaws that are discriminatory against poor people such as anti-pan handling bylaws.

• (1910)

There is a growing environment in this country where there is increasing discrimination against poor people.

All of that is contrary to the universal declaration of human rights. It has been very interesting to hear members from the Liberal Party and the Reform Party talk about how this bill and the idea of a prohibited ground based on social conditions is too difficult for us to deal with.

We can always find reasons not to do something. But the fact is we all know in our hearts that poor people do face vicious discrimination. We need the political will to say it should be a prohibited ground as we do in provincial legislation so it is not an issue that there will be too much litigation or it is too difficult, too complex. It already exists as a legal entity, as a legal ground. We are now saying this should be included in Canadian human rights.

What I want to focus on is real point here, that the greatest source of discrimination against poor people in Canada comes from government policy. Yes, there is discrimination by landlords, banks, businesses, services and even in our general attitudes and stereotypes about poor people. But there is no question that the greatest discrimination is from public policy.

Yesterday and today in Geneva representatives from NAPO and anti-poverty groups are briefing UN officials on Canada's hypocrisy when it comes to dealing with poverty. This deals with the UN covenant on economic, social and cultural rights which Canada was a signatory to in 1976.

The anti-poverty groups are meeting with a UN committee to expose what has been Canada's blatant disregard for the covenant as we now are seeing in this growing environment of discrimination against poor people.

I think it is interesting to note that this is not the first time that anti-poverty groups have had to appear as witnesses to the UN committee to point out what is happening in Canada.

In 1993 NAPO and the charter committee on poverty issues went to the UN committee and exposed the extent of Canada's shocking non-compliance with the UN covenant. This is where we really get to the heart of discrimination and what is happening with growing poverty in Canada.

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I would like to talk about some of the things that have taken place. We could go back to 1989, to a good day in the House of Commons when the House unanimously passed a resolution to eliminate child poverty by the year 2000, something all members stood up and voted for and it was a very noble gesture. What happened?

In 1993 the federal government abandoned social housing, one of the key issues that determined health and poverty in this country. In 1995 we saw the loss of the Canada assistance plan that had laid out basic rights and conditions in terms of social entitlement.

In 1996 we saw the era of the Canada health and social transfer that abandoned and eliminated those universal rights in Canada and for the first time saw a massive downloading and slashing of social programs that were now up to \$6 billion or \$7 billion that has affected the most vulnerable people in society.

This brings us to 1998. This discrimination is still going on and I believe it is the worst form of discrimination, discrimination by government and public policy. The child tax benefit discriminates against the poorest families in Canada by denying people and families on welfare the right to the child tax benefit. That is discrimination, something that should be outlawed if we had social conditions in the human rights act.

We only have to look at the EI cutbacks to see another form of discrimination. I think it really begs the question why the government is reluctant to support this amendment.

I went back into the records to see what kinds of positions have been taken by Liberal members in previous years and I came across a very interesting quote in *Hansard* of May 1993. This is what a Liberal member had to say with regard to the UN covenant on social, economic and cultural rights: "The UN, hardly an enemy of Canada, says that the government record on child poverty, on homelessness and on food banks is deplorable. We live in one of the wealthiest countries in the world yet we are condemned internationally because the Conservative government has disregarded the reality of poverty".

• (1915)

That was a statement by the Liberal member for Hamilton East in May 1993. The same members who are now part of the government have systematically created policies and programs that have discriminated against poor people and have increased poverty in Canada.

There is no question that our goal and why we should support the bill as a very important step is that we should be working together to end discrimination on the basis of social condition. It is very important to say that is not enough. Our goal must also be to force the federal government to set concrete targets to eliminate poverty and homelessness.

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As pointed out by my colleague in the Bloc, if we eliminate the conditions of poverty, elevate people out of poverty, provide jobs, housing and social support, we are meeting the goals and targets we should have.

The greatest challenge for us is to get governments, not just the Liberal government but all governments, to examine their record and acknowledge their policies which have quite deliberately and consciously created increased poverty in Canada.

This is not an issue of individual poor people who are to blame, although they often are. We only have to look at workfare programs as yet another form of discrimination. It is the years of slashing social programs and of scapegoating poor people that has brought us to where we are today.

We have an opportunity in the House today to do the right thing and to say that social condition is something that can work. We can join together like we did in 1989 with the resolution to eliminate child poverty. We can say that social condition should be a prohibited ground of discrimination and should be in the Canadian Human Rights Act. We can do the right thing. I ask my colleagues to think seriously about the issue, join us and vote for the bill.

[Translation]

The Acting Speaker (Mr. McClelland): The time provided for the consideration of Private Members' Business has now expired and the order is dropped to the bottom of the order of precedence on the order paper.

ADJOURNMENT PROCEEDINGS

[English]

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

AGRICULTURE

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, farm families in Canada are in crisis. Since my question to the Minister of Agriculture and Agri-Food last month on the farm crisis on the prairies net farm income has dropped not to 40% of last year's income but to 70% of last year's income. This is a crisis by any description. That is one particular description of a crisis.

