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(HANSARD)

**Friday, February 4, 1994**

**Speaker: The Honourable Gilbert Parent**

# HOUSE OF COMMONS

Friday, February 4, 1994

The House met at 10 a.m.

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*Prayers*

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## GOVERNMENT ORDERS

[*Translation*]

### DEPARTMENT OF NATIONAL REVENUE ACT

**Hon. David Anderson (Minister of National Revenue)** moved that Bill C-2, an act to amend the Department of National Revenue Act and amend certain other acts in consequence thereof, be read the second time and referred to a committee.

He said: Mr. Speaker, I am very pleased today to speak to Bill C-2. Revenue Canada plays a fundamental role in supporting Canada's social and economic well-being. The Department performs this role by enforcing Canadian law and sovereignty at our borders, administering international trade agreements, collecting revenue and redistributing funds to low and modest income Canadians.

Due to the wide diversity of these activities, Revenue Canada touches the lives of Canadians every day—whether they be taxpayers, travellers, small businesses owners and employers or members of large corporations.

For example, among the department's client groups are 150,000 large importers and exporters, 131 million travellers, and 22 million individual tax filers.

[*English*]

This interaction and scope has Revenue Canada in a unique position to understand what Canadians want; to know as well that Canadians want Revenue Canada to find new and better ways of doing business. I am sure everyone in this House wants less red tape and bureaucracy and businesses in particular want a lower overall compliance burden so that the Canadian business sector can be more successful in the marketplace.

(1005)

As a government, we have made a commitment to all Canadians that we will provide them with an administration that is

efficient, innovative, co-operative and fair. Canadians agree with us that overlap, duplication, a lack of co-ordinated policies in this country have placed a growing financial burden on the shoulders of the taxpayers. To this end, reduced administrative costs, less red tape and improved service delivery are vital objectives of Revenue Canada.

[*Translation*]

Because the current Department of National Revenue Act provides for one minister but two separate departments and two separate infrastructures, this represents an impediment to the optimal delivery of programs and services for Canadians. For this reason, I am today speaking in support of Bill C-2, an act to amend the Department of National Revenue Act.

[*English*]

The proposed amendments are administrative in nature and are designed to consolidate, in law, the previously separate components of customs and excise on the one hand and taxation on the other. Consequently they will permit Revenue Canada to operate and efficiently function from one single infrastructure.

The amendments are consistent with the government's objective to provide efficient administration through the streamlining of process and the elimination of duplication.

I wish to point out that the mandate of the Minister of National Revenue will remain the same and that the integrity of departmental programs will not be compromised with this administrative consolidation.

On the contrary, administrative consolidation will permit Revenue Canada to use resources more effectively and to build on the strength of its components. Thus it will enhance the department's ability to carry out its responsibilities for all Canadians.

It will also allow the department to better co-ordinate revenue administration activities with the provinces. This is a very important objective of this government. Administrative efficiency and the elimination of duplication are points contained in our party's election platform. This commitment was confirmed in last December's meeting of finance and first ministers and was repeated in the recent speech from the throne.

As an example, shared information and co-ordinated investigation efforts will strengthen enforcement programs directed at smuggling, illegal trade, revenue generation and the underground economy. It will mean better protection in regions such

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as British Columbia against drug smuggling and better protection, we hope, in the regions of Ontario and Quebec from cigarette smuggling.

Revenue Canada will be more accessible to its many clients and will provide a broader range of information, services and a one stop shopping process through the network of customs, excise and taxation offices.

In Alberta, for example, this will result in our clients being able to do business at all 12 locations of Revenue Canada rather than at separate taxation, separate customs and separate GST offices.

[*Translation*]

Overhead costs can be reduced by combining common support services sharing administrative resources and systems and eliminating duplication, where it makes sense to do so.

The goal is to do business more effectively. Revenue Canada wants to capitalize on the benefits and opportunities to be gained through administrative consolidation.

Through administrative consolidation, we are able to invest in the primary automated lookout system in, for example, the Windsor area in Ontario, and are therefore better able to protect our borders.

(1010)

The passage of these amendments will enable Revenue Canada to improve its ability to enhance revenue administration, protect Canadian society, including in Quebec, from illegal entry of people and products, deliver socio-economic programs, and administer international trade agreements.

In short, administrative consolidation will benefit both the government and the millions of clients who deal with Revenue Canada. Departmental savings in time, money and paperwork will be redeployed to enhance program delivery and to provide better service to clients.

[*English*]

As a government we are committed to restoring Canadians' faith in our ability to provide responsive, effective and efficient public administration. I am sure all members of the House agree that no one can afford inefficient government.

Canadians voted for change. We have an obligation and an opportunity to support that change today. As a government, we have promised accountable, responsible and efficient government where Canadians will get value for their tax dollars. These legislative amendments enabling the administration and consolidation of Revenue Canada will help us deliver on that promise and begin the process of regaining the confidence of Canadians in their institutions of government.

In conclusion, I am confident that Revenue Canada is capable of meeting the goals that have been set for it to become the most progressive, innovative and effective revenue administration in the world. In order to start the process to accomplish this, I seek the support of the House and all members in the speedy passage of Bill C-2.

[*Translation*]

**Mr. Pierre Brien (Témiscamingue):** Mr. Speaker, we are finally at the stage where we start examining bills. After one hundred days in office—I read this week that it was a hundred days since the election—this is the first bill before Parliament, Bill C-2, an act to amend the Department of National Revenue Act and to amend certain other acts in consequence thereof. The purpose of this bill is simply to change certain terms in order to reflect a situation that has already existed for over a year.

As far as the principle is concerned, and the minister referred to it in his speech, we certainly agree with the objective of streamlining operations, and not just because it is in their red book but because everyone wants us to do this. Everyone expects this to happen, and it is a social principle our voters want to see implemented.

However, we will have to conduct a more specific and thorough analysis, and we will have an opportunity to do so in committee. There seems to be no problem about the principle. However, there are fears which may be justified in some respects, and I would like to point these out to the minister. I know that some have already been communicated to the minister, and I would like to refresh his memory.

Before proceeding with this general analysis, there is one point I would like to make. As I said at the beginning of my speech, this government has been in office for over 100 days. People often expect a new Parliament to start off with tough measures, to make the kind of improvements we need in a society that in some respects, and I am thinking of the economy in particular, is headed for disaster unless something is done.

(1015)

I think it is symbolic that, as our first bill, we should have something which in many respects seems rather minor and somewhat disappointing. Of course we will have to wait for the budget. After the election they told us to wait for the opening of the session, and at the opening of the session they told us to wait for the budget, and now I am afraid that when the budget is brought down, they will tell us to wait for the next budget because they ran out of time. We expected some tax measures that would be an incentive for people to become honest citizens and show a little more understanding for the system, and that would give them a little more confidence in a fairer system.

In fact, there are few references in the red book to the tax system. Last night I was reading this book again to try to find something interesting. I was disappointed. I scanned the book carefully for a reference to tax revenues, and I could not find a

single one. I saw the nice tables we see in all government publications, but not much in the way of analysis and recommendations.

So I wondered, since there is not much in the red book about tax equity, if we would get anywhere at all in this respect during this Parliament, since the government keeps referring to the principles in the red book. Maybe they should consider publishing a new and revised version. This is just a suggestion. I remember at school we had first and second editions, so I suggest they do a second edition of the red book that would mention tax equity.

The Minister of National Revenue was expected to bring in some tough measures. I remember raising the question with the Minister of Finance, who said that the Minister of National Revenue would, at the appropriate time, make an announcement on cigarette smuggling, through the excise Tax Act and the customs Act. He is very involved in this particular area as well, but we are still waiting. Meanwhile, what is happening in Quebec, Ontario and the maritimes? And some day British Columbia as well. There is already a little of this going on, but not to the same extent.

Meanwhile, we are not getting much in the way of announcements. When I go back to my riding on the weekend, I will tell my constituents that we worked on Bill C-2, which provides for abolishing a deputy minister's position which, for all practical purposes, has already been abolished. I think people will be pleased to see some jobs being cut here, but they will also be very disappointed.

On the revenue side, there is a lot of dissatisfaction among the public which feels there is no fairness in our tax system. A lot of this disenchantment with politicians and with all members in this Parliament, arises from a sense of injustice.

I expected the government to work a little harder on this. There is still time. Parliament will continue to sit, and I hope that eventually, the government will have some proposals for us.

Consider the principle of this bill. Let us not get involved in detailed analyses but look at the principle. The principle is, that now there will be only one deputy minister for Taxation and customs and excise, where previously there were two. This principle was put into a piece of legislation. This seems proper and reasonable, and I agree with the minister that streamlining is necessary and that informatics and data processing systems can be consolidated. However, perhaps there are a few questions we should ask. There is some apprehension in this respect, and there have been a number of changes back and forth. In recent years, there were repeated proposals to switch Customs to another

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department. It seems as though that the government cannot decide where it should belong.

The main role of customs posts is to control our borders. These people have a security role. They must watch everything that crosses our borders, whether persons or merchandise. I heard the minister refer earlier to drugs. There is a lot of talk about cigarette smuggling lately, but people tend to overlook the smuggling of illegal drugs which is big business and generates tremendous problems because of the enormous amounts crossing our borders.

That is the approach at customs. For historical reasons and reasons based on economic principles, over the years countries have imposed various customs tariffs to protect their economies, because they thought that was the answer and was also a way to make businesses more prosperous.

(1020)

Now, the trend is toward free trade and lower customs tariffs. The customs sector is being asked to fulfil a dual role, namely providing security and collecting tariffs.

This role is likely to diminish considerably in the coming years, as free trade takes on greater importance. Soon, we will be considering phasing in amendments to customs tariffs in conjunction with NAFTA and the GATT negotiations. We have many reasons to believe that in the long term, the role of customs will become marginal.

Customs employees are concerned about being attached to a sector where the prime focus is revenue, whereas their primary role is security and control. As long as we have customs tariffs—and I realize that the Department of Revenue must be responsible for this area—I believe that the minister has to address these concerns during the upcoming transition. I know that he met and had some productive discussions with representatives of the customs and excise union. They voiced some concerns which cannot be ignored. They also have some practical concerns about their personal future and I will get back to this in my detailed analysis later on.

We must look at the role of the customs sector in the public service somewhat philosophically. This may not be the best solution, but of course we will learn to live with it. However, some caution must be exercised prior to the consolidation so as not to confuse the role of the two sectors and neglect security by decreasing border controls.

Recently initiatives aimed at increasing border controls were announced in Windsor. While this is very commendable, these initiatives will have to do more than simply appease those who fear for their jobs. They will have to be taken with a eye to controlling what goes on at our borders. Tighter controls and improved procedures are needed.

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These are the fears people have, and they appear to be justified.

CEUDA, the union representing sector workers, reports that internal Revenue Canada studies on consolidation recommended as one option that customs remain a separate and distinct sector. However, since no one in this House and very few other people have seen these studies, it is impossible to know whether this option is viable. Perhaps the minister is aware of these studies.

If internal studies were in fact conducted, what conclusions were drawn? Were these genuine conclusions? If not, the minister should make these studies public. Given the difference between the customs function and the tax function, this study should have concluded that it would be best to keep the two separate.

Therefore, many concerns have been voiced and the people involved have received a lot of support. They have received support from the municipalities and the communities concerned, from people who are afraid that the revenue side will take precedence over security matters. Special attention will have to be paid to this aspect of the issue and considerable vigilance will be required in the years to come to ensure that security remains an important consideration.

Let us now look at the bill. There is nothing extraordinary about it as such and it can easily be read in five minutes. It is only two or three pages long, but several sections warrant closer attention. This bill will, of course, be referred to the finance committee and we will certainly have a number of questions to ask then. However, I would just like to draw the minister's attention at this time to a few simple matters. For instance, it is mentioned in the bill that the deputy minister holds office during pleasure. One can ask why this should be the case? Was this not the case in the past? This is only a minor detail, but every word is important, apparently, in a legal text.

Further on, there is a provision which concerns me a little and I hope that eventually the minister will clarify his intentions. Under References, the bill calls for section 6 of the Act to be repealed. The section in question which is to be repealed reads as follows and I quote: "The Minister shall cause to be laid before each House of Parliament, not later than the fifth sitting day of the House after January 31 next following the end of each fiscal year, a report showing the operations of the Department for that fiscal year".

(1025)

This section would disappear. Would the report to Parliament disappear? If so, why? I recall hearing our friend from the Department of Finance during the election campaign and many times since the beginning of the session say that openness was important, that people must understand what is being done with

their taxes and that we need simple indicators. These principles are often mentioned here. Perhaps I am mistaken. Perhaps the report will be made at some other time in some other way, but I would like it to be required by law.

I am not at all pleased with that clause, but maybe he has a good reason; the minister can explain it to us in due course or in committee when we consider the bill clause by clause, but it worries me. It is far from the principles of the red book, if I understood it correctly, anyway.

But the key clause, which is at the heart of this bill and which is hard to understand—the minister referred to it just now in his speech, says this: "Nothing in this Act shall be construed to affect the status of an employee who, immediately before the coming into force of this Act, occupied a position under the authority of the Deputy Minister of National Revenue for Taxation or the Deputy Minister of National Revenue for Customs and Excise except that each of those persons shall, on the coming into force of this Act, occupy their position under the authority of the Deputy Minister of National Revenue".

Basically, what they seem to be saying is that this bill in no way changes the status of public servants.

At the same time, the minister says in a letter that "we can already see specific advantages", since this practice is already in effect and operational; there is now only one deputy minister who does double duty; with this bill, there will be only one deputy minister doing the job. So the minister says, "We can already see specific advantages, in particular since the administrative consolidation—". People often like to talk about consolidation when the time comes to downsize; they use softer, less offensive words. "In particular, since the administrative consolidation has already saved \$30 million".

There is something that I do not understand. We are told that the status of the public servants did not change and then we are told that \$30 million was saved. I cannot believe that a single deputy minister cost \$30 million. At least, I hope so, and I doubt that is the case.

I understand his principles when he says that they will share computer systems and administrative services. That is true, but it changes the status of public servants. How come the bill said in the transitional provisions that it changed nothing? You must understand that it is a transitional provision in the bill. How long does the transitional period last? We will see when we analyze the bill clause by clause. We will ask the minister or his representatives to explain what it means.

