



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Thursday, April 6, 2000**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Thursday, April 6, 2000

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

• (1005)

[*Translation*]

### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 10 petitions.

\* \* \*

[*English*]

### IMMIGRATION AND REFUGEE PROTECTION ACT

**Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.)** moved for leave to introduce Bill C-31, an act respecting immigration to Canada and the granting of refugee protection to persons who are displaced, persecuted or in danger.

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

\* \* \*

### COMPETITION ACT

**Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.)** moved for leave to introduce Bill C-471, an act to amend the Competition Act (international mutual assistance and references) and the Competition Tribunal Act (references).

She said: Mr. Speaker, this private member's bill amends the Competition Act and the Competition Tribunal Act to promote international mutual co-operation in civil, reviewable matters to ensure effective enforcement of the law.

As we know, with globalization there are already treaties which allow for this kind of co-operation in criminal matters, but the

mechanisms that exist internationally do not apply in matters that are civilly reviewable.

This legislation will provide a framework for exchanging information, especially with the anti-trust agencies in the United States and the European Union, and will allow the Competition Bureau to be in a better position to deal with businesses whose operations span borders.

I hope to get the support of the House for this private member's bill.

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

\* \* \*

### COMPETITION ACT

**Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.)** moved for leave to introduce Bill C-472, an act to amend the Competition Act (conspiracy agreements and the right to make private applications), the Competition Tribunal Act (costs and summary dispositions) and the Criminal Code as a consequence.

He said: Mr. Speaker, I have the honour to present a bill to amend the Competition Act, the Competition Tribunal Act and the Criminal Code as a consequence thereof. This enactment strengthens the Competition Act and the Competition Tribunal Act to respond to a changing business and enforcement environment in Canada's marketplace and to enhance protection for business and consumers from anti-competitive activities.

• (1010)

The bill adopts a new approach to agreements between competitors. It broadens access to the Competition Tribunal and provides it, fortunately, with new powers.

Specifically, the bill will modernize current provisions on conspiracy to avoid discouraging strategic alliances, enable individuals to apply to the Competition Tribunal in cases of refusal to deal, exclusive dealing, tied selling and market restrictions, provide a new power to make temporary orders halting anti-competitive acts and broaden the powers to the tribunal to include cost awards and summary dispositions.

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

*Government Orders***PETITIONS**

## CHILD POVERTY

**Hon. Charles Caccia (Davenport, Lib.):** Mr. Speaker, I would like to table a number of petitions from constituents and citizens at large, residents of Canada, who are asking parliament and the House in particular to pay attention to the fact that there is child poverty in this country. They remind us of the unanimous resolution of November 24, 1989 to end child poverty and are asking parliament to fulfil this promise to end child poverty by the year 2000.

## PEDOPHILES

**Mr. Art Hanger (Calgary Northeast, Canadian Alliance):** Mr. Speaker, I have several petitions to present today.

The first set of petitions, which contains 786 signatures, calls upon parliament to enact legislation to establish a pedophile registry.

The second group of petitions contains 249 signatures. The petitioners seek the protection of the communities and children in our country and ask parliament to pass legislation to prevent the release from lawful custody of anyone convicted for a second time of a sexual offence against a minor person.

The third set of petitions contains 75 signatures. The petitioners call upon parliament to eliminate the right of a convicted pedophile to be let out of jail on bail pending an appeal. This would thereby ensure the protection and safety of the victims and the community from a convicted sexual offender.

## THE SENATE

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, it is a pleasure and an honour to rise pursuant to Standing Order 36 to present a petition on behalf of a number of people from British Columbia who are concerned about the undemocratic nature of the Senate and the fact that it is the only unelected Senate in the world today. They are calling upon parliament to take the appropriate measures to abolish the Senate.

## CRIMINAL CODE

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, the second petition I wish to present is quite long so I will summarize it.

The petitioners from British Columbia are calling upon the Government of Canada to amend the Criminal Code to prevent persons convicted of serious crimes from being released from custody pending the hearing of their appeal, except in exceptional circumstances.