We also have the lowest net farm income in western Canada since the great depression of 1929 and the 1930s. At \$3,400 per farm this year that is the lowest per farm net income recorded since Statistics Canada began keeping records in 1926. The agriculture and food industry in Saskatchewan is related to over 40% of all jobs in the province. We have a very significant crisis as well as a social crisis.

Whenever farmers' incomes fell in the previous decade the media and the Liberals implied that farmers were to blame because they insisted on growing wheat for a world that already had enough. The implicit message was to diversify or perish. What have the farmers done? The irony is that today in Saskatchewan farmers are growing peas, lentils, sunflowers, spices and raising llamas, wild boars and even fainting goats. We now face the lowest farm income levels in history.

As well agricultural exports from 1989 to 1997 doubled in Canada. Yet net farm income declined over that period. Machinery operation costs increased 21% over the past five years. Fertilizer costs increased 57%. Farm chemical costs increased 63%. Liberal government user fees increased by \$138 million as a result of the privatizations of the agricultural industry.

We have seen U.S. subsidies for wheat at \$2.68 U.S. per bushel when the price of wheat right now is \$2.46 U.S. per bushel. In addition to that subsidy we have also seen an increase of \$6 billion by the U.S. treasury for its farmers, which now totals about \$22 billion Canadian. That is what U.S. farmers are getting from their government. Canada is getting zippo as far as subsidies are concerned. Europeans are providing \$5.35 U.S. a bushel subsidy for their wheat producers.

• (1920)

The Liberal government betrayed and abandoned farmers by doing away with the Crow rate. Other countries in Europe and the States backed their farmers with their treasuries. I call on the government to commit to a national agricultural policy which will stand up and protect farmers in this very serious condition. I call upon the Government of Canada to establish an emergency farm aid program around the national agricultural policy which I would like to see it announce in the House of Commons tonight.

Mr. Joe McGuire (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I commend the hon. member for raising the question about the crisis in farm income.

The minister of agriculture is very concerned about the farm income situation. When the official opposition requested a debate in the House of Commons on farm income, it was the minister who led the debate.

Further to the debate in the House of Commons the minister convened a meeting on November 4 with industry leaders, provincial ministers and farm leaders. At that time officials were instructed to accelerate the process to consider both short term and long term solutions to the expected farm income declines in 1998 and 1999. Federal and provincial deputy ministers of agriculture met on November 5 and 6 and are actively developing a full range of options that could be considered.

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As well, the industry advisory group on safety nets met on November 10 and will be sharing with the minister and officials its view on alternative actions that could be undertaken by governments including the possible approaches in designing a national disaster program.

We have worked co-operatively with our provincial colleagues and industry players on developing the current safety net system. We will continue to work co-operatively on making the system even better. This is a key priority for the minister of agriculture. He is diligent in his efforts to ensure that farmers across Canada have the necessary tools to manage price and income fluctuations that are beyond their control.

The minister is committed to acting as quickly as possible but not rashly, irresponsibly or prematurely. The necessary tools are being developed to improve the effectiveness of the farm safety net system as quickly as possible, but I am sure the hon. member will agree that inequitable, ineffective and unaffordable ad hoc measures are not the answer.

Action must be taken quickly, however. It is important to take the time necessary to ensure the actions taken are the best ones for farmers and for all Canadians.

AIRCRAFT SAFETY

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, I rise to ask questions about the aircraft safety issue following the horrible crash of Swissair flight 111 off Peggy's Cove some time ago. Coincidentally just last night another aircraft had a forced landing in Gander, Newfoundland. The problem was similar to the one reported in the Swissair crash. This one did not crash but it was a forced landing because of loss of cabin pressure and smoke in the cockpit.

When I asked this question before the minister responded that we have no evidence that there is a wiring deficiency or a wiring problem in aircraft in Canada. I take exception to that and I will get into it in a second.

Another thing he said was that there certainly was no hazard or no danger as long as planes are properly maintained. I would like to address both those issues and ask the parliamentary secretary to respond.

Certainly on the question of wiring, it is very clear in the report called "FAA Aging Transport Non-Structural Systems Plans" that the organization or the task force identified to research the situation acknowledged that a more extensive examination of aging aircraft systems was needed. More aging airplane models need to be evaluated and the wire analysed in laboratories to fully characterize the condition of the wire on our aging transport airplane fleet. Certainly wiring was the big issue in that report.

• (1925)

The FAA went on to identify the top four aging concerns. It is probably the most highly recognized aircraft safety organization in

the world. The top four aging concerns were wiring, connectors to wiring, grounds and ground straps, and circuit breakers. These concerns are all related to wiring. That is exactly what we have been saying all along. Wiring is an issue that should be addressed.

The second issue that I want to bring forward is maintenance. The minister said that even though these planes perhaps have problems as long as they are properly maintained everything is okay. However the FAA went on to say that its studies also revealed that current maintenance practices for systems were too general and that standard repair practices were needed. It said that there was definitely a need to improve inspections. The review found that some wiring systems were difficult to inspect and that there were insufficient inspection criteria for corrosion on flight control and hydraulic systems.