The rest is clauses replacing references to two ministers in other laws with a single minister now. There is no longer a taxation division and a customs and excise division.

It is very well done. The lawyers are competent; they do good research and can find all the references in all the laws. They did a thorough job of research.

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We cannot oppose the principle of streamlining—it is good and desirable, but we can always wonder if it is really the right place. The people at customs have concerns and feel that the department is moving ahead quickly with this reform. On the other hand, perhaps the public will defend the minister and say that he is not going fast enough. But I would like us to be a little more open about something, namely this. Was there really this internal study and what did it conclude? Are they being joined with the right department in the right way?

You know, it is tempting for a department to reach out in as many directions as possible and to control many things. I must say that this minister has quite a budget. The Department of Revenue has an operating budget of \$2.5 billion. That is a lot. He has been given this responsibility; surely he can explain it. I do not doubt his abilities, but we must be careful not to expand a department which is already very big or to give it a role that may be broader. I share those concerns with the customs officials. We still support the principle but we will have questions to ask before the finance committee, of which I am a member, and I will be there when this bill will be studied.

(1030)

I would like to go back to a point I mentioned earlier, namely the first bill tabled in the 35th Parliament. Bill C-2, other than being the first bill tabled, will not make history by a long shot. But if we look at past Parliaments, I do not imagine that we would find many first bills similar to this one; they would have been mere administrative measures, as a rule.

There is more to this bill. What will happen in the medium term? What kind of structure will there be? How far do we want to go with integration? That is another concern that people have. Will we have regional offices poorly adapted to the reality of customs and taxation? The minister seems to be denying it, and I hope so. We have to watch out for this. Again, we must be careful not to cause inefficiencies as we have done in the past. Regional offices have not always been closer to reality, and I am in a good position to confirm it, Mr. Speaker. It may not be of great concern to us here in this House, but in my riding, the office of the Quebec agriculture ministry is located in an urban center and not in either of the two agricultural areas. This is very frustrating for farmers and I sympathize with them.

We must do the same thing so that customs officers do not have problems with regional offices—they are not very close to the border—as long as they have very direct and close relations.

The Auditor General and others talked about closer relations between customs personnel, the Solicitor General and other authorities, in order to improve control mechanisms. I am confident that the minister is taking this into account and that,

during this Parliament, he will try to work more closely with others to improve operations.

We on this side of the House often talk about administrative overlap but we know that interdepartmental co-operation is often very difficult, not necessarily because of individuals but because it is not a simple thing. This is something we must look into.

The Auditor General often says in his reports that we must improve interdepartmental efficiency and I hope that the minister will work on this during this mandate because his department has an important role to play in this respect. It is his department that collects money from the taxpayers. It does not do much for one's popularity to collect money from taxpayers' pockets, not these days, Mr. Speaker. Especially as I feel they are not getting good value for their money.

That is what they tell us every day. I will be travelling back to my riding in a little while and I am sure that I will hear the same thing again this weekend as usual. I will be embarrassed to say that we, in this House, are now working on a bill that will cut a deputy minister's position to save \$30 million. The bill says there will be no public service cuts but the minister's comments clearly suggest that there will be cuts, retirements or early retirements. Something has got to give. This \$30 million must come from somewhere. We cannot pull numbers out of thin air like this. We must explain how this \$30 million has been saved.

It is funny; every time we must make cuts or whatever, we deny being opposed to cuts but we cut \$30 million and say we have become more efficient. Too bad it is taking us so long to realize such things.

I am not convinced that this government will be better than its predecessors in this regard. We often react poorly, but if one looks behind the measures taken, one always finds the same old speeches. Governments come and go but the arguments stay the same. We have cut back, therefore we have become more efficient, and we acted in the best interests of individuals. Well, I hope so.

One day the minister is going to tell us how he saved this \$30 million and state more clearly where we are going in the future with a closer integration of customs and taxation duties. I know he is still concerned with improving service to clients. He said so this week and I congratulate him. Individual tax returns may come a week earlier this year and there will be simplified forms for seniors, which is a good thing. We are glad, people will like it.

People are more worried about the amount they pay and the unfairness they see in the system than when they receive their tax refunds, if they get one. There is still a long way to go. I hope that the House will soon have an opportunity to consider such measures.

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(1035)

I would prefer that the Finance committee first examine the issue, since the minister directed us to work on the GST reform or, if you prefer, on changing that tax. In any case, some changes will have to be made, at least regarding the system as a value added tax program. However, I would like us also to examine tax expenditures, including the impact of tax incentives on job creation, as well as the objectives of such measures and their cost.

This week, the government announced a reform of social programs. However, in this particular case, we are not being told about a tax reform, or even the possibility of such an initiative, which Canadians would be much more happier about. Indeed, taxpayers would like to know that we are at least looking at improving the taxation system. But the government is silent on this issue; it does not even work on it because this is not yet part of its agenda. I guess we will have to add an annex to the red book. As I said earlier, new initiatives will have to be included; some improvements will have to be made. Surely, there are people who have worked on the draft of this legislation; the message was heard, the staff was increased and the government will undoubtedly be able to come up with a much improved version.

**An hon. member:** A new and improved version.

**Mr. Brien:** A new and improved version, as the hon. member says. I will conclude by saying that we will approve the principle that each clause of this bill will be examined in detail by the finance committee, that we have concerns regarding what customs officers themselves have said, as well as some groups supporting them. The minister met with customs officers, and he may have reassured them. We must not overlook the role of customs in this integration. There are important issues, and we need not elaborate on the smuggling problem. Effectiveness can be improved, but interdepartmental co-operation will also have to improve. More importantly, the government will have to introduce other measures if it wants the public to be pleased with its performance after the first 100 days. Indeed, Canadians are still waiting for concrete solutions to problems which directly affect them, particularly the unfairness and the injustice of the tax system.

[English]

**Mr. Jim Silye (Calgary Centre):** Mr. Speaker, I am pleased to rise today on the issue of Bill C-2, an act to amend the Department of National Revenue Act and to amend certain other acts in consequence thereof.

In the interests of reducing duplication and overlap of debaters, today I will speak on behalf of the Reform Party which in principle supports Bill C-2 in the spirit that has been put forward by the Department of National Revenue and the minister himself.

According to this department the approval of Bill C-2 will enable it to be more responsive to changing needs, to streamline operations, to reduce the administrative burden on taxpayers, to reduce costs and duplication, and to improve the quality of its services and programs.

My party supports the initial steps taken by the Liberal government in an attempt to streamline departmental activities. Combining immigration and citizenship, customs, excise and taxation, and eliminating altogether the department of public security will help reduce duplication and overlap. However the Reform Party stresses the need for increased financial reviews and reforms for all government departments to ensure that taxpayers' money is being spent efficiently and effectively.

The Minister of National Revenue has stressed that his department is responding to the needs of Canadians and encouraging confidence and faith in revenue administration. We hope that Bill C-2 will not represent the only step his department is taking to reduce costs.

The reduction of costs associated with departmental consolidation and the removal of a few individuals at the executive level are just the tip of the iceberg when one considers the amount of government waste that has existed over the years.

Superficial or cosmetic attempts to correct the injustices in fiscal and political accountability will no longer be tolerated by taxpayers.

(1040)

Our party would encourage the minister and his government to initiate line by line, item by item reviews of the departments to find out where the money is going. Perhaps asking questions like: Do certain departments have too many employees or not enough? Are they best serving the interests of the public with the resources allocated to them or not? Should they be living in the town or city that they are working in, or should they be 60 miles away with the government and taxpayers paying for mileage?

These results should be made public in their entirety in the form of an annual report which could then be distributed to all parties for a review. The Minister of Finance spoke yesterday about the vast amount of experience of the individuals assembled in this House. The government should take advantage of this to help find new ideas to better manage its money.

My party wants the federal government and its departments to demonstrate fiscal responsibility and exercise restraint. Our philosophy is that the size of government can and must be reduced without affecting the level of service taxpayers expect.

I congratulate the Minister of National Revenue in amalgamating or intending to amalgamate two huge infrastructures into one with the objective of streamlining operations with the purpose of better delivery of service, as he has said, less red tape, as he has said, and the co-ordination of collecting revenues

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with the provinces. This certainly appears to be a page out of the Reform Party blue sheet and I appreciate that.

As mentioned, my party supports the idea of increased government efficiency and cost cutting in the Department of National Revenue provided that the quality of services to Canadians is not affected in the field. Our constituents have concerns, as also mentioned by the member for the Official Opposition who spoke just prior to me, that Bill C-2 would reduce the level of service in the field. I would like to voice some of these concerns for the record so the standing committee on finance, which will review this bill in detail, will be aware of them.

It is feared that the combination of Revenue Canada Taxation and customs Canada is designed to place more of an emphasis on revenue collection, controlling the underground economy and smuggling. Customs officials must not be hindered in any way by legislation from performing the important duty of protecting Canadians from illegal drugs, weapons and criminal elements by reducing their ranks.

By masking administrative cuts at the top, the minister is leading by example. However, he must not reduce the number of customs personnel in the field which would hinder their ability to function effectively.

Individuals in the Manitoba riding of Lisgar—Marquette for example are concerned that the savings from eliminating one deputy minister may be lost tenfold by other problems arising from the passing of Bill C-2. In their ports of Snowflake and Crystal City, people are concerned that this bill represents the first of several steps that would ultimately see the cutting back or elimination of customs personnel at certain border points.

This concern stems from a pilot program in the United States to establish automated permit ports at specified ports of entry on the northern border. The main thrust of the U.S. program is to expand the hours of low risk entry points so that they can be open when staff are not on duty. Canadian and U.S. citizens will be allowed to enter the United States unimpeded at specific crossings when the port is closed.

This program was developed to promote efficiency and the results, according to the constituents of Lisgar—Marquette, may encourage the Department of National Revenue to follow suit. However, constituents fear that ports like Snowflake and Crystal City would become more attractive to criminal elements looking for a trouble-free point of entry.

The illegal gun trade is a lucrative business. With easy access to handguns in the United States this area could become a real problem for customs border patrols and the RCMP. I am expressing a concern and I hope the minister acknowledges that.

Increased efficiency must not come at the expense of effectiveness.

One of the natural roles of government should be to protect its borders and sovereignty, and I do not mean the definition of sovereignty as used by the Official Opposition. Concerns have also been raised by the customs union, several municipalities and the media that with the consolidation of the two departments, the resources for customs officers to effectively defend the border will be strained.

The customs union is under the impression that increased emphasis on these activities will lead to a reduction in resources for other activities, such as controlling illegal immigrants, firearms, pornography and stopping abducted children.

(1045 )

The customs union is seriously concerned about the effects of this legislation upon the quality of services demanded. For example, it is concerned that drug seizures will be reduced.

In 1991 there were 10,000 seizures at the border. In 1992, there were 25,000 and in 1993 when there was an increase in trafficking, there was a reduction in the number of seizures to 15,000. According to the union smugglers are using more innovative and effective techniques to move illegal items into Canada. It must be able to respond with the latest techniques to catch them.

This is why the union is concerned that a lack of emphasis is being placed on these activities. By amalgamating two departments into one, possibly the idea of making cuts at the top would end up in the field. Once again, I know the minister does not intend to do that. I hope he does not. He is shaking his head. Therefore, these concerns should be laid to rest.

The union is concerned that these activities will only get worse with the implementation of this legislation.

The Canadian Police Association has also criticized the merger because the border is the first line of defence for guns and other weapons which ultimately end up on Canadian streets.

Even with an elimination of a deputy minister, ensuring that the level of service is strictly monitored and adjusted accordingly should overcome these fears.

The Minister of National Revenue stated that he believes a unified Department of National Revenue will build on the strength of our existing customs, excise and taxation administrations. It will better serve Canadians and strengthen their confidence in Canada's revenue administration.

Consequently the Reform Party supports the principle on which Bill C-2 has been proposed. We ask that the parliamentary standing committee examining it take into consideration the



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possible negative effects expressed by our constituents through my comments.

Improved efficiency and effectiveness can result from this bill provided that reorganization and government cost savings will be done with the security and best interests of Canadians in mind.

Once again, we commend the Liberal government for removing a piece of duplication and overlap from a government agency and encourage much more of the same in areas where government waste is evident.

As the minister of revenue stated in his speech today while he was supporting Bill C-2, giving taxpayers value for their tax dollars is definitely a most honourable objective and should be supported by all members of this House.

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry):** Mr. Speaker, my comment will be brief.

I would like to congratulate the minister of revenue for moving so quickly on the whole issue of minimizing the duplication and overlap in any area related to taxation or service to the public in the area of taxation. This is welcomed by most Canadians. I am happy to see that the Reform Party recognizes the importance of our seizing this initiative and acting on it within the first hundred days.

I also have to say to the members of the Bloc, specifically to the critic of the Bloc—

**The Deputy Speaker:** Please make your comments with respect to the speaker who just spoke.

**Mr. Mills (Broadview—Greenwood):** Mr. Speaker, regarding this whole notion of when we return to our ridings this weekend, alongside the initiative that has taken place here today in this bill there is another initiative that is closely related to it which I am sure many members read about in the newspapers today.

The whole process of examining alternatives to the goods and services tax began yesterday in the finance committee. We as members of Parliament should make sure when we go home to our constituents and talk that we do not just refer to the activities that take place in this House of Commons.

There is all kinds of activity, as the Reform Party member alluded, and initiatives taking place that are good news for our constituents.

(1050)

Most Canadians would welcome the fact that the finance committee said that by the end of June it wants to hear of all the possible alternatives to the GST in our existing tax system. It is very important that we give that encouragement to our constituents when we go home.

**Mr. Ovid L. Jackson (Bruce—Grey):** Mr. Speaker, to comment on the customs Act, Bill C-2, basically customs is there for

two major reasons. The first one is to make sure there is a good flow of traffic across the border. It is also there for the safety and security of Canadians.

One of the things that was alluded to by all members is that there always have to be savings in federal departments, or any department run by government. We have some 90 departments that crown corporations and we have always said that we want to look at them. There are reasons why we have them. If we cannot run them efficiently we look at turning them over to the private sector.

In this case the minister is amalgamating two departments. Obviously there are going to be problems with staffing. There is always going to be some staff simply because if they have territorial problems they will go to members opposite and make presentations.