## BILL C-23

**Mr. Derrek Konrad (Prince Albert, Canadian Alliance):** Mr. Speaker, I have presented petitions on Bill C-23 before and I have another roughly 350 here, bringing the total to 1,400 people who are calling on the Government of Canada to take all necessary steps within the jurisdiction of the Parliament of Canada to preserve the definition of marriage in Canada. I am pleased to present these petitions on their behalf.

\* \* \*

[Translation]

**QUESTIONS ON THE ORDER PAPER**

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

**The Deputy Speaker:** Is that agreed?

**Some hon. members:** Agreed.

• (1015)

[English]

**Ms. Wendy Lill:** Mr. Speaker, I rise on a point of order to seek unanimous consent of the House for an emergency debate on the protection of regional programming for the CBC.

**The Deputy Speaker:** Does the hon. member have unanimous consent of the House to have an emergency debate concerning the CBC?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**GOVERNMENT ORDERS****WAYS AND MEANS**

**Hon. Allan Rock (for the Secretary of State for International Financial Institutions)** moved that a ways and means motion to implement certain provisions of the budget tabled in parliament on February 28, 2000, be concurred in.

**The Deputy Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

**Some hon. members:** All those opposed will please say nay.

**Some hon. members:** Nay.

**Some hon. members:** In my opinion the nays have it.

*And more than five members having risen:*

**The Deputy Speaker:** Call in the members.

• (1100)

[Translation]

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

(Division No. 1264)

**YEAS**

Members

Adams  
Assad  
Augustine  
Baker  
Beaumier  
Bélangier  
Bennett  
Bevilacqua  
Bonin  
Boudria  
Brown  
Bulte  
Caccia  
Cannis  
Catterall  
Chamberlain  
Charbonneau  
Clouthier  
Collette  
Copp  
Cullen  
Dhaliwal  
Discepolo  
Drouin  
Easter  
Finlay  
Fontana  
Gagliano  
Godfrey  
Graham  
Grose  
Harb  
Hubbard  
Iftody  
Jordan  
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Kilgour (Edmonton Southeast)  
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Lavigne  
Leung  
Lincoln  
Mahoney  
Maloney  
Marleau  
Matthews  
McGuire  
McLellan (Edmonton West)  
Mifflin  
Minna  
Murray  
Nault  
O'Brien (Labrador)  
O'Reilly  
Paradis  
Patry  
Peterson  
Phinney  
Pillitteri  
Proulx  
Redman  
Richardson  
Rock  
Scott (Fredericton)

Alcock  
Assadourian  
Axworthy  
Bakopanos  
Bélaïr  
Bellemare  
Bertrand  
Blondin-Andrew  
Bonwick  
Bradshaw  
Bryden  
Byrne  
Calder  
Caplan  
Cauchon  
Chan  
Chrétien (Saint-Maurice)  
Coderre  
Comuzzi  
Cotler  
DeVillers  
Dion  
Dromisky  
Duhamel  
Eggleton  
Folco  
Fry  
Galloway  
Goodale  
Gray (Windsor West)  
Guarnieri  
Harvard  
Ianno  
Jennings  
Karetak-Lindell  
Kilger (Stormont—Dundas—Charlottenburgh)  
Knutson  
Lastewka  
Lee  
Limoges  
Longfield  
Malhi  
Manley  
Martin (LaSalle—Émard)  
McCormick  
McKay (Scarborough East)  
McTeague  
Mills (Broadview—Greenwood)  
Mitchell  
Myers  
Nunziata  
O'Brien (London—Fanshawe)  
Pagtakhan  
Parrish  
Peric  
Pettigrew  
Pickard (Chatham—Kent Essex)  
Pratt  
Provenzano  
Reed  
Robillard  
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Steckle  
Stewart (Northumberland)  
Thibeault  
Ur  
Vanclief  
Wappel  
Wilfert