Again I bring to the attention of the parliamentary secretary that wiring is an issue and inspections do not cover it. That is very clear from the FAA report.

I would like the parliamentary secretary to address those remarks of the FAA. I would like him to acknowledge the problem like the FAA has done. There is a problem with wiring. There is a problem with aging aircraft. There is a problem with inspections.

I would also like the parliamentary secretary to comment on the specific wiring deficiencies and any efforts made or attempts right now to try to determine what the problems are. I would like him to comment on the FAA remarks that improved inspections and maintenance procedures were definitely required right away.

If the parliamentary secretary could address those three issues by the FAA I would be very grateful.

Mr. Stan Dromisky (Parliamentary Secretary to Minister of Transport, Lib.): Mr. Speaker, I am pleased to have the opportunity to respond to the matter raised by the hon. member for Cumberland—Colchester on October 20, 1998 as well as this evening regarding aircraft safety and kapton wiring.

During the certification of both foreign and domestic aircraft used in Canada, Transport Canada assesses aircraft wiring systems including the use of kapton wiring for appropriate installation. The U.S. Federal Aviation Administration addresses the limitations associated with the use of kapton wiring. It does not prohibit its use but it does caution on proper installation.

When installed in accordance with FAA guidelines and subjected to the appropriate maintenance inspection procedures, there are no identified problems associated with the use of kapton wire. While Transport Canada is aware of Department of National Defence initiatives concerning this wire, there is no evidence of an identi-

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fied safety problem with the use of kapton in the civil environment.

Despite the position taken by the U.S. navy that kapton was totally unacceptable for its aircraft, there was no clear experience to indicate a widespread problem on civil aircraft. It is not Transport Canada's practice to require changes on in service aircraft unless experience has shown it to be necessary to take such action. If it is shown through inspections, service difficulty reporting or occurrence investigation results that there is a problem with kapton, Transport Canada as regulator will take prompt and appropriate action to mitigate the safety risk.

In closing, Transport Canada continues to monitor closely the overall transportation safety board investigation into the Swissair accident and to evaluate information as it becomes available.

[Translation]

SCRAPIE

Ms. Hélène Alarie (Louis-Hébert, BQ): Mr. Speaker, since January 1, 1997, the federal program implemented by the Canadian Food Inspection Agency has resulted in the elimination of some 11,500 lambs and sheep in 236 herds.

This massive slaughter of nearly 10% of the animals has seriously affected the sheep industry in Quebec. Most animals have been slaughtered as a preventive measure, and some producers have lost their whole herd.

Last June, the Bloc Québécois requested a moratorium on the slaughtering of sheep, and this moratorium has been respected, because it was imperative to take stock and put an end to the carnage.

• (1930)

Today, we are asking the government and the minister of agriculture to act responsibly and fairly toward sheep producers and to prevent there being two categories of victims—those predating the October 27, 1998 order increasing maximum compensation and those of January 1, 1997.

Fair treatment. Since the industry and the department have agreed on maximum compensation after October 27 of some \$600 a head, it would be fair if all producers received the same settlement. If the agency cannot legally act retroactively, the minister can set up ad hoc programs or income security measures similar to disaster relief.

The Government of Quebec is doing its very large part to support sheep producers. Today, in fact, it accorded a maximum loan of \$100,000 per business interest free for three years to all Quebec producers whose animals were slaughtered between January 1, 1997 and October 27, 1998.

So now what are those primarily responsible for the slaughter of these many sheep—the agency and the department of agriculture—waiting for to do likewise? We simply want them to be fair and equitable.

[English]

Mr. Joe McGuire (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the hon. member's question on September 30 was: "Can the minister assure us that Quebec sheep farmers are receiving the same treatment from the agency in all aspects as their counterparts in other provinces, and is he prepared to produce agency documents to prove this?"

I am happy to report that the information requested was provided to the hon. member for Louis-Hébert in writing.

As the hon. member has stated, we have ordered a number of sheep quarantined and slaughtered, primarily in Quebec. These actions have been taken to control and prevent the spread of scrapie and to protect Canadian consumers and the sheep industry. Our actions have been based on Health Canada's recommendation that animals that have been infected or exposed to scrapie must be kept out of the food chain.

As a result of the difficult but necessary actions to date, there has been significant progress made in containing the further spread of scrapie in the sheep population in Quebec.

We sympathize with the situation of these farmers who have worked hard to develop their industry. We have taken a number of steps to assist them.

Since the beginning of 1997 the Government of Canada has paid out more than \$2 billion in compensation to sheep farmers in Quebec. In February we amended our legislation to include compensation for disposal costs. Recently we doubled the maximum level for compensation available for sheep destroyed to \$600.

In addition, the Farm Credit Corporation developed a deferred loan program to assist affected farmers in re-establishing their flocks. We have also committed close to \$400,000 to research into validating a test for scrapie in live animals. In taking all these steps we have made every effort to consult with and to work with representatives of the sheep industry.

I can assure the House this government has treated Quebec sheep farmers fairly and equitably.

The Acting Speaker (Mr. McClelland): The motion to adjourn the House is now deemed to have been adopted.

Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 7.33 p.m.)

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