One of the things that I want all members of this House to remember is that whenever we work with departments the people who work for government are servants of the general public. We hear it time and time again that most of the problems that are encountered, that frustrate the taxpayers of this country, relate to the fact that bureaucrats or people who work for government slow the process down. They get into some kind of a culture in which all of sudden they have extra powers and they impede the progress of citizens. We get a lot of examples of that.

One of the things that all members should remember is that we should not inflame it by being in bed with any person who works for any department with regard to territorial matters. All of us who work for government must recognize that the taxpayer is the person who funds all these programs. If there are any efficiencies to begin with, they should be there and there should be common courtesy for all.

I hope that when we examine any bill or any scenario in which governments are downsizing or right sizing, as the case may be, which is the term being used now, as the member who seconded my motion on the throne speech said, we should be lean but not mean.

As a government we should remember that and also remember that when we are trying to do these things we are trying to do them for the general taxpayer and we are trying to give efficiency notwithstanding the fact that this jobless recovery is a very significant and important thing that everyone has to deal with, including government.

**Mr. Silye:** Mr. Speaker, I appreciate the comments from the hon. member.

I would like to add that as a businessman over the last 23 or 24 years I have gone through downsizing, right sizing and cuts. I have always found that the best and most effective cuts are made at the top, but leave the people at the point of service, the point of sale. The people at the top make the most money. By eliminating one or two of those people we then in effect, perhaps

*Government Orders*

as we evaluate our service ability to give taxpayers value for their money, can hire three or four more customs officials.

The way some of the bureaucrats get criticized by taxpayers that some of them are rude and some of them are using their powers abusively comes from the fact that they are probably overworked. There is strain and stress in their jobs and it is up to the Minister of National Revenue to make this determination and find out if there are more people required in the field or not.

If we concentrate on what gets us the most compliments, it is always the person, just like at a bank, who interfaces with the customer. The tellers give the major banks a good reputation or a bad reputation, not the VP in the ivory tower. It is the tellers, the customs officials, the people the minister sends out to the field to do tax audits. Those people who interface with the taxpayers are the ones who give government a good reputation or a bad reputation. Human resources is an important element and it must be evaluated on the basis of the workload, what is expected, proper compensation and a good working environment at that level.

(1055)

In the last two administrations in this Parliament, because a lot of the members in the Liberal party are also new, the previous government spent most of its time improving the executive level of operations and expanding it rather than improving the real important areas of operations which were in the field.

I hope the minister plans to concentrate in that area. I believe the reputation of all bureaucrats will rise accordingly.

**Ms. Susan Whelan (Parliamentary Secretary to Minister of National Revenue):** Mr. Speaker, I will not have enough time to finish my comments before the start of Question Period. Should I begin anyway?

**The Deputy Speaker:** We cannot very well call it eleven o'clock, since Question Period is so important to everybody. Would you mind starting? You have seven minutes.

**Ms. Whelan:** I have seven minutes but I will not be able to finish.

**Mr. Flis:** Mr. Speaker, on a point of order. The hon. member may be recognized but does she not have her full time after Question Period?

**The Deputy Speaker:** Of course she will, yes.

**Ms. Whelan:** Mr. Speaker, I rise today to speak in support of Bill C-2, an act to amend the Department of National Revenue Act and to amend certain other acts in consequence thereof.

This bill would enable the Minister of National Revenue to consolidate two distinct departments under his responsibility since 1926 into one and thus eliminate unnecessary duplication and overlap within government.

It will also bring distinct benefits to taxpayers and it will enhance the Department of National Revenue's ability to provide more efficient and effective services and programs. It will not compromise the integrity of programs in the area of responsible enforcement, Canadian sovereignty and laws at the border, revenue generation or trade administration, the lines of business that make the department an essential national institution.

My remarks will focus today on how the important enforcement and compliance roles of Revenue Canada will be recognized and reinforced, not undermined, through the administrative consolidation which Bill C-2 will permit.

I will also speak specifically about customs activities, non-compliance measures which consolidation will strengthen.

Revenue Canada customs is highly regarded and highly respected as one of the finest services of its kind in the world. This respect has been well earned and Canadians can rest assured that this will continue to be the case within a unified Revenue Canada. Not only due to its enforcement role but also because of programs such as International Project Return, a program to find missing children, Revenue Canada customs has become internationally recognized.

To all of those who work for the safe return of missing children to their families, the minister has assured me that Revenue Canada customs remains committed to International Project Return. Revenue Canada is firmly committed to maintaining and strengthening all its customs functions.

As national revenue minister, the hon. minister has said the role of customs is essential to the social and economic well-being of the country. Canadians have a right to safe communities and safe environments and protection from unfair economic competition.

For that reason the government is committed to a strong and visible customs program and presence at the border.

Revenue Canada customs will continue also to have a clear mandate to enforce Canadian law and sovereignty at the border by preventing the entry of criminals, illegal immigrants, pornographic material, prohibited goods and weapons. As well, a mandate to protect Canadian business and industry by administering international trade agreements. Further, a mandate to protect local economies by collecting taxes at the border as well as to provide service to other government departments at border facilities. This mandate will be carried out by competent, experienced managers and employees.

*S. O. 31*

As well the customs and excise unions, some organizations and border communities have expressed concerns about the integration of customs within the Department of National Revenue. Their concerns are unwarranted and unsupported. Enforcement activities at Canada's border crossings are important to this government and to Revenue Canada and will remain so.

(1100)

In fact administrative consolidation will enhance and strengthen customs programs by allowing first, greater accessibility to a broader range of information, second, increased use of technology, and third, a redeployment of additional resources to better attack the underground economy and to combat smuggling.

So far, from savings realized through the administrative consolidation of headquarters, almost \$13 million has been reinvested in key customs initiatives such as enhanced technology at airports and border points to speed up the processing of travellers and goods and to facilitate the detection of contraband—

**The Speaker:** I apologize for interrupting right in the middle of a sentence. It being 11 a.m. pursuant to Standing Order 30(5) the House will now proceed to statements by members pursuant to Standing Order 31.

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## STATEMENTS BY MEMBERS

*[English]***NORDION INTERNATIONAL INC.**

**Mr. Ian Murray (Lanark—Carleton):** Mr. Speaker, I would like to bring to the attention of the House a dispute between Atomic Energy of Canada Limited and Nordion International Inc. This problem has important public policy implications that affect Canada's reputation internationally.

Nordion is a high-tech success story. The company employs 400 of my constituents in Lanark—Carleton. Internationally over 300 million medical procedures that are dependent on Nordion products are performed each year.

The dispute between AECL and Nordion is threatening the future of Nordion and hurting Canada's reputation as a world leader in nuclear technology.

I urge the Minister of Natural Resources, the Minister of Industry and the Minister of Health to intervene to resolve this unfortunate and critical dispute.

*[Translation]***LIFTING OF THE EMBARGO AGAINST VIETNAM**

**Mr. André Caron (Jonquière):** Mr. Speaker, yesterday, the President of the United States, Mr. Bill Clinton, announced that he was lifting the trade embargo against Vietnam. That embargo was imposed in 1975, at the end of the war between the two countries. The American President stated that this was done in an effort to clarify the fate of American soldiers still reported missing after the war between the United States and Vietnam.

We hope that this initiative will be successful and that a normal relationship can be established between the United States and Vietnam in the interest of those two countries and global peace.

\* \* \*

*[English]***LET THE PEOPLE SPEAK**

**Mr. Allan Kerpan (Moose Jaw—Lake Centre):** Mr. Speaker, the Reform Party's Let the People Speak fax and voice mail is a growing success. We have received approximately 400 faxes since the beginning of January. Between 10 and 40 faxes and voice messages come into our research and communications office daily.

Canadians with a wide variety of concerns fax us every day to ensure their views are heard by members of Parliament.

Each day we ask and will continue to ask the government questions which come directly from citizens across the country.

Reformers hope that these lines will help in a small way to ensure Canadians' views are heard. They serve as a political barometer of Canadians' opinions on a wide variety of subjects.

Right now, our barometer tells us Canadians are concerned with high taxes, government overspending, and the need for parliamentary recall.

Fax us at 947-7777 or call us at 947-8888 to express your views.

\* \* \*

**TAXATION**

**Mrs. Rose-Marie Ur (Lambton—Middlesex):** Mr. Speaker, as budget time approaches I would like to remind the finance minister that the previous government increased taxes to individuals 34 times, while the level of corporate income taxes have remained virtually the same over the past 10 years.

It is time that the hard-working people of this nation, Canada's workers, farmers and small business people received a break.

I hope the finance minister will at least retain if not improve programs such as home ownership and agricultural income maintenance programs such as GRIP and NISA.

By closing the corporate loopholes that have cost the treasury billions of dollars each year in lost revenues more equity and fairness can be established in our tax system and Canadians can continue to rely on programs which have given them at least a fighting chance in improving their lives.

\* \* \*

#### CANADA EMPLOYMENT CENTRES

**Mr. John Maloney (Erie):** Mr. Speaker, I wish to express my concerns about the current restructuring the Department of Human Resources Development is proposing for Erie riding with respect to Canada employment centres.

It is my understanding that staffing at these centres in my riding is to be reduced by approximately 50 per cent, with this personnel to be relocated to larger urban centres in neighbouring ridings. This void is to be filled by the use of computers to be used by a basically computer illiterate clientele. This is not a realistic or practical trade-off.

(1105)

I respect and compliment the department in its efforts to streamline and reduce costs overall. However with an unemployment rate in the Niagara region at approximately 15 per cent, such cutbacks in our area are inappropriate and unacceptable at this time. The blind slash of the pen must be reviewed.

The problem is further complicated by the lack of a regular public transportation system between the respective communities and the incidence of long distance phone calls at a time when the financial resources of the unemployed are greatly diminished. At a time when our riding needs more support the bureaucrats are dictating less. Bigger is not necessarily better.

\* \* \*

#### NORTHERN MICRO

**Mrs. Beryl Gaffney (Nepean):** Mr. Speaker, I would like to pay tribute to a Nepean based firm, Northern Micro, an innovative computer manufacturer. This company is a model of what small business can accomplish.

As a Canadian manufacturer and network integrator, Northern Micro began supplying its extraordinary combination of performance and service in 1985. In 1993 business demands required that Northern Micro triple its office space. Now it is positioning itself for even greater success in 1994, doubling its plant capacity and hiring 28 new staff.

At a time when the economy was at a standstill Northern Micro used a creative mix of marketing moxy and aggressive client services to boost sales to over \$20 million, selling 10,000 computers and getting international recognition.

*S. O. 31*

The federal government must work with Canadian business to provide the proper supports and to create a positive climate for economic growth and entrepreneurial spirit.

I put forth Northern Micro as both a model and a challenge for all Canadians to reach for the stars and strive for that success. We need that in this country.

\* \* \*

[*Translation*]

#### INTERNATIONAL DEVELOPMENT

**Mr. Gaston Péloquin (Brome—Missisquoi):** Mr. Speaker, I want to remind the House and all Quebecers that next week will be the third International Development Week. Its purpose is to increase our awareness of the living conditions of people in Third World countries.

All across Canada, various activities will show Canadians the economic and social situation of Third World countries and what kind of work our non-governmental organizations are doing all over the world, particularly in Africa.

I would like to take this opportunity to pay tribute to all the volunteer workers from Quebec and Canada who remind us of the needs of the underprivileged. They accomplish a commendable task and deserve our gratitude.

\* \* \*

[*English*]

#### BEAVER RIVER CONSTITUENCY

**Miss Deborah Grey (Beaver River):** Mr. Speaker, I would like to make reference to the recent proposal by the federal Electoral Boundaries Commission of Alberta. It was released last Monday and suggests adding one new riding to Calgary. To facilitate this it proposes enlarging the Vegreville, Crowfoot, Athabasca and Elk Island ridings and totally eliminating the riding of Beaver River, which has only been in existence since the 1988 election.

What were its population projections? The numbers show our population has increased by some 4,000 people since then so why would it be eliminated so soon? Are we drawing lines between urban and rural Canada again? Are we going to demand that MPs travel even farther than they are now if Beaver River is dismantled and segmented out to other ridings?

I encourage all my constituents to attend the public hearings to be held in St. Paul, Lac la Biche and Redwater later this spring. Phone 1-800-522-4125 for dates and times.

Beaver River lives.

S. O. 31

[Translation]

**THE INTERNATIONAL YEAR OF THE FAMILY**

**Mrs. Eleni Bakopanos (Saint-Denis):** Mr. Speaker, as an MP and the mother of two daughters, Athena and Vasilike, who are here today, I would like to draw the House's attention, as many members have done already, to the International Year of the Family.

It is a very significant event and I would encourage all members to organize events in their ridings to promote the UN efforts in favour of the family unit. Contrary to a commonly held belief, regardless of its make-up, the family is alive and well. It remains the corner-stone of society.

If we are here today, it is thanks to our families' efforts and sacrifices. I would like to take this opportunity to thank my family for its support: my father Ioannis, my mother Vasilike, my sister Anastasia, my brother Bill, and last but not least, my husband, Constantinos Geropapas.

[English]

I call upon my colleagues to do their part in organizing events like single parent family support groups, family picnics and other activities to ensure that the International Year of the Family is celebrated throughout our country.

\* \* \*

**HOME BUYERS PLAN**

**Mrs. Sue Barnes (London West):** Mr. Speaker, I would like to raise again in this House the subject of the RRSP home buyers plan in order to emphasize its importance to many in my riding and the Canadian economy as a whole.

(1110)

The extension of the RRSP home buyers plan benefits will allow thousands of Canadians to withdraw existing funds of up to \$20,000 from their registered retirement savings plans to finance the purchase of their principal residence without having to pay tax on the withdrawal.

The program also recognizes the importance of the housing market to economic growth. Its extension will stimulate residential real estate and job creation. The program also recognizes that a paid off principal residence is for many the cornerstone of their retirement plan.

I encourage all members of this House to support the extension of the RRSP home buyers plan which will allow additional time to re-evaluate the program and continue its important contribution to economic recovery.

**RAILWAYS**

**Mr. Paul DeVillers (Simcoe North):** Mr. Speaker, I would like to tell the House today about an important concern in Simcoe North that is indeed a major problem across the country. I am referring to the closure of railway lines and rail spurs which are critical to industry and economic development.