**NAYS**

Members

Abbott  
Bailey  
Bergeron  
Blaikie  
Breitkreuz (Yorkton—Melville)  
Brisson  
Canuel  
Casson  
Chrétien (Frontenac—Mégantic)  
Doyle  
Dubé (Madawaska—Restigouche)  
Dumas  
Elley  
Forseth  
Gagnon  
Gilmour  
Godin (Acadie—Bathurst)  
Goldring  
Grey (Edmonton North)  
Guimond  
Hart  
Hill (Prince George—Peace River)  
Jaffer  
Jones  
Konrad  
Laurin  
Lill  
Lowther  
Mancini  
McNally  
Meredith  
Muise  
Pankiw  
Picard (Drummond)  
Price  
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Dalphond-Guiral  
Dubé (Lévis-et-Chutes-de-la-Chaudière)  
Duceppe  
Duncan  
Epp  
Fournier  
Gauthier  
Girard-Bujold  
Godin (Châteauguay)  
Gouk  
Grunding  
Hanger  
Harvey  
Hoeppner  
Johnston  
Keddy (South Shore)  
Lalonde  
Lebel  
Loubier  
MacKay (Pictou—Antigonish—Guysborough)  
Mark  
Mercier  
Mills (Red Deer)  
Nystrom  
Perron  
Plamondon  
Reynolds  
Riiz  
Rocheleau  
Scott (Skeena)  
Solomon  
Strahl  
Tremblay (Lac-Saint-Jean)  
Vellacott  
White (North Vancouver)

**PAIRED MEMBERS**

Lefebvre

Normand

**The Deputy Speaker:** I declare the motion carried.

\* \* \*

• (1105)

[English]

**PROCEEDS OF CRIME (MONEY LAUNDERING) ACT**

The House resumed from April 5 consideration of the motion that Bill C-22, an act to facilitate combating the laundering of proceeds of crime, to establish the financial transactions and reports analysis centre of Canada and to amend and repeal certain

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acts in consequence, be read the second time and referred to a committee.

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, I am very pleased to continue debate with respect to this very important piece of legislation, Bill C-22, which deals with money laundering.

Money laundering poses a great challenge these days to law enforcement agents in their battle against organized crime. For example, a few months ago in the United States, American officials discovered the biggest money laundering operation ever in the history of the United States. Federal investigators believe that Russian gangsters had channelled up to \$10 billion through the Bank of New York, the 15th largest bank in the United States. This news sent extreme shock waves throughout the entire financial services sector and proved that money laundering can certainly affect even the big banks.

It is vital that we get more aggressive in the fight against money laundering and give law enforcement agencies better tools to do their job. For Canadians to feel a sense of security and faith, we must arm our police agencies with all the necessary resources to make sure they can take up their fight against organized crime.

Canada has continued to come under heavy criticism in recent years as a result of being identified as an easy place for criminal organizations to launder money. Criminals have found Canada as an attractive place to hide large financial transactions because of our proximity to the United States, our stable political system, the high volume of cross-border transactions and because the odds of being caught in this country are lower than in other jurisdictions.

The Liberal government has been talking about tougher reporting rules for at least three years. As far back as May 1996 federal officials said that they were considering a mandatory reporting system. This was reported in the *Financial Post* on May 3, 1996.

Globally, approximately \$3 billion to \$5 billion American in criminally diverted funds enter the international capital markets annually. The federal government estimates between \$5 billion and \$17 billion in criminal proceeds are laundered in Canada each year.

Bill C-22 was first introduced in May 1999 as Bill C-81 which died on the order paper when parliament prorogued. It was one of the many pieces of legislation that were victims of partisan proceedings and manoeuvres by the government. Currently Canada has money laundering legislation, the Proceeds of Crime (Money Laundering) Act which was passed in 1991 as a Progressive Conservative initiative.

As a backward glance, the G-7 Financial Action Task Force established in 1989 drafted 40 recommendations aimed at enhanc-

ing and co-ordinating the international effort against money laundering.

According to that task force, the major weakness of Canada's current legislation which was passed in 1991 is the inability to effectively and efficiently respond to requests for assistance in relation to restraint and forfeiture. The use of domestic money laundering proceedings to seize, restrain and forfeit the proceeds of offences committed in other countries is recognized as sometimes ineffective. Legislation to allow Canada to enforce its responsibilities in foreign forfeiture requests is needed.