At a time when we should be investing in railways because they make good economic and environmental sense, Canada is allowing its railway system to be dismantled.

I implore the government to review Canada's transportation policy to ensure that railway spurs feeding into main lines are preserved. This will be good for industry, good for the environment and will assist the government in creating new jobs for Canadians.

\* \* \*

[Translation]

**IMMIGRATION**

**Mrs. Madeleine Dalphond-Guiral (Laval Centre):** Mr. Speaker, unlike the position on immigration put forward by the Reform Party earlier this week in response to the speech by the Minister of Citizenship and Immigration on immigration levels, we wish to emphasize in this House that the Bloc Québécois is open to immigration. We recognize the major contribution made by immigrants to Quebec and Canadian society. In fact, we have been welcoming people from every part of the world and from every socio-economic background for over 300 years; they have contributed greatly to our collective wealth and helped make our country what it is.

However, we want to make it clear that we will keep an eye on the government to make sure that it does not weaken the principles of the 1978 Couture-Cullen agreement, which were reinforced by the 1990 Gagnon-Tremblay-McDougall agreement—

**The Speaker:** I am sorry, but I must interrupt the hon. member.

\* \* \*

[English]

**SOCIAL POLICY**

**Mr. Chuck Strahl (Fraser Valley East):** Mr. Speaker, the Conservative government threw Canada's financial dice for nine years, taking a terrible gamble with our tax money. It bet heavily on a rising economy hoping that the economy would outgrow the deficit and the problem would just somehow go away. As we know the economy did not grow fast enough and the result is today's fiscal disaster.

*Oral Questions***ORAL QUESTION PERIOD***[Translation]*

In the budget to be brought down this month let us hope the government realizes that good intentions, wishful thinking, or hoping that somehow the right cards will turn up will never put anyone to work. Governments should learn from the mistakes of the past.

Reformers have been warning for years that high deficits and high unemployment are directly related. We will seal the fate of our unemployed by allowing deficits to balloon out of control.

Any budgetary plan that trusts in luck as a basis of its fiscal policy will keep the unemployed out of work and that, you can bet on.

\* \* \*

**WINTER OLYMPIC GAMES**

**Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe):** Mr. Speaker, I would like to take this opportunity to congratulate all the athletes who will be representing Canada at the winter Olympic games at Lillehammer, Norway. These young Canadians deserve our recognition and full support for their hard work and commitment to their sport.

I wish to mention one athlete, Michelle Ruthven, a resident of Orangeville, a town in my riding. I wish to extend to Michelle congratulations on behalf of myself and the residents of Wellington—Grey—Dufferin—Simcoe on her great accomplishments as a Canadian athlete.

\* \* \*

**HOUSE OF COMMONS**

**Mr. John Bryden (Hamilton—Wentworth):** Mr. Speaker, I would like to express my deep satisfaction with the debates that have taken place here over the past two weeks.

We MPs on all sides of this House represent the people who elected us. The various points of view have helped me to better understand this great country.

(1115)

I especially congratulate my hon. colleagues across the floor, the Bloc and the Reform. They have spoken with conviction and passion. I doubt if there is a country in the world that would permit such a free exchange of ideas, ideas sometimes that call into question the very fabric of this nation.

We have heard here and felt the strength that is Canada. We do not pay lip service to freedom of speech, we live it. We should be the envy of the world.

**The Speaker:** Perhaps my hon. colleagues will permit me an observation. I notice that it is 14 minutes after the hour and all of the statements we had for today have been delivered. May I with respect to all hon. members compliment you, because we seem to be getting our work done in time now. I think it is great we are doing this.

**CIGARETTE SMUGGLING**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie):** Mr. Speaker, my question is for the Deputy Prime Minister.

While it refuses to divulge its plan of action to put a stop to cigarette smuggling, the government expressed its intention to enforce the law everywhere in Canada, including on Indian reserves. In fact, the Deputy Prime Minister herself said that living on a reserve does not give the right to violate Canadian laws.

Mr. Speaker, my question is: Will the Deputy Prime Minister reiterate in this House her intention to enforce the law, and will she promise to take necessary action to ensure that the law is indeed enforced everywhere, including on Indian reserves, in spite of the reservations expressed to that effect by the Solicitor General?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Mr. Speaker, these days, the members opposite keep repeating that smuggling we do nothing about cigarette smuggling.

The Leader of the Official Opposition was a Cabinet member in the previous government for 781 days, but he did not act. We have been in office for less than 100 days. We will have a plan of action next week, and this is what I call true action and real governing.

*[English]*

**Mr. Gilles Duceppe (Laurier—Sainte-Marie):** Mr. Speaker, are we to understand that the government will intervene everywhere, including in Akwesasne, to ensure that the law is respected even though the Mohawk authorities in Akwesasne declared yesterday that the RCMP had no right to intervene on the reserve territory?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Mr. Speaker, the problem of contraband smuggling is not limited to reserves. It is an unfortunate mistake on the part of the member if he leaves the Canadian people with the impression that this is strictly a problem on reserves.

The problem of contraband smuggling is one that involves organized crime. It is a problem that is spreading with rapidity throughout major parts of the country. It is also a problem that his leader sat in a cabinet for 781 days and did nothing about.

We have been in cabinet for less than 100 days. We have been working very hard on a concerted plan which will respect and indeed ameliorate the health conditions of Canadians and at the same time deal with the enforcement issues.

I would say that is a government that is not about talk, it is about action.

*Oral Questions**[Translation]*

**Mr. Gilles Duceppe (Laurier—Sainte-Marie):** Mr. Speaker, it is strange to hear this government talk about action, considering that to this day only one minor bill was tabled, but we did hear a lot of lip service.

I am also surprised to hear the Deputy Prime Minister complain because we raise the issue of smuggling on reserves, since she herself made a statement yesterday on national television, regarding that problem.

Since other statements were also made on the national networks yesterday, does the Deputy Prime Minister intend to follow up the request for an urgent meeting made by Mohawk officials? As you know, some of their spokespersons have threatened to stage a major confrontation if the RCMP tries to enforce the law on their reserves.

(1120)

Will the government meet with Mohawk officials from Akwesasne, Kanesatake and Kahnawake to discuss cigarette smuggling? Yes or no?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Mr. Speaker, what I said yesterday and what the Prime Minister mentioned repeatedly, is that we are asking all Canadians to respect the law, whether it is in a convenience store or on an Indian reserve.

I am somewhat surprised by the member's question, because on the one hand he claims that this problem strictly concerns Indian reserves, while on the other hand he wants us to negotiate with those who created the problem.

In fact, we have already initiated a dialogue with all the stakeholders, including provincial governments. I know that the minister responsible for aboriginal issues is meeting with all our Cabinet colleagues to come up with a solution by next week. This is what I call action and I am surprised to see the Bloc Québécois tell us about enforcing the law when it was precisely a member of that party who was bragging about prevention—

**The Speaker:** The hon. member for Bellechasse.

**Mr. François Langlois (Bellechasse):** Mr. Speaker, my question is to the Deputy Prime Minister. The action plan on cigarette smuggling that the government is about to announce is said to include a six dollar cutback in taxes on a carton of cigarettes. Nevertheless, provinces in English Canada are joining forces against any cutbacks in taxes.

Could the Deputy Prime Minister tell us whether the government is going to proceed with its plan to reduce federal taxes on tobacco, even though it may be supported only by the province of Quebec?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** First, Mr. Speaker, there is no such thing as English Canada provinces. Canada is a country where all the languages of the world are spoken. Just take a stroll in my riding and see for yourself.

**Some hon. members:** Hear, hear.

**Mrs. Copps:** Second, the Prime Minister stated very clearly that we were going to co-operate closely with the provinces and try to come to an agreement. However, if we can not reach an agreement, we are prepared to go ahead on our own. I should say to the hon. member that his leader asked us last week to make a move with or without Quebec. He should decide whether he wants the co-operation of the provinces or whether he wants the federal government to take the lead. As far as we are concerned, we want to make a deal with the provinces.

**Mr. François Langlois (Bellechasse):** Mr. Speaker, I have a supplementary question to the Deputy Prime Minister. Would she not agree that the tax cutback action plan may prove inefficient in Akwesasne, since this reserve is bordered by Ontario, United States and Quebec, especially if the government of Ontario refuses to lower its taxes on tobacco?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Mr. Speaker, our plan has not been finalized yet and, therefore, it is very difficult at this point in time to discuss the details. We want the Canadian people to understand that it is not a problem unique to Indian reserves. Those who buy smuggled cigarettes, one pack out of three in Quebec and one pack out of five in Ontario, are all Canadians. It is wrong to say that the problem is unique to reserves. It is a smuggling problem, something which involves organized crime, and we will propose next week a plan which will deal with health and taxes, but especially with fair and equal law enforcement for all Canadians.

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*[English]***AGRICULTURE**

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, my question is for the Minister of Agriculture.

It is reported that negotiations to end the labour dispute on the west coast have broken down. As the minister knows this is not the first time labour disputes on the west coast have completely disrupted the movement of resources and products to market, to the detriment and well-being of thousands of farmers on the prairies and other producers.

(1125)

Is it the view of the minister and his department that grain handling should be declared an essential service? Has he made

*Oral Questions*

strong representation to the minister responsible for labour, the Minister of Human Resources Development, on that position.

**Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food):** Mr. Speaker, I thank the hon. member for the question.

The question he has raised is one of broad policy considerations. I must admit that in the last number of days I have been focusing more importantly on the immediate concern with respect to the work stoppage on the west coast. I am pleased to take the opportunity of this question to provide an update on the present situation.

As members will know the federal mediator that was made available in this dispute was appointed last Tuesday, February 1. The talks with the parties commenced on Wednesday. They continued through the day on Wednesday and in fact until 5 a.m. on Thursday. There was an adjournment during the day on Thursday. The talks resumed at 3 p.m. on Thursday. As the hon. member advised in his question, those talks broke off at some point yesterday afternoon or last evening.

The mediator, Mr. Lewis, will be providing a full report shortly—in fact it may be in hand at the moment—to my colleague, the Minister of Human Resources Development. The minister is making his senior mediator from the offices in Ottawa available to assist in bringing the parties back to the table and resuming the discussions in Vancouver.

The government would strongly urge the parties to reflect very carefully upon their respective positions and their responsibilities in this matter. The parties should resume their negotiations immediately.

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, I appreciate the minister updating the House on this particular dispute.

Would the minister give us a clear answer on the broader question as to whether his department responsible for agriculture—whether your department and you as the minister favour legislating—

**The Speaker:** Please do not forget me. I feel lonesome up here.

**Mr. Manning:** Does the minister's department favour declaring grain handling to be an essential service? Could the minister advise the House on that point?

**Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food):** Mr. Speaker, as I am sure the hon. member will know, as a western Canadian with a great deal of interest in the health and well-being of the western Canadian grains industry, I am very anxious to pursue every conceivable possibility that will enhance the position of western Canadian grain farmers properly within the context of national public policy.,

The precise question he has asked in terms of labour relations and other issues affecting the west coast grain handling situation must be put within that broader national context of overall policy considerations with which the Minister of Human Resources Development, with his particular responsibility for labour, would be intensely involved.

The idea the hon. member suggests is not a new one. It has been proposed by others in western Canada from time to time, but at the present moment it is not under active consideration.

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, I have a further supplementary question. I am sure the minister does not want to see agricultural producers left twisting in the wind.

Previous governments have legislated an end, as the minister knows, to particular grain handling disputes on the west coast. Would the minister recommend similar action in this case and within what timeframe?

**Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food):** Mr. Speaker, I do not think it is helpful, in the context of the circumstances existing at the present time, to speculate about the proposition the hon. member has raised.

It is extremely important for us to urge the parties to assume their responsibilities, to get back to the bargaining table and to take full advantage of all mediation facilities that are being made available to them in the present circumstances by the Government of Canada.

They have a responsibility to resolve the dispute and to resolve it fast.

\* \* \*

(1130)

[Translation]

**TAXATION**

**Mr. Pierre Brien (Témiscamingue):** Mr. Speaker, my question is for the Minister of Finance. During the election campaign, on October 1st, 1993, to be more precise, in an interview he gave to *Le Téléjournal*, the Prime Minister was asked if he would commit himself not to increase taxes for the next two years. The Prime Minister replied, and I quote: "So, I want to be quite clear on this. There will be no tax increases".

Can the Minister of Finance reaffirm the commitment made by the Prime Minister not to increase taxes for the next two years?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, is the hon. member telling us that his party does not want to eliminate tax loopholes? If that is the case, it would be totally contrary to what the finance critic of his party has told us.



*Oral Questions*

**Mr. Pierre Brien (Témiscamingue):** Mr. Speaker, I almost found myself having to answer a question, when it should be the opposite. So, I will ask my question again and suggest some alternatives.

Would the Minister of Finance not agree that instead of increasing taxes, we should implement the tax measures Jean-Robert Sansfaçon is suggesting in today's *Le Devoir*, namely a decrease from 80 per cent to 50 per cent of the deduction rate for meal and entertainment expenses and the same tax treatment for gambling and lottery winnings as for capital gains?

Would the Minister of Finance not agree that there are other measures besides tax increases that can be considered? Those measures are the kind the Bloc could support.

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** First of all, Mr. Speaker, if I am helping him put his questions, it is just that I think our questions are better. We have more experience.

I have read the article the hon. member just quoted and I found it very interesting. I also find interesting the fact that, unlike the Reform Party, the hon. member believes that eliminating tax loopholes would really make the tax system more fair and equitable, and is not just another way to increase taxes. I am glad he is making this distinction, which the Reform members do not seem to be able to do.

\* \* \*

[English]

**PETITIONS**

**Miss Deborah Grey (Beaver River):** Mr. Speaker, my question is for the Deputy Prime Minister.

One of the few mechanisms which the Canadian public has for making direct input into the House of Commons is through the use of petitions. Yet petitions seem to be simply tabled here and left to collect dust. There is no mechanism whereby they can be debated or acted upon directly.

Would the government entertain the notion of further amending the standing orders so as to allow even for a one day debate on those petitions that enjoy a large degree of public support?

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada):** Mr. Speaker, the hon. member has made an interesting suggestion. I think it can be best dealt with by having it studied by the House procedure committee on which her party is represented. This would enable the idea to be explored further.

In the meantime opposition parties have opposition days during which they can debate subjects of their own choosing. Certainly it is open to the member's party to use one of its

opposition days to discuss the subject matter of one or more petitions.

**Miss Deborah Grey (Beaver River):** Mr. Speaker, surely some of these things are important to the government, not just the opposition ranks.

My supplementary question is for the Deputy Prime Minister. Would she allow debate on just one petition pertaining to the credibility of Parliament and public trust in this particular institution, namely the petition that is currently circulating in the riding of Markham—Whitchurch—Stouffville?

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada):** Mr. Speaker, the hon. member has called for this to be a matter of a change in the standing orders. As a first step I think the broad implications of having debates on petitions should be considered in the committee set up by the House for the purpose of considering such changes, and that is the House committee on procedure.

\* \* \*

(1135)

[Translation]

**PROPERTY TAXES**

**Mr. Richard Bélisle (La Prairie):** Mr. Speaker, my question is for the President of the Treasury Board. In December 1992, the previous Conservative government froze the payment of all grants in lieu of taxes on federal lands and buildings, which of course caused a significant shortfall in revenues for municipalities across Canada.

Does the Minister intend to honour the promise made by his Prime Minister during the election campaign so that the federal government meets its obligations regarding payment of grants in lieu of taxes to local governments?

[English]

**Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure):** Mr. Speaker, I am well aware of the concern that many municipal leaders have expressed. Having been one myself formerly I understand the issue involved here.

The matter is under review, as indeed the legislation is with respect to grants in lieu of taxes which comes under the direct jurisdiction of the Minister of Public Works and Government Services. I hope we can have a further response before long for the member.

[Translation]

**Mr. Richard Bélisle (La Prairie):** Mr. Speaker, I have a supplementary. Should we understand that the Minister is committed, on behalf of his government, to paying this year the full amount of grants in lieu of taxes owed to municipalities,

such as Montreal and Toronto, as any responsible property taxpayer should, thus leading by example?

[English]

**Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure):** Mr. Speaker, we want to carry out our responsibilities with respect to grants in lieu of taxes right across the country.

We are looking at the matter, as I responded a few moments ago, and will be responding accordingly.

\* \* \*

### ELECTIONS ACT

**Mr. Elwin Hermanson (Kindersley—Lloydminster):** Mr. Speaker, my question is for the Deputy Prime Minister.

On Wednesday the Prime Minister said that he believed the restrictions on free speech contained in the contested gag law are compatible with democracy. He said that there are a lot of people who want to influence the outcome of an election but “do not have the guts to run for Parliament”.

Why does the government believe that participation in the political process outside the party structure should be so severely restricted?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Mr. Speaker, the Government of Canada welcomes participation by every Canadian in the political process. The Government of Canada is concerned about the issue of paid advertising and paid activity which is a direct attempt to influence the electoral process.

In 1976 when the Government of Canada amended the Elections Act to put all political parties on a level playing field, it did so because it recognized that money should not be the tool to influence democracy.

The federal government believes that everybody should be on a level playing field. The level playing field should not simply restrict spending by political parties but there should be an open opportunity for everybody to participate, not to buy their way into influencing the election.

**Mr. Elwin Hermanson (Kindersley—Lloydminster):** Mr. Speaker, I have a supplementary question for the Deputy Prime Minister. Political parties are not on an even footing and political parties have a financial advantage over private individuals in an election campaign.

Does the minister believe that Canadians should have to fight all the way to the Supreme Court to defend their right to freedom of expression during an election?

### Oral Questions

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Mr. Speaker, nobody is denying Canadians the right to free expression during an election.

The fact is that the Canada Elections Act requires that paid advertising by political parties be restricted. Indeed official agents of political parties are subject to fines and even jail terms of up to five years if they do not respect the advertising limitations.

All that the Liberal Party and the Government of Canada are asking is that when it comes to paid advertising the level playing field be preserved so that democracy can be preserved and no single big money private interest can buy its way into influencing the election process.

\* \* \*

[Translation]

### ARMED FORCES BANDS

**Mr. Gaston Leroux (Richmond—Wolfe):** Mr. Speaker, my question is for the Minister of National Defence. We learned recently that the Department of National Defence spends more than \$32 million a year for several military bands within the Canadian Forces. Given the terrible state of Canada's finances, does he consider it acceptable to spend \$32 million on the bands of the Canadian Forces?

(1140)

[English]

**Hon. David Michael Collenette (Minister of National Defence and Minister of Veterans Affairs):** Mr. Speaker, on a number of occasions I have said that in view of the party's commitment, as outlined in the red book, every aspect of our defence budget is under review. I hope when we make our pronouncements on changes in the defence budget, the hon. member and his party will support the government's action.

[Translation]

**Mr. Gaston Leroux (Richmond—Wolfe):** Mr. Speaker, to help his Minister of Finance who is desperately in need of money, is the minister ready to use the same reasoning in the case of the Canadian Forces bands as he did in the case of the RCMP marching band?

[English]

**Hon. David Michael Collenette (Minister of National Defence and Minister of Veterans Affairs):** Mr. Speaker, I gave the answer earlier.

Is it a question that hon. members opposite are trying to denigrate our cultural heritage as we see it in the Canadian military with music and bands? I always thought that the hon. member's party was one that was very concerned about cultural

*Oral Questions*

matters. Now they are showing they are not interested in Canadian culture. Military bands are very much part of Canada's culture and I hope they will continue to support them.

\* \* \*

**IMMIGRATION**

**Mr. Rey D. Pagtakhan (Winnipeg North):** Mr. Speaker, my question is for the Minister of Citizenship and Immigration.

The recently announced government immigration policy which will allow for the entry of nearly 200,000 immigrants this year under the family and independent class is commendable. These expected new arrivals, in addition to further enriching the multicultural fabric of our nation, will contribute greatly to economic growth according to the Economic Council of Canada.

To give success to this policy, will the minister take steps to ensure that visa offices and certified medical examination centres in countries such as Ukraine, India, the Philippines and others, will be sufficiently staffed and strategically located to ensure that the application process is as convenient and as speedy as possible.

**Hon. Sergio Marchi (Minister of Citizenship and Immigration):** Mr. Speaker, I would like to thank my hon. friend from Winnipeg North and also take the opportunity to commend him for the leadership role he has taken within the general policy areas of both immigration and multiculturalism.

The member raises a good point. There needs to be a connection between the desired levels of immigration announced and debated and the delivery mechanism.

I can tell the hon. member and the House that, for instance, we have increased the number of visa officers at our High Commission in India from 19 to a current 30. As well, we have also put in place accredited medical practitioners because of the demand in the state of the Punjab.

Since the fall of the Berlin wall we have opened visa offices in Kiev, Bucharest and Prague. The hon. member is correct and we are moving with dispatch.

\* \* \*

**TOBACCO PRODUCTS**

**Ms. Margaret Bridgman (Surrey North):** Mr. Speaker, my question is for the Deputy Prime Minister.

The issue of whether to lower cigarette taxes is especially complex and divisive because there are many other issues involved, including health care and crime to name but two.

Since the convictions of members on this issue do not follow party lines, will the Deputy Prime Minister allow members of her government to vote on cigarette taxes without considering it a confidence vote?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Mr. Speaker, the Prime Minister has made it quite clear that on issues that involve the spending of taxpayers' dollars, the government has to have the confidence of the House to be able to carry out those measures.

When the question relates to the budget or major initiatives on excise taxes, the government needs the confidence of its members to be able to proceed with money measures.

**Ms. Margaret Bridgman (Surrey North):** Mr. Speaker, if members of the government vote according to their conscience or according with their constituents' wishes on the issue of cigarette taxes, can the Deputy Prime Minister assure the House they will not be disciplined?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** First of all, Mr. Speaker, I should have congratulated the member on her first question.

Second, I hope that every member of this House has a conscience and when it comes to making decisions around cabinet, caucus, party or government policy that we do not park our consciences at the door.

(1145)

The Prime Minister has made it very clear that when it comes to matters involving taxation, the government must have the confidence of the House of Commons to proceed with initiatives.

It is not simply a case of saying on every tough issue that it is a matter for an individual; on a tough issue which involves several departmental initiatives, such as health issues, criminal and enforcement issues, or tax issues, obviously we intend and need to have a united front as the Government of Canada.

\* \* \*

[Translation]

**HIBERNIA PROJECT**

**Mr. Stéphane Bergeron (Verchères):** Mr. Speaker, Hibernia, the oil drilling megaproject off Newfoundland, is becoming the biggest white elephant in Canada's history.

The federal government is sinking billions of dollars into this financial black hole, at the same time as we are finding out that the Minister of Finance is seriously considering a sizable increase in taxes.

My question is for the Deputy Prime Minister, in the absence of the Minister of Natural Resources. Does the Deputy Prime Minister admit that this project is not financially viable and will she confirm that the cost overruns could exceed \$1.5 billion?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Mr. Speaker, of course, in the red book, the Government of Canada adopted policies on this megaproject for the future. I will also remind the hon. member of comments

made by Quebec's Minister of Natural Resources, Mr. Christos Sirros, who spoke on this issue this week.

That being said, the Government of Canada intends to respect contracts and written commitments, because the government has the right and the duty to honour commitments already made, including those concerning the Hibernia project.

**Mr. Stéphane Bergeron (Verchères):** An answer like that is rather surprising, Mr. Speaker, since the Liberals cancelled the helicopter contract as soon as they took office.

At any rate, can the Deputy Prime Minister tell us if she intends to stop this hemorrhage of public funds, or are we to gather from her answer that in fact her government will continue to squander taxpayers' money on a political pay-off to the Premier of Newfoundland, Clyde Wells.

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Mr. Speaker, I think that it would be inappropriate to compare Toronto Airport with the Hibernia project.

The Toronto Airport deal was signed during the election campaign. It is also known that the Government of Canada had made a direct commitment to cancel the helicopter contract and that the former government, during the election campaign, was in a position to withdraw the contract but the previous prime minister did not exercise that option.

As a government, we have said that the future projects which we will consider will not be megaprojects, because we cannot afford them and it is not profitable for small and medium-sized businesses, which are the basis of our red book.

That said, we want to respect the contracts and commitments made in writing by the previous government. I presume that it must also be the policy of the Bloc Québécois, if it ever came to power, to respect the contracts signed by previous governments.

\* \* \*

[English]

#### NATIONAL DEFENCE

**Mr. Allan Kerpan (Moose Jaw—Lake Centre):** Mr. Speaker, my question is for the Deputy Prime Minister and reflects my genuine concern with decision making in the House.

Could the Deputy Prime Minister explain how and if the parliamentary debate held last week on cruise missile testing had any influence on the government's subsequent decision on this matter?

#### Oral Questions

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Absolutely, Mr. Speaker.

**Mr. Allan Kerpan (Moose Jaw—Lake Centre):** A supplementary question, Mr. Speaker.

I raise this issue to determine the relevance of these open debates. My party and I applaud any steps taken by the government to make Parliament more relevant.

Could the Deputy Prime Minister tell the House if the debate had ended with a motion and a vote to curtail cruise missile testing, would the government have bowed to the will of this House?

**The Speaker:** Order, please. I will permit the Deputy Prime Minister to answer the question. It is a hypothetical question. However, if she would like to address it?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Mr. Speaker, obviously the government respects the will of Parliament on any motion passed in the House. That is democracy.

\* \* \*

(1150)

#### HELICOPTERS

**Mr. Jim Peterson (Willowdale):** Mr. Speaker, my question is for the Minister of National Defence.

This morning's *Globe and Mail* contained an article regarding Canada's Sea King helicopters which implied that in spite of their recent use in the gulf war, off Yugoslavia, Haiti and Somalia, they were not airworthy or capable of carrying out their missions.

I wonder if the minister could comment on the airworthiness of the Sea King helicopters and their capability for the jobs that they have to do.

**Hon. David Michael Collenette (Minister of National Defence and Minister of Veterans Affairs):** Mr. Speaker, I thank the hon. member for his question. I know he is very interested in military matters.

When we cancelled the EH-101 we did so with the full knowledge that the Sea Kings could last until the year 2000. Indeed the EH-101s would not come on stream until about 1999 and 2000.

I recognize some of the comments made but in the article—I read it this morning—the commanding officer at Shearwater said that as far as he is concerned, like any aging equipment the Sea Kings require more and more maintenance but are perfectly safe.

I flew on one in the Adriatic before Christmas, 70 miles, pitch black in stormy seas. It landed on the ship and got me back here. I think it is a good enough indication of how airworthy they are if they could take me that distance and get back safely.

*Oral Questions*

[Translation]

**ELECTRONIC HIGHWAY**

**Mr. Réal Ménard (Hochelaga—Maisonneuve):** Mr. Speaker, I would not want to end the week without asking a question to the Minister of Industry.

During a conference in Toronto on the electronic highway, the secretary of state for science announced the creation of an advisory council. The name of the former president of TV Ontario, Mr. Bernard Ostry, was mentioned as the chairman of this committee.

Can the minister confirm that, indeed, Mr. Ostry will be chairing that committee?

**Hon. John Manley (Minister of Industry):** Mr. Speaker, I thank the hon. member for his question. No, I cannot confirm that.

**Mr. Réal Ménard (Hochelaga—Maisonneuve):** Mr. Speaker, the fact that the minister will not confirm that will not prevent me from asking a supplementary question.

Given that the minister already has recommendations contained in the Ostry report on the electronic highway, could he explain why we would need a second committee to study the matter?

**Hon. John Manley (Minister of Industry):** Mr. Speaker, as we said in the speech from the throne, the implementation of a Canadian strategy for an information highway is a priority of our government.

Considering this is a sector constantly going through changes, we believe we should have a committee to provide us with precise information on an ongoing basis.

[English]

What we are looking for in the formation of an advisory council on the electronic highway, is a group of individuals whose interest in the information highway will touch on a variety of fields; users, those who will be contributing to the highway as well as outside sources. To compose a broad committee which can keep track of the rapid change in this area is what is vital to us in ensuring that we have adequate advice as this important file evolves.

\* \* \*

**JUSTICE**

**Mr. Bill Gilmour (Comox—Alberni):** Mr. Speaker, my question is for the Minister of Justice. On January 4, 1994 I wrote to the minister with regard to the case of Patrick Kelly. He is the former RCMP officer convicted of murdering his wife in 1981.