The task force also recommended that mandatory reporting requirements be legislated. Currently the reporting transactions in Canada are voluntary. A financial intelligence unit should be established to deal with the collection, management, analysis and dissemination of suspicious reports and other relevant intelligence data.

Many of these recommendations are embodied in Bill C-22 which proposes to bolster Canada's anti-money laundering efforts by requiring mandatory reporting by financial agencies of information relating to certain types of transactions. This information would then be sent to a central data gathering and analysis body, the financial transactions reporting and analysis centre of Canada. This would be an independent government body which would be separate from the RCMP but presumably would work closely with all law enforcement agencies.

• (1110)

The disclosure of information by the centre would then be strictly controlled. The centre would be authorized to provide key identifying information of suspicious transactions, for example, the name, date, account number and value of transaction, to the appropriate police force as it has the reasonable grounds to suspect that the information would be relevant to investigate and prosecute if money laundering offences have occurred.

This is also subject to restrictions set out in other legislation, for example the Privacy Act and the Access to Information Act. This same information may be provided to Revenue Canada, the Canadian Security Intelligence Service, Citizenship and Immigration Canada or other relevant agencies. It would also be relevant, for example, to tax evasion offences or threats to national security. For the police to have access to additional information from the centre, they would first have to obtain a court order for disclosure and meet with the standard of reasonable and probable grounds that applies to all offences.

This mandatory reporting is a step certainly in the right direction. The new law would require individuals or entities importing, exporting or transporting currency or monetary instruments in excess of \$10,000 across the border to report all activities to

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Canada Customs. Failure to do so would result in the seizure of the cash or monetary instruments being transported.

The bill does not however define what is and what is not a suspicious transaction, nor has the government yet published its draft regulations. These will certainly flesh out the substance of the bill.

The current system of voluntary reporting of suspicious transactions would be replaced with mandatory procedures. Reporting requirements would apply to regulated financial institutions, casinos, currency exchange businesses, as well as any individuals acting as financial intermediaries, such as lawyers or accountants. These individuals would therefore be required to file reports for certain categories of financial transactions, as well as any transaction where there is reasonable grounds to suspect that the transaction is related to the commission of a money laundering offence. Making ill-gotten gains essentially appear legitimate is what is at the root cause of money laundering and it is an attempt to wash or cleanse this dirty money.

There has been great concern in legal circles over the issue of solicitor-client privilege and confidentiality. Lawyers and accountants acting as intermediaries would have to report suspicious financial transactions carried out by their clients or face stiff fines and possible prison sentences. The Criminal Lawyers' Association in particular said that this kind of reporting violates guarantees of reasonable search and seizure under the Canadian Charter of Rights and Freedoms. Alan Gold of that association states that the bill ignores these concerns.

Certainly ethical considerations already apply for all lawyers and accountants. I would suggest that the reasonable person test would be applied and that there is a greater good at issue here. That greater good is to ensure that we do everything we can to dissuade individuals who would be trying to embark on this type of criminal activity so that we can eradicate it. Certainly there can be a common ground and a middle ground that would satisfy the constitutional requirements of freedom of expression and freedom from unreasonable search.

Penalties for failing to report suspicious transactions are quite heavy. They can be up to \$2 million and imprisonment for five years. This certainly expresses the seriousness and the punitive sanctions reflect this.

The Americans have already moved in this direction with their own tough new law on money laundering. They are very concerned about Canada's approach to crime prevention, particularly since the government changed in 1993. There must be some attempt to at least have a degree of co-operation and parity with the steps the United States has taken.

The Liberal government has given the Americans much evidence to validate their concerns. In December 1999 a U.S. customs

officer discovered an Algerian Canadian with Algerian terrorist connections attempting to enter the United States through Seattle with a carload of explosives. In February 2000 the American government suspended firearms and ammunition sales to Canada, which was done at the request of our government. Legal import licences were being used to import large quantities of handguns, rifles and ammunition. The firearms were then being smuggled into other countries and often back into the United States.

It is an embarrassment for our country. We cannot have the reputation of being soft on crime. It is another blow to the relationship that we have, in particular with respect to the open border relationship with the United States.

Since 1993 the Liberal government has talked about increasing penalties for money laundering as a matter of increasing public safety. Yet the RCMP still very much lacks a proper budget to deal with today's sophisticated criminal. For example, the budget this year saw \$810 million spread over three years, much of it being earmarked to fight organized crime, including activities such as money laundering.

• (1115)

Let us put this into perspective. Some 62% of this new money will not be available until 2001-02. This will be added to the RCMP base budget of approximately \$2.1 million. We suggest this is still not enough.

Mounties already have to curtail their undercover operations which target organized crime, along with a reduction in training. The inability to conduct proper fraud investigations in British Columbia has been highlighted, as has the important issue of inadequate resources.

To correct these problems the Progressive Conservative Party is proposing that over 5,000 RCMP officers are needed. As well, there is a lack of staff at forensic laboratories needed to analyze DNA data and other data that has to be placed on the CPIC system. The police forces need to know that this quickly advancing technology will be incorporated into their services, yet the government will not commit enough money to even upgrade the new CPIC system. It gave \$115 million when it was clearly indicated by the RCMP that \$283 million was needed to bring it up to snuff.

The British Columbia mounties may shift away from organized crime to deal with more pressing needs such as filling police vacancies and simply paying their officers to show up for work.

In rural areas this is of extreme concern. There is a problem with RCMP detachments being closed, or losing municipal police forces in small communities. Granby, in the riding of Shefford, is facing this threat. At the same time, we know that biker gangs are terrorizing farmers, forcing them to grow marijuana in their fields, and even threatening members of the House of Commons.

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This is part of a larger problem. The financial transactions and reports analysis centre is certainly a welcome relief to one aspect of the ongoing struggle that the RCMP faces in trying to protect Canadians, but the RCMP is being stretched to the limit.

We must guard against the beginning of a rivalry between agencies, such as we have seen taking place between the RCMP and CSIS. The breakdown in communications and not sharing information is certainly counterproductive.

The Department of Finance has set an approximate cost for the centre at \$10 million per annum to staff and operate. I suggest this is a small price to pay for public safety, especially when compared with the over \$300 million that the Liberal government has already spent on a very inefficient, ineffective and discriminatory gun regulation scheme, which is certainly not a priority when faced with the ongoing problems of simply staffing RCMP detachments.

In August 1999 the solicitor general told a meeting of police chiefs that this bill was a top priority for the federal government. However, we saw that this bill languished on the order paper for some time and it has taken a full seven months for it to be presented to the House for debate.

Reaction from various organizations concerned and affected by the legislation has been positive thus far. The RCMP calls it long overdue. Superintendent Ben Soave, head of the RCMP's combined forces and special enforcement unit, said that this legislation will make a significant difference.

Gene McLean, director of security for the Canadian Bankers Association, has also referred to this legislation as having been long awaited by the banking industry. Organized criminals will be less likely to consider bringing their money to Canada as a result.

Even as we debate this legislation today, criminals are finding more and more sophisticated ways to launder money in this country. There are many concerns that the Conservative Party of Canada has. Although we support Bill C-22, there are examples by which the legislation could be improved.

Smurfing, which is the practice of breaking down transactions into smaller amounts so that they will not be reported, is still a way that money launderers have to undermine and come in behind this legislation.

There are all kinds of new tricks, including dummy corporations or avoiding banks by using money transmitters such as Western Union and storefront businesses that cash cheques, sell money orders or travellers cheques and then exchange them for foreign currency.

The Progressive Conservative Party of Canada believes very strongly that it is time for the government to do more and to be

more proactive in fighting organized crime. Instead of simply being reactive and following the lead of other countries, it is time for Canada once again to be a pioneer, to step forward and to set an example.

• (1120)

Why is Canada the last G-7 country in the world to implement money laundering legislation? Surely the Minister of Finance, while attending meetings around the world, must have been embarrassed that we are the last G-7 country to implement such anti-money laundering legislation.