Since his conviction the crown's key witness, whose testimony convicted Mr. Kelly, now admits her testimony was false.

Given this new information that now introduces reasonable doubt, will the Minister of Justice take action to review the case?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada):** Mr. Speaker, may I acknowledge at the outset my gratitude to the hon. member for Comox—Alberni for informing me last evening of his intention to raise this matter. I am grateful for his consideration.

As a result I have had an opportunity to review the dossier. I can tell the hon. member that I have received correspondence from counsel acting on behalf of Mr. Kelly, invoking the provisions of section 690 of the Criminal Code. This section empowers the Minister of Justice to grant mercy in the name of the crown either by directing a new trial, or by referring the matter to an appeal court for a review where there has been some indication that there may have been a miscarriage of justice.

(1155)

I am now in the process of assembling the material that will enable me to deal with that application, including requesting a copy of the transcript at trial, the addresses to the jury, any reasons for judgment that may have been given, also particulars of any new evidence that counsel wishes me to consider.

In accordance with the invariable practice that material will be organized and assessed. An investigative brief will be prepared. It will be presented in the fullness of time to counsel for the applicant for comment and then the matter will be put on my desk for decision.

I assure the hon. member that I consider my functions under section 690 to be among the most important responsibilities in my portfolio. I will deal with this, as with all other such applications, very carefully and I assure him it will be dealt with in accordance with standard procedure.

**Mr. Bill Gilmour (Comox—Alberni):** Mr. Speaker, my compliments to the hon. minister for giving such a full, complete and direct answer when direct answers from this government are sometimes very hard to come by.

**Some hon. members:** Oh, oh.

**The Speaker:** I take it there is no supplementary.

\* \* \*

[Translation]

**CANADIAN BROADCASTING CORPORATION**

**Mrs. Suzanne Tremblay (Rimouski—Témiscouata):** Mr. Speaker, my question is for the Minister of Canadian Heritage. As was pointed out last evening on the CBC news, in its red book the Liberal Party of Canada accused the previous government of deliberately undermining our institutions and argued that funding cuts to the CBC illustrated the Tories' failure to appreciate the importance of cultural development.

The minister undoubtedly recognizes this excerpt from the red book. Can he tell us whether he agrees with the position taken by his party?

**Hon. Michel Dupuy (Minister of Canadian Heritage):** Mr. Speaker, I am more interested in the future than in the past. It is precisely because of our concern for the future that we announced yesterday a number of initiatives to help fund the CBC's operations so that this great national institution can continue to adapt, flourish and serve Canadians from coast to coast.

**Mrs. Suzanne Tremblay (Rimouski—Témiscouata):** Mr. Speaker, I am pleased to hear the minister say that the red book is a thing of the past. Perhaps we will hear no more about it then. Does the minister still claim to be a friend of the CBC family, while preparing to implement the cuts decreed by the previous government, cuts which the Liberal Party strongly condemned when it was in opposition?

**Hon. Michel Dupuy (Minister of Canadian Heritage):** Mr. Speaker, the letter that I sent to the new president of the CBC yesterday contained more than just an announcement that the cuts decreed by the previous government would not be rescinded. First, we indicated clearly that we would do everything we could to ensure that the CBC continued to flourish in spite of the cuts.

Second, we agreed to a long-standing request from the corporation, namely that it be allowed to borrow money. In the past, this request had always been denied. Third, we indicated that we would look for other sources of funding which would help the CBC to flourish. Therefore, to view the announcements only in a negative light is unfair. The new president of the CBC acknowledged that there was also a positive side to our announcements.

\* \* \*

[English]

## THE BUDGET

**Mr. Bob Mills (Red Deer):** Mr. Speaker, my question is for the Minister of Finance.

Earlier this week the minister stated that virtually everybody at the pre-budget consultation conferences supported augmenting the revenue side.

Mr. Jason Kenney, national director of Canadian Taxpayers Federation and a great many other people have advised me that as participants at the Calgary conference, every workshop called for no increase in taxation. How does the minister explain this discrepancy?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, as I expressed very clearly at the

## Oral Questions

workshops in Calgary and at the other three as well there are differences of opinion as is natural. My statement was that at virtually every conference there was tremendous support for building equity into the tax system.

(1200)

If we take a look at the member's question, I would say that not only virtually every member at those conferences but virtually every Canadian would like to see the government augment its revenues. Certainly we do on this side of the House. We recognize the best way for that to happen is to get the economy going and Canadians back to work. That is why we were elected.

\* \* \*

## AGRICULTURE

**Mr. Don Boudria (Glengarry—Prescott—Russell):** Mr. Speaker, my question is for the minister of agriculture concerning a cattle disease known as BSE.

In the 1980s some 60 animals were imported into Canada from the United Kingdom and one of these animals died of BSE. There is some concern that this disease is still in the country. Will the minister now share with the House what his plans are in regard to this disease?

**Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food):** Mr. Speaker, I thank the hon. member for the question about a very serious issue in the Canadian cattle industry.

Canada's first case of BSE was diagnosed in December of last year in Alberta. The cow was originally imported from the United Kingdom in 1987. Continued access for Canadian cattle and products to international markets depends very heavily upon my department's commitment to undertake very stringent control measures with respect to BSE.

The department is following a procedure that will ensure there will be no animals remaining in Canada that could have had any contact with any source of BSE infection. That position is strongly supported by every major livestock organization in the country as well as by veterinarian professionals, trading officials and our international trading partners.

\* \* \*

## UNEMPLOYMENT

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

Once again we see the unemployment rates today have increased. In the 100 days the government has been in power we have seen two major promises made in the red book broken: first, the implementation of the North American free trade deal and, second, cruise missile testing.

*Routine Proceedings*

On behalf of those 1.4 million Canadians without jobs, I ask the Deputy Prime Minister: Will the government bring in employment targets in its new budget so it can be held accountable for its budgetary and fiscal plans?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment):** Mr. Speaker, the preamble to the member's question is not correct. In fact the Liberal Party met its obligations very specifically to get certain amendments to the NAFTA. Those were achieved by the work of the Prime Minister.

If we are going to make statements in the House we should make sure we are on track. That being said, obviously the first priority of the government is job creation. We are disappointed that the figures are not better. We have a fiscal plan and a jobs plan on track.

Because the hon. member has a great deal of experience in this area, I know she is going to want to work collaboratively with the Minister of Human Resources Development. We do want to live up to our obligation to get Canadians back to work. That is why they have put their confidence in us and we intend to discharge it.

**The Speaker:** I want to share some information with my colleagues. On a normal day we can get approximately 15 or 16 questioners on, but today was a particularly good day.

If I may make an observation both the questions and the answers proceeded very well and we had 19 questioners on today. This is the way the House should be going. With the co-operation of members I think we can make it work.

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## ROUTINE PROCEEDINGS

[English]

### COMMITTEES OF THE HOUSE

#### PROCEDURE AND HOUSE AFFAIRS

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons):** Mr. Speaker, I have the honour to present the second report of the Standing Committee on Procedure and House Affairs regarding changes in the membership of standing committees pursuant to Standing Order 104.

If the House gives its consent I intend to move concurrence in the report later this day.

\* \* \*

(1205)

### CRIMINAL CODE

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada)** moved for leave to introduce Bill C-8, an act to

amend the Criminal Code and the Coastal Fisheries Protection Act (force).

He said: Mr. Speaker, we put this bill before the House in order to make the amendment to the Criminal Code which has been referred to. We commend it to the House for its consideration.

(Motions deemed adopted, bill read the first time and printed.)

\* \* \*

### INCOME TAX ACT

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec)** moved for leave to introduce Bill C-9, an act to amend the Income Tax Act.

He said: Mr. Speaker, I am told that all I have to do is to stand and nod and not speak.

However since this is an historic day, this is the first bill I have introduced, I thought I would just tell members about it. It is an act to amend the Income Tax Act.

**The Speaker:** I would not want you to miss your chance at history.

(Motions deemed adopted, bill read the first time and printed.)

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### COMMITTEES OF THE HOUSE

#### PROCEDURE AND HOUSE AFFAIRS

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons):** I move that the second report of the Standing Committee on Procedure and House Affairs presented to the House earlier this day be concurred in.

(Motion agreed to.)

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### PETITIONS

#### OFFICIAL LANGUAGES

**Mr. George S. Rideout (Moncton):** Mr. Speaker, as is my obligation under Standing Order 36, I present a petition dealing with language and referendum.

[Translation]

**Mr. Paul DeVillers (Simcoe North):** Mr. Speaker, I rise under the Standing Orders of this House to present a petition on behalf of 35 of my constituents, requesting that a referendum be held on the question of official bilingualism in Canada.

The petitioners believe that we are spending way too much money on the official languages policy in this country. While I do not share their view, I have the honour of carrying out my

democratic duty by reporting to the House all the views expressed by my constituents.

[English]

#### SERIAL KILLER BOARD GAMES

**Mrs. Rose-Marie Ur (Lambton—Middlesex):** Mr. Speaker, pursuant to Standing Order 36 it is my duty and honour to rise in the House to present these petitions duly certified by the clerk of petitions on behalf of the constituents of Lambton—Middlesex and surrounding area.

(1210)

The petitioners humbly pray and call upon Parliament to ban the sales of serial killer board games and serial killer cards and prevent any other such games, cards or material from being made available in Canada.

\* \* \*

#### QUESTIONS ON THE ORDER PAPER

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons):** Mr. Speaker, I would ask that all questions be allowed to stand.

**The Speaker:** Is it agreed that all questions be allowed to stand?

**Some hon. members:** Agreed.

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#### SUPPLY

**The Speaker:** Dealing with the supply period, pursuant to Standing Order 81(8), it is my duty to inform the House that a total of nine days will be allotted for the supply period ending March 26, 1994.

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## GOVERNMENT ORDERS

[English]

#### DEPARTMENT OF NATIONAL REVENUE ACT

The House resumed consideration of the motion that Bill C-2, an act to amend the Department of National Revenue Act and to amend certain other acts in consequence thereof, be read the second time and referred to a committee.

**Ms. Susan Whelan (Parliamentary Secretary to Minister of National Revenue):** Mr. Speaker, I would like to recap my earlier comments in support of Bill C-2, an act to amend the Department of National Revenue Act and to amend certain other acts in consequence thereof.

#### Government Orders

This bill would enable the Minister of National Revenue to consolidate two distinct departments under his responsibility since 1926 into one and thus eliminate unnecessary duplication and overlap within government.

It is an act that will bring distinct benefits to taxpayers and will enhance the ability of the Department of National Revenue to provide more efficient and effective services and programs.

I want to assure the House that this act will not compromise the integrity of programs in the area of responsible enforcement, of Canadian sovereignty and laws at the border, revenue generation, or trade administration, the lines of business that make the department an essential national institution.

I would also like to inform the House that Revenue Canada customs is highly regarded and well respected as one of the finest services of its kind in the world. This respect has been well earned and Canadians can rest assured that this will continue to be the case within a unified Revenue Canada. Not only due to its enforcement role but also because of programs such as International Project Return, a program to find missing children, Revenue Canada customs has become internationally recognized.

I would like to assure the member who raised this concern earlier and I would like to assure all of those who work for the safe return of missing children to families that the minister has assured me that Revenue Canada customs remains committed to International Project Return.

As well, Revenue Canada is firmly committed to maintaining and strengthening all its customs functions.

As national revenue minister, the hon. minister has said that the role of customs is essential to the social and economic well being of the country.

As I mentioned earlier, Revenue Canada customs will continue to have a clear mandate to enforce Canadian law and sovereignty at the border by preventing the entry of criminals, illegal immigrants, pornographic material, prohibited goods and weapons. As well, a mandate to protect Canadian business and industry by administering international trade agreements. Further, a mandate to protect local economies by collecting taxes at the border and also a mandate to provide service to other government departments at border facilities.

I would like to assure the House that this mandate will be carried out by competent experienced managers and employees.

As well, the customs and excise union, some organizations and border communities have expressed concerns about the integration of customs within the Department of National Revenue. I again want to inform this House that their concerns are unwarranted and unsupported.

Enforcement activities at Canada's border crossings are important to this government and to Revenue Canada and will remain so. Administrative consolidation will enhance and strengthen customs programs by allowing greater accessibility



*Government Orders*

to a broader range of information, increased use of technology and redeployment of additional resources to better attack the underground economy and combat smuggling.

So far, from savings realized through the administrative consolidation of headquarters, almost \$13 million has been reinvested in key customs initiatives such as enhanced technology at airports and border points to speed up the processing of travellers and goods and to facilitate the detention of contraband and high risk travellers.

(1215)

In 1993 Revenue Canada customs seized a record amount of drugs worth more than \$1.4 billion. I am sure that customs officers will continue their outstanding work with law enforcement agencies to keep drugs off our streets.

Enforcement does not begin only at Canada's border. That is why Revenue Canada is negotiating agreements with carriers in other countries to work together in the international fight against drugs.

The government is very concerned about the level of smuggling we are currently experiencing. Such illegal activity cannot continue to the overall detriment of society and this government is considering its strategies in this regard. We believe that a strengthened enforcement role, both at the border and in the boardroom, will help the government to tackle the issues of smuggling and non-compliance.

I want to inform the House that by combining its resources, Revenue Canada will be able to get tough with the small minority who cheat the system. Administrative consolidation will give Revenue Canada the resources, expertise and information to conduct joint GST and income tax audits of individuals and businesses to identify non-registrants and those not reporting income, to conduct special investigations and to improve its ability to identify non-compliance with all of its acts and regulations.

It is up to this government to ensure that the law-abiding majority does not suffer because of those who deliberately cheat the system either by smuggling or not paying their taxes. All Canadians should pay their fair share.

As the Minister of National Revenue has said, such illegal activities constitute a significant threat to Canadian society and to our economy. This government is determined to maintain and enhance its ability to respond to these challenges. As well, this legislation will permit the minister to organize the delivery of programs and services. With improved accessibility, Canadians will no longer have to run from one Revenue Canada office to the next to get general information, make payments or pick up publications and forms. All of this can be done at one time at Revenue Canada's expanded network of offices across Canada.