Enforcement issues and the burden of investigation continue to be top priorities. Draft regulations are not set out in terms of the precise information which will be required with respect to disclosure.

There are all kinds of other ways to improve this legislation. What about the exemption for retailers? The bill aims at detecting large cash transactions as an indication of suspicious activity. Why are retailers not required to report purchases made with large amounts of cash?

Money laundering frequently takes place in the form of big ticket purchases, for example, real estate, boats, cars, jewellery, et cetera. Disclosure issues as well will have to be addressed and the centre is only authorized to share information with police forces, Canadian Customs, revenue agencies, CSIS and Citizenship and Immigration. There may be others with whom this information will need to be shared.

While we certainly acknowledge that this is a step in the right direction, we are going to have to try to improve this legislation at the committee, and we will endeavour to do so.

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, I thank my colleague for his worthwhile intervention this morning on Bill C-22.

My question for him is, does the legislation and this new agency, and in fact does the government have plans to investigate some of the more advanced types of money laundering? I am speaking specifically of e-laundering, the ability to transmit large amounts of money via technology, the Internet in this case. These transactions are almost impossible to track today, and with sophisticated financial instruments such as derivatives it will become increasingly difficult for governments or regulatory agencies to oversee this type of thing.

I would be concerned if the government did not have a strategy to address this in the future because, clearly, with the increased sophistication of organized crime in this area, this will be a problem; not just for tomorrow, it is probably already a problem today.



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I hope this legislation does not simply address yesterday's problem because of the hesitancy of the government to address the issue earlier. I hope that we are well on the way to addressing today's and tomorrow's problem, that is, electronic commerce being used as a vehicle to launder money.

**Mr. Peter MacKay:** Mr. Speaker, I want to thank my colleague from Kings—Hants. I know he is greatly concerned with this issue. Coming from Nova Scotia, which is bounded by a large body of water, we often face a great deal of importation, not only of money, obviously, but potentially drugs and other contraband material.

The question was very probing. The legislation itself is not crafted in such a way to address the specific question with respect to e-commerce.

The hon. member quite rightly points out that this is very much the wave of the future with respect to financial transactions and potential criminal activity on the Internet.

The new centre which is being set up, because it will be in its infancy, will be very early on faced with the task of trying to craft a response, a way to police the Internet in an attempt to prevent this.

I would suggest that establishing the centre is a step in the right direction. Having personnel will be the crucial response to the hon. member's question, ensuring that we have individuals who are trained, intelligent and up to speed on the latest technological advances. Hopefully the centre, with shared resources and with the ability to hear from agencies such as those in the United States, will be able to address this serious problem in the future.

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, I have a long history in this kind of issue. I sat for 10 years on the Waterloo Regional Police Commission. As chairman, I can tell members that this was an area of primary concern.

We went across Canada and, in fact, went to international conferences where we looked at these issues because they were very, very important, not only to Canada, but to nations around the world.

• (1125)

I was quite heartened by the fact that the hon. member opposite deemed it appropriate to make his comments. I know that he has a very strong interest in this area. I congratulate him for some of the recognition that he gave to the government with respect to the kind of initiative we are taking.

This initiative will require not only physical resources but human resources to accomplish the desired result. I applaud the government and members on this side of the House for the kind of measures we are taking. It is always a question of whether we should go further or faster, more money, and those kinds of issues.

It is often a question of priorities. However, I think at the end of the day Canadians will applaud what the government is doing in this very important area.

In light of the globalization that is taking place and in light of the interconnectedness of the world, does the hon. member see that this is a problem which will escalate over time? I am sure he will say yes. I would like to know his views with respect to how best to try to curtail this very severe problem in a globalized world. After all, it is a very severe problem. People, no matter where they live in the world, find themselves caught in the trap with these kinds of criminal activities.

When I was chairman of the Waterloo Region Police Commission, with 700 police officers and civilians, we went to great lengths to look at this issue. We had symposia and went to places across Canada and internationally to see what could be done. I would be very interested in his views because of his background and his very strong interest in this area.