As well, there will be a consolidated collections program. Clients will eventually be able to deal with one revenue official for all their accounts. The result will be efficient service that is more responsive to individual business circumstances and combined audits.

Revenue Canada recognizes that businesses usually have to deal with customs, excise, GST and income tax auditors separately. This is cumbersome and inconvenient, particularly for small businesses. Therefore, Revenue Canada is developing a consolidated approach to audit. This will mean better service, reduced costs and less duplication. It will be less intrusive to businesses because whenever possible combined audits will be done at one time.

Finally, we will have a single business registration number. Revenue Canada is taking the lead for the federal government by developing a single business registration number; one client, one account number. This is obviously a much simpler system for businesses that sometimes have to use several different account numbers when dealing with different parts of the department.

The department plans to pilot this initiative in eight cities in May of this year. There will be a single remittance for customs, GST and income tax. The department is now examining a plan which will allow it to accept single payments. This initiative will simplify and streamline accounting for hundreds and thousands of Canadian businesses and an offset system.

Eventually businesses will be able to offset a liability in one area such as taxation with overpayments or refunds from another area such as GST. This will make it possible for the department and businesses to reconcile their accounts with one single cheque. This will also simplify account processing for businesses, improve their cash flow and reduce the cost of doing business with the government.

We will also introduce a simplified combined annual business return. Beginning in the 1993 taxation year, small businesses with gross sales under \$500,000 will be able to file a combined annual return for both income tax and GST. They will be able to pay both taxes with one cheque and even use a credit from one tax account to pay an outstanding balance from another. This will bring existing GST legislation in line with the fairness policy which was recently developed for income tax filers. This policy gives Revenue Canada officials flexibility when dealing with persons who have not met their obligations due to circumstances beyond their control.

(1220)

Revenue Canada is also piloting a new way of doing business with its commercial clients starting with pilots in the automotive and aerospace sectors.

The new business relationship changes the way customs interacts with its commercial clients by re-engineering processes and requirements and reducing red tape and paperwork.

This new approach will generate significant savings for clients. The big three North American automakers and the aerospace industry together estimate a \$180 million saving over the next decade, something quite substantial.

This program has been well received by a cross-section of Canadian businesses. Revenue Canada is committed to building a first class revenue administration capable of adapting to new economic and fiscal policies and one in which service is a priority.

I tell the House today that Revenue Canada is an essential instrument and must be capable of meeting these challenges head on as an organization having service, voluntary compliance, and enforcement as priorities. It would make no sense to weaken our response capacity.

The proposed bill will not undermine the effectiveness of Revenue Canada customs or make it play second fiddle to revenue generation. Administrative consolidation will instead strengthen the government's capacity in this important field. It is for these reasons that I recommend the support of Bill C-2.

**Mr. Jesse Flis (Parliamentary Secretary to Minister of Foreign Affairs):** Mr. Speaker, I congratulate the parliamentary secretary and her minister for bringing this bill in so quickly and congratulate the parliamentary secretary for her emphasis that this bill will look into and put a stop to the illegal entry of criminals, the entry of illegal immigrants and will provide more resources to combat the smuggling of the drugs and the liquor that are coming into this country.

I have said many times before that there is a criminal element taking over the economy of this country. I am glad that this minister and this parliamentary secretary are acting so quickly.

I would like to pose a question based on representations I have received from constituents and other people. When Canadians return to Canada if they have been out of the country a very short time they can bring tax exempt goods back with a maximum value of \$20. If they have been out of the country for 48 hours they can bring goods back worth \$100. If they are away for seven days they can bring back goods worth \$300.

I wonder if this bill does address this. If not, would the parliamentary secretary take representations about looking into increasing the exemptions? Many families come back and they cannot even buy goods for their children for \$100.

My recommendation and their recommendation would be to increase those exemptions perhaps to \$50, \$200 and \$500, or something like that.

**Ms. Whelan:** Mr. Speaker, I would like to inform the hon. member that this bill does not address that issue but we will certainly take that under advisement and look into it.

### *Government Orders*

(Motion agreed to, bill read the second time and referred to a committee.)

\* \* \*

(1225)

### **CROWN LIABILITY AND PROCEEDINGS ACT**

**Hon. Marcel Massé (for the Minister of Justice)** moved that Bill C-4, an act to amend the Crown Liability and Proceedings Act, be read the second time and referred to a committee.

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons):** Mr. Speaker, I am pleased to rise to introduce debate on the second reading of Bill C-4, an act to amend the Crown Liability and Proceedings Act.

Last summer Canada, the United States and Mexico concluded two agreements which were additional and complementary to the North American Free Trade Agreement. One of these agreements is the North American agreement on environmental co-operation. This agreement commits the three countries to environmentally sustainable economic growth, to effective enforcement by each country of its environmental laws and regulations and to increased co-operation in the development of such laws and regulations.

The other is the North American agreement on labour co-operation which promotes improvement of working conditions in the North American workplace for all workers.

[*Translation*]

Under these complementary agreements, the three countries must not only enforce their labour and environmental legislation but also correct any pattern of failure to effectively enforce the existing legislation. These complementary agreements have created international obligations for Canada.

[*English*]

In order to enforce these obligations each agreement provides for the establishment of panels to make findings of fact and determinations. In carrying out these functions a panel may in its determination require a country to adopt an action plan to correct any failures to enforce its own laws or standards. In certain cases the panel determination may require the offending party to pay a fine.

The proposed amendments to the Crown Liability and Proceedings Act, for which the Minister of Justice is responsible, are before us today to permit domestic enforcement by the Federal Court of Canada of determinations relating to Canada's international obligations which may be made by these trinational panels. Without these amendments no mechanism exists in Canadian law whereby our domestic courts can be employed to

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require the government to live up to its international obligations.

[*Translation*]

Canada respects the rule of law. It does not have a problem with using its national legal framework to enforce international rights and obligations.

[*English*]

I would like to outline briefly the process of how penalties will be enforced against Canada under the agreements.

In the highly unlikely event that Canada were to fail effectively to enforce its environmental and labour laws and standards and had demonstrated a persistent pattern of failure to do so, a trilateral environmental or labour panel could require Canada to adopt action plans to correct the problems identified by the panels. Canada could also be subject to fines which are called monetary enforcement assessments in the bill. Very politely, I may add.

Under the agreements any failure to comply with an action plan approved or established by a panel or to pay a fine levied against Canada can only be enforced through the filing of the panel's determination with the Federal Court of Canada. It would then become a judgment of that court and is enforceable as such against the federal crown.

A panel determination that is made an order of the federal court would be enforceable in the same manner as any other order of the court subject to certain limitations.

[*Translation*]

This mechanism could not impose such an order on a provincial court unless the province has signed the agreement in question and the order relates to an area of provincial jurisdiction. In such a case, the province would have to amend its enabling legislation so that the order can be tabled in the province's superior court of competent jurisdiction. Such amendments would have the same effect as Bill C-4 for the federal government.

(1230)

[*English*]

Canada negotiated the right to set up this process thereby avoiding other remedies such as trade retaliation which will be applied in the case of the United States and Mexico. Many of us heard about this negotiating process and the results of the process frequently during the election campaign.

I would also draw the attention of the House to provisions in the bill which promote the finality of the enforcement procedures. Under the proposed legislation there would be no right of

appeal against a panel determination or an order or decision made by the Federal Court in any enforcement proceedings.

Because this is a strictly international determination which calls for particular expertise and complex international issues, Canadian courts would not be allowed to override the panel's determination.

The bill also contains a privative clause to exclude domestic judicial review of the panel proceedings, panel determinations, enforcement proceedings taken in the Federal Court and orders and decisions made by the Federal Court in any enforcement proceedings.

This provision is similar in some respects to one already in place concerning the North American Free Trade Agreement.

[*Translation*]

The government is presenting these amendments early in the parliamentary session to fulfil its commitment towards the United States and Mexico.

In an exchange of diplomatic notes with the United States and Mexico on the coming into force of NAFTA, the minister promised on behalf of the government to ask Parliament for permission to implement these extra-judicial settlement mechanisms at the national level. He made a commitment to submit this request as soon as possible.

[*English*]

I commend this bill to the House for consideration and I urge all hon. members to lend their support.

[*Translation*]

**Mr. Jean-Guy Chrétien (Frontenac):** Mr. Speaker, this is the 102nd day that the Liberal Party of Canada has been in power and we are presented with two bills. This is a big first, and I want to congratulate the Minister of Justice who is showing the most courage by presenting Bill C-2 and Bill C-4 this afternoon.

First, I should say that the Official Opposition will support Bill C-4 introduced by the Minister of Justice. Over the last few years, a consensus has developed in Quebec regarding the opening of our society to international competition. Quebec must participate actively to any initiative intended to reduce trade barriers and to promote international trade. To that effect, our support for that Bill also applies to the principle of NAFTA and to the objectives set out in the side deals.

However, I would like to convey to the House some of our concerns regarding the Canadian process for passing accords. Quebec has, for a long time, made it known that it wanted to be involved when international issues relating to its jurisdiction were being discussed. This is part of what we might call the traditional demands of Quebec. This involvement was upheld by a 1937 decision of the Privy Council, which confirmed that the federal government had to have the agreement of the provinces

to implement international accords affecting their jurisdictions. It is on the basis of that decision that Ontario lodged an appeal to the courts disputing the legitimacy of federal action in this matter.

(1235)

I repeat that the Official Opposition approves the principles of NAFTA. Let me remind this House that Quebec was the strongest advocate of NAFTA and of the free trade agreement between Canada and the United States. During the 1988 election campaign, the Conservative Party used the free trade agreement to get votes in Quebec. With the support of the Parti québécois, the Conservatives were able to win a lot of seats in Quebec and thereby get a second straight mandate.

If Quebecers were so strongly in favour of free trade, it is because they understood that the future of a small and dynamic modern society such as ours is contingent upon being open to the world and having access to major markets. Far from advocating a rigid and inward-looking form of nationalism, Quebecers are confident in their ability, and they are ready to face international competition and conquer new markets.

The federal structure never allowed Quebec to fully affirm its autonomy and extend its jurisdiction to an international level. Quebec can no longer endure this situation which limits its possibilities; the failure of the Meech Lake Accord confirmed the dead end in which Canada put itself.

Let us not forget that Quebec was always willing to participate in federal-provincial consultations on NAFTA, and always strongly defended Quebecers' interests at those meetings. The terms and conditions relating to Quebec and Canada in the side agreements must take into account Quebec's legitimate wishes and reflect the jurisdictional realities that exist in Quebec and Canada. Under the 1867 Constitution, the Official Opposition will not approve any agreement before receiving assurances that Quebec's areas of jurisdiction will be respected.

Negotiations are under way between Quebec and Ottawa in order to implement the side agreements. The Official Opposition is keeping a close watch on these negotiations. It would be totally unacceptable for the federal government to take advantage of Quebec's agreement in principle to unilaterally impose its own environmental and labour standards, two areas in which Quebec is determined to maintain its prerogatives and its autonomy.

Quebec cannot be satisfied with a hasty consultation when issues affecting it so deeply will be discussed in committee. We

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will soon find out whether the federal government's appetite for centralization will gain the upper hand once again.

So that is the position of the Bloc Québécois and Official Opposition.

[English]

**Mr. Charlie Penson (Peace River):** Mr. Speaker, today I am speaking as chairman of the Reform Party committee on international trade.

The topic is Bill C-4 which will permit the full Canadian enforcement of two NAFTA side agreements: the North American agreement on environment co-operation and the North American agreement on labour co-operation.

I will begin my statement by saying that the Reform Party supports this bill, although we do have a few areas of concern that I will be expanding upon later in my presentation. Our support of NAFTA is on the condition that Canadian businesses can take full advantage of this important agreement by reducing government spending and lowering taxes in this country; by eliminating interprovincial trade barriers, and by shifting emphasis from welfare to retraining and technological development.

(1240)

Because we support NAFTA we support the necessary enacting legislation introduced in Bill C-4. I would like to commend the government for signing NAFTA. I was encouraged in the throne speech by the promise of an activist trade policy and by improving access to export sales. I was especially encouraged by the promise to work with provincial governments to eliminate internal trade barriers.

Canada is a trading nation and benefits enormously from trade liberalization. Canada produces a surplus of many goods and services which are in demand around the world. Yet Canada cannot possibly produce the full range of goods and services that Canadians need so it is to our advantage that we maximize and optimize trade. Greater and freer world trade will open up new markets and new opportunities. It will provide more jobs, raise our real income levels and add to the strength of the Canadian economy. The overall prosperity of Canadians will be enhanced.

In Canada, trade accounts for one out of every four jobs generated. In my riding of Peace River we are very dependent on trade to provide jobs; in the agriculture sector, oil and gas, and also in forestry. Twenty-five per cent of everything we produce is exported and the total value of exports is increasing all the time.

This underlines the importance of participating in both NAFTA and the GATT trade agreements. The NAFTA agreement allows Canada to reach its long-term objectives and will

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strengthen environmental co-operation in North America; promote sustainable development on a continental basis; create an effective institution to oversee this agreement; effectively enforce and enhance compliance with domestic environmental laws.

In the area of labour co-operation, NAFTA will improve working conditions and living standards in all three participating countries and it will protect, enhance and enforce basic workers' rights.

In order to benefit fully from any trade deal, the government must ensure that Canadian businesses are in a position to participate fully in the new opportunities that exist.

The hon. member for Calgary Southwest and many of my colleagues have spoken about the importance of bringing down the cost of doing business. We must eliminate deficit spending so that we can finally lower taxes. We must eliminate inter-provincial trade barriers.

There are many categories of barriers. In the agriculture and food processing industries over 100 barriers exist. They include production quotas, differential labelling, quality and packaging standards, and transportation and stabilization subsidies.

In the liquor, wine and beer industries we have provincial production requirements, local bottling requirements, differential mark-ups, quotas, packing requirements and marketing favouritism.

In the transportation industry, we have different licensing requirements, size and weight requirements, safety regulations, provincial transportation board discretionary powers, and varying fuel and sales taxes.

In the area of government procurement, we find explicit and implicit preferences for local suppliers and requirements for locally produced materials. With government procurement expenditures exceeding \$100 billion per year, approximately 20 per cent of GNP, this is by no means insignificant.

In the area of labour mobility, there are different licensing requirements for professionals and trades persons from province to province. These barriers create significant impediments to people wishing to move to another province since skilled workers have to meet additional licensing requirements.