**Mr. Peter MacKay:** Mr. Speaker, I thank the hon. member opposite for his question and his intervention. I certainly acknowledge his similar interest in matters of justice and policing around the country. As a former police officer I am sure he appreciates the incredible pressures that frontline police officers and those who specialize in areas such as organized crime are faced with on a daily basis.

I also want to acknowledge his commentary with respect to the usefulness of the bill. We in the Progressive Conservative Party applaud this government initiative. In fact, it is a continuation of a bill that we put in place when we were in government in 1991. I do not want to get into a partisan rant, but we have seen similar instances where the current government was not so complimentary of the Progressive Conservative government of the day and absolutely castigated the government for things such as free trade and the GST, but then, similarly, when in office, enhanced, expanded, embraced and took credit for bills and legislation put in place by the Progressive Conservative government. We will not follow that path. We will acknowledge that the Liberal government has done the right thing by continuing to move in the right direction, which was started by a Progressive Conservative government.

To address his specific question, this legislation and the setting up of this centre will very much put in place a process that will allow us to embark on the further information sharing that the hon. member referred to, the ability to see what other countries are doing, in particular the United States, and to draw on the best minds, the best personnel and the best intelligence that is available to see that we address this very serious global problem to which he referred quite correctly.

That and recruiting individuals from the country, keeping our very best and brightest here, and offering them opportunities in this

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area is another suggestion that I have as to how we can continue to fight this problem and enhance our ability to guard against this type of criminal activity that is becoming very much a global problem.

I would suggest, and he alluded to it in his question, that it has a great deal to do with the personnel and the intellectual property that we have to preserve and enhance in the country in our attempt to address what is a wonderful opportunity when it comes to technology and the Internet and the use of global communication, but it is also something that can leave us very vulnerable if we are not prepared to put in place the safeguards.

The centre can be a centre of excellence. It can be a great opportunity for those trained in this capacity, and hopefully we will, and I have every confidence that we will, continue to produce very bright, intelligent people who will be able to help us in this task.

**Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance):** Mr. Speaker, I want to congratulate the hon. member for the message that he gave us this morning. It is a given that in order to attack the problems in organized crime or any crime we need the manpower.

• (1130)

Speaking from a personal basis, in my constituency I believe I have more ports of entry than any other constituency in Canada. Every detachment along the border with Montana in the United States has been cut in half. When I attended a banquet of a rural municipality government, the sergeant in control of that area reported that because of cutbacks they were not able to investigate all reported crimes.

Knowing that the staff is not available, people are failing to report crimes such as break and enter. The statistics show that the crime rate is going down, simply because they are not being reported. I would like the member to comment.

**Mr. Peter MacKay:** Mr. Speaker, I could not agree more with the hon. member. He has made a very useful and very straightforward commentary on the task before our law enforcement agents, not only police and RCMP but very much with respect to our ports and our border police.

This country, if I can make the analogy, is like a big, beautiful racehorse and these criminals are like horseflies buzzing around it. We are very much in danger of the parasites taking over the host if we do not allow our police agents the ability and give them the necessary resources to do something about it.

We must be prepared to take the necessary steps, put the money into resources, and when we are made aware of situations like the Sidewinder file outside the country we better be ready to lay the money down and give police the backup they need.

**Mr. Jim Abbott (Kootenay—Columbia, Canadian Alliance):** Mr. Speaker, we are debating today Bill C-22, an act to facilitate combatting the laundering of proceeds of crime, to establish the financial transactions and report analysis centre of Canada and to amend and repeal certain acts in consequence.

On December 3, 1998, the solicitor general said that early in the new year of 1999 the government would introduce legislation to curb money laundering. It did not happen in early 1999. In fact it happened in May 1999, but due to the agenda of the government the legislation ended up dying on the order paper. This vital legislation, which was supposed to have been introduced according to the words of the solicitor general in early 1999, was finally reintroduced for passage by the House on December 15, 1999, not exactly early 1999.

Yesterday the solicitor general came to the standing committee on justice and told us that when he had last appeared before the committee he said they would do it and now they have done it. Yesterday was the first day, one full year after he had been there in the first place, that he could sit there and boast about the fact that they had done it. What is involved? It strikes me that if the Liberals were given a hamburger franchise they would do away with the term fast food. I do not understand.

Let us take a look at an article from the *Globe and Mail* of April 4. It is important that the government get on with it. The article reads:

“The effect of organized crime can be traced in the smallest, most remote communities and in areas as diverse as insurance premiums and ice cream retailing”, law enforcement officers told a conference that ended yesterday in Montreal. “For the first time, organized crime, serious criminal organizations, are actually threatening the democratic institutions of this country and the values that we hold dear. It is a real threat to the way of life we have in this country. It is that serious”.

That was a quote by an RCMP deputy commissioner. The article continues:

—said former Crown prosecutor Louis Dionne, now head of the organized crime directorate for the Surete du Quebec, “You can’t see it. You can’t smell it. But if you have the misfortune of putting your wet fingers in the socket, it’ll hurt you”.

• (1135)

That is where we are. I have actually been questioned by reporters on its significance, on what money laundering is all about. Although Canada is a member of the Paris based international task force against money laundering, it does not get good grades from world experts on this problem. They also say that it would be a good idea, perhaps, to set up money laundering in Canada because the charges are less and the risks are lower.

Why has the government delayed and delayed the introduction of the bill? We will be supporting the bill, but the point is that we would have supported similar legislation if it had been brought in,

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in a timely manner, two years ago. The bill will leave the House after second reading, go through the committee process, come back to the House, go through report and third reading stages, and then to the other place for senators to do their thing. Why has there been this delay on legislation which I dare say all members of the House would support?

There are members of the House of Commons who are threatened by organized crime directly and personally. They and their families are directly and personally threatened by organized crime. How close can we get to the bone when even members of the House are threatened? I say shame on government members for taking so long to bring in the legislation.

Bill C-22 received first reading in the House of Commons on the December 15, 1999. The purpose of the bill is to remedy the shortcomings in Canada's anti-money laundering legislation as defined in the G-7's financial action task force on money laundering in its 1997-98 report which said:

The only major weakness is the inability to effectively and efficiently respond to requests for assistance in relation to restraint and forfeiture. The use of domestic money laundering proceedings to seize, restrain, and forfeit the proceeds of offences committed in other countries is recognized as sometimes ineffective, and legislation to allow Canada to enforce foreign forfeiture requests directly should be introduced.

In addition, the FATF recommended that reporting requirements in Canada be made mandatory rather than voluntary, as is currently the case, and that a financial intelligence unit be established to deal with the collection, management, analysis and dissemination of suspicious transaction reports and other relevant intelligence data.

Organized criminals, particularly in the drug trade, generate and launder billions of dollars annually. They launder money in order to continue their illegal operations. They move to jurisdictions with strong controls to jurisdictions with weak or no controls, and I have just unfortunately described where the government has allowed Canada to fall. Financial transactions conceal criminal profits to make them appear legitimate.

Yesterday my colleague from Surrey Central gave some examples of the criminal use of money laundering, but it is more than just the criminal use of money laundering. There is also the whole issue of terrorist organizations being involved.

On January 5, 1999, a television report reported on criminal organizations that want to launder money through Canadian business. A multinational company trading in the stock market was found to have ties to the Russian mob. While investigating the company, YBM Magnex, this market investigator traced the company's corporate history back to one of the world's top criminals and head of the eastern European Mafia. The company, now delisted, had stocks valued at \$600 million and its principal business was laundering money for organized crime.

The story went on to say there are an estimated \$400 billion in profits from the sale of state assets that are now looking to be laundered. It is more than just ordinary criminal activity that we

associate with drugs. Now we are talking about the use of money laundering to move state assets from Russia.

• (1140)

As one investigator puts it, Canada and the U.S. are like candy stores for criminals. The unanswered question is how many investors were hurt with the evaporation of the \$600 million equity in YBM Magnex.

We have just seen in the last couple of days billions of dollars removed from the stock exchange. Probably hundreds of thousands of retail investors in Canada have been seriously hurt with