In the area of capital mobility there are industrial incentives, local investment funds and local tax incentives. Such carriers are often used for regional development and create an inefficient allocation of our financial resources.

The cost to our nation of these and other internal barriers is in the neighbourhood of \$6.5 billion per year. Interprovincial trade barriers have fragmented the marketplace and hindered Canada's ability to compete internationally. Furthermore, these barriers give competitive advantages to large firms that can

afford to comply with the stringent rules imposed by government. At the same time they hinder small businesses from reaching their market potential. Unless we can improve competition within our own borders and can lower the cost of doing business by providing some tax relief, we will never be able to reap the full rewards of the expanded trade opportunities that exist.

(1245)

I have outlined our party's concerns on the need to let businesses take full advantage of this trade agreement. We expect the government to take the necessary steps to allow this to happen.

Let me get back to Bill C-4. Under NAFTA a compliance mechanism has been established in the event an arbitral panel finds persistent patterns of failure by a country to effectively enforce its labour and environmental laws. If a country fails to correct the problem, the panel may impose sizeable fines. In the event that a fine is imposed on Canada, and it is very unlikely this will happen as one speaker said earlier, the fine would ultimately be enforced by domestic courts.

At this stage we support this bill and its enabling legislation in order to move quickly to bring this trade deal into full effect. But we do have a few specific concerns that need to be addressed.

First, the bill states clearly that any panel determination that would enforce Canadian labour laws or standards cannot be appealed. We would favour the addition of an appeal process.

Second, we would insist that Canadian members on this panel be chosen on the basis of fair regional representation.

I trust that the standing committee reviewing this legislation will address our specific concerns.

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry):** Mr. Speaker, I appreciate the opportunity to speak today on Bill C-4. Many members will realize this was a central issue for us not only during the last campaign but during the last Parliament.

Many of us participated in the around the clock debate when the then government brought in the NAFTA. Our critic for labour, the member for Kenora—Rainy River, led the debate. We did our best to get the government to include side deals on NAFTA related to labour and environmental standards that we believed to be so necessary and so important for the integrity of this agreement.

We did not have such luck. But it was amazing during the election how our NDP opponents forgot about that debate. They forgot that we debated around the clock and we did our best to fight for amendments to the deal. In fact I remember at one time during the campaign they said that the Liberals were really going along with the Conservative Party package on NAFTA when that was not the case.

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I am happy to speak in the House today, approximately 100 days since the government was sworn in. It was the Prime Minister who within the first week of taking office declared that we would only get behind NAFTA if we could have enforceable side deals. Therefore, I think it is important for all Canadians to know that NAFTA has been strengthened and improved. I believe the side agreements on environmental and labour co-operation will go a long way in allaying the justifiable fears of Canadians in these areas.

(1250)

I specifically like that this tripartite commission which will be set up will be so specific in its area of responsibility and priority that it will include limits on specific pollutants, assessing projects with transboundary implications and reciprocal court access. This is the specific type of thing those in Canada who were opposed to the NAFTA, myself included, wanted attached to the agreement.

Also with respect to the environment the minister of trade went to extra lengths in the area of water. In the last Parliament we listened to lawyers and experts from across Canada who had the view, as did many members, that the issue of water was not clear. In fact they could have access to our water either through the free trade agreement or the NAFTA. Many of us were very concerned about that. I give credit to the minister of trade who went the extra distance to cite water specifically. In fact under these side agreements there is absolutely no way the Americans or Mexicans have unfettered access to our water.

The last point I want to make is in relation to labour. In my riding labour was a major concern and I supported this concern. We are going to have to be very diligent about this issue because many people are concerned about the labour standards in Mexico, especially with this notion of hiring young children and the working conditions. No one in this country could tolerate those working conditions with any kind of conscience at all.

Under the very specific mandate to the labour commission in this side deal we can assure Canadians if there is any action taken in any corporation or any activity in Mexico they can appeal to this commission. We will have representation there that will bring the matter to the attention of this Parliament and that is ultimately what Canadians want.

I am happy to see that all three parties are united on these side agreements to the NAFTA. However, we are going to have to be very diligent and watch this agreement very closely because I know that a large number of Canadians are still very dubious about it.

**Mr. Paul E. Forseth (New Westminster—Burnaby):** Mr. Speaker, I make a comment for clarification on this additional measure.

Can it be explained in plain language on the record, how a local citizen or a company could intervene when they observe in the marketplace that these new orders of the Federal Court, generated from this tripartite commission, can bring others to account, that these new orders will be obeyed and observed both here in Canada and in comparable jurisdictions.

**Mr. Mills (Broadview—Greenwood):** Mr. Speaker, the parliamentary secretary to the minister of trade will be speaking momentarily.

My understanding of this agreement is that when there is a situation having to do either with the environment or labour where we believe the agreement is not being followed, then we would report this to the commission which has the jurisdiction and will allow the claim to be analysed. If the claim is justified and someone is defaulting then action can be taken right away.

(1255)

**Mr. Forseth:** Mr. Speaker, the commission makes a ruling. I believe that ruling will then become an order of the Federal Court of Canada. There is the issue of compliance with that order. I am certain that companies will be looking at the marketplace to see whether those orders are being complied with. Are they then to go back to the commission that made the order in the first place?

I am looking for some clarification in that respect.

**Mr. Mills (Broadview—Greenwood):** Mr. Speaker, the hon. member raises a valid point. This is my understanding of it and I stand to be corrected by the parliamentary secretary to the minister of trade.

Let us imagine there is a court ruling that labour standards are not being followed which essentially would violate the terms and conditions of the agreement. It is then incumbent upon the parties who signed that agreement to implement the direction of that court or panel. We have to have some basic goodwill. If that type of judgment is asserted then the parties involved would make sure that the implementation or correction would take place.

The member raises a very good point. When I debated this point in opposition we heard from many people that the implementation of the agreement whether it be on environmental standards or labour standards would be the great challenge.

The fact that we have isolated from the agreement a special commission both in terms of labour and environment is almost like an enhanced scanner on those two types of activities. My understanding would be that all parties would be much more on alert knowing those panels exist to monitor all activities.

That is our greatest hope. I have not heard of a better way to put some teeth into the agreement.

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**Mr. Mac Harb (Parliamentary Secretary to Minister for International Trade):** Mr. Speaker, it is a privilege for me to rise to speak to this bill, an act to amend the Crown Liability and Proceedings Act.

I would first like to congratulate our Canadian representatives who worked tirelessly to ensure that there is fairness in our trade relations. It will open a tremendous market for Canadian business and Canadian industries abroad.

At the same time I want to congratulate all those who were involved in the negotiations in the three countries, particularly when it came to the side agreements. I know how difficult it was at times in pursuing these negotiations.

The object and purpose of this legislation can be stated in a few words. This legislation ensures that trade sanctions cannot be taken against Canada under the North American Free Trade Agreement, on environmental and labour co-operation.

What this legislation does is give effect to the unique provisions written into these agreements for Canada which provide that our own Federal Court of Canada would enforce a panel determination against Canada in the unlikely event that this should ever occur.

This was the agreed outcome of the trilateral negotiations when Canadian negotiators insisted that for Canada the trade sanctions were an unacceptable recourse and remedy particularly for environmental and labour disputes. Canadian negotiators proposed instead, and it was accepted by the American and Mexican negotiators, that the Canadian courts would enforce the integrity of the agreement as it operated in Canada.

The bill before us gives us legal effect to the negotiated outcome that Canada achieved in the so-called NAFTA side agreement negotiations on environmental and labour co-operation.

(1300)

This amendment is the only legislative measure necessary for Canada to completely fulfil all of its obligations under the North American Free Trade Agreement on environmental co-operation and labour co-operation.

*[Translation]*

The environmental and labour co-operation agreements protect Canada's interests in these fields, with respect to the North American Free Trade Agreement. These agreements reinforce and broaden important commitments made by Canada, the United States and Mexico.

The three countries have pledged to work together to co-operatively pursue environmentally sustainable growth and promote the rights of workers across North America.

More important, both agreements reinforce NAFTA's provisions regarding labour and the environment. They guarantee that the increase in trade we are seeking will not happen at the expenses of the environment or Canadian workers.

At the present time, we are setting up a commission, under the North American Agreement on Environmental Co-operation, which will work to foster close and ongoing co-operation among the three countries. It will have as a mandate the promotion of sustainable development, the development and implementation of environmental regulations, and the settlement of disputes arising from non-compliance with existing legislation.

The commission will ensure the implementation of an agenda reflecting priorities, including setting limits on certain pollutants, evaluating projects having an impact on both sides of the border, and guaranteeing reciprocal access to tribunals.

The commission, in co-operation with the Free Trade Commission, will also ensure that the objectives of the Environmental Co-operation Agreement are met.

Established pursuant to the North American Agreement on Labor Co-operation, the Commission for Labor Co-operation has the same purpose. It will promote the application of a comprehensive set of principles considered essential by the three countries involved.

The Commission will also give effect to the promise made by all parties and set forth in the NAFTA preamble, that is "improve working conditions and living standards" and "protect, enhance and enforce basic workers' rights" in the three countries, on "their respective territories". The Agreement guarantees that legislation governing health and security, children's work, as my colleague mentioned earlier, and minimum wage will be respected in the three countries.

The agreements are based on a very close and permanent co-operation between the three countries, but they go much further than mere co-operation. In fact, each country signing these agreements will be committed to enforcing on its territory any national legislation concerning environment and labor.

*[English]*

The North American free trade agreements on environmental and labour co-operation in fact does strengthen and improve the environmental and labour objectives of the North American Free Trade Agreement.

Through these side agreements Canada, the United States and Mexico have pledged to work together to co-operatively pursue environmentally sustainable growth and promote the right of workers across North America. Achieving these agreements met two of the conditions set out by the Prime Minister for proceeding with NAFTA on January 1, 1994.

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(1305)

In addition, the government sought a subsidy code, an anti-dumping code, a more effective dispute resolution mechanism, and maintenance of Canada's energy security.

Through these discussions with the governments of the United States and Mexico, we were able to successfully negotiate improvements to NAFTA that addressed these Canadian concerns. Understandings were reached on subsidies, dumping and national sovereignty on water resources.

At Canada's insistence, the three NAFTA countries have established working groups on subsidies, countervail and anti-dumping. Through these working groups we will seek rules and procedures on subsidies and dumping to make cross-border trading conditions more secure.

Ultimately, these badly needed improvements will make dispute settlement more equitable and substantially improve the business climate among the three partner countries.

In order to correct some of the false interpretations about NAFTA and water, the three governments have made a joint declaration on water. It states that there is nothing in the North American Free Trade Agreement that could force Canada, the United States or Mexico for that matter to export water.

The government's declaration on energy spells out our commitment to energy security for all Canadians, an important element of our overall economic priorities which also states that Canada will continue to be a strong and reliable supplier of energy to our customers, reinforcing our industry's expanding role in the North American energy market.

Taken together, these improvements enabled the government to proclaim NAFTA on January 1, 1994 and the government is satisfied that the North American Free Trade Agreement will advance Canada's trade policies objectives as stated in this House by all three parties.

I want on this note to thank all my colleagues who have made comments in this House and I am delighted to see this bill moving ahead. It is a great day for all of us and a great day for Canada and for the tremendous opportunities that will come as a result of this agreement.

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry):** Mr. Speaker, I want to express to my colleague, the Minister for International Trade, how delighted I am that this bill has come before the House today, so quickly after we have taken office.

There are many Canadians who have been concerned about this issue and I want to put a question to my colleague because I have a very special and specific interest in this.

Recently Ovide Mercredi, Bob White, head of the Canadian Labour Congress, and others made a visit to Mexico during

which they were investigating conditions that exist there today, or are purported to exist, under which people already were maybe taking advantage of the relationship that we have in this trade agreement. I have been notified of this and many people think that those of us as Liberals who campaigned against NAFTA have walked away from that commitment.

I have a question for my colleague. Is it his view that these side agreements and this piece of legislation that we are putting through the House so quickly today will supply us with the teeth necessary so that when incidents such as were described in the papers recently in terms of people in the community being repressed, et cetera, for certain activities they will help us in addressing that type of incident?

**Mr. Harb:** Mr. Speaker, I want to thank my colleague for his comments on this issue.

Everything we do as a country and as a society has and continues to be in the best interests of our workers and our businesses. We will continue to further the dialogue between our partners both in the United States and Mexico in order to ensure that the quality of life that our workers enjoy here in Canada is enjoyed elsewhere. This bill will further these initiatives for the best.

**The Deputy Speaker:** That appears to be everybody who wishes to speak. I call on the parliamentary secretary to the government House leader to close the debate.

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons):** Mr. Speaker, I just wanted to answer the question raised by the hon. member for New Westminster—Burnaby. It was a very careful question and slightly tricky from the legal point of view.

The decisions that will be registered in the Federal Court of Canada and that thereby become enforceable in Canada will be decisions that are made against the Government of Canada for breaches of its international obligations.

My understanding is that having been made against Canada, the decision becomes an enforceable obligation of the Government of Canada by virtue of its registration in the Federal Court of Canada and the Government of Canada, like all good citizens, complies in all respects with the orders of its courts. Therefore, there should not be further need for enforcement. If it is a fine that has been levied on the Government of Canada payable to the other countries, the Government of Canada would then comply with the order of its domestic court and pay the money to one of the other countries if that is who the fine were payable to.

So I think that is the answer to the hon. member's question. Because it is a court order in Canada by a Canadian court, the Government of Canada would pay it. He will note that the



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amendment is to, I believe, the Crown Liability Act which is designed to allow the courts to make the orders against the crown.

(Motion agreed to, bill read the second time and referred to a committee.)

**Mr. Milliken:** Mr. Speaker, in view of the excellent progress we have made and the co-operation that has been forthcoming on all sides of the House, I think Your Honour will find a disposition on the part of all members to call it four o'clock.

**The Deputy Speaker:** Is it the disposition of the House to call it four o'clock?

**Some hon. members:** Agreed.

**The Deputy Speaker:** It being four o'clock p.m., this House stands adjourned until Monday next at eleven o'clock a.m., pursuant to Standing Order 24(1).

(The House adjourned at 1.14 p.m.)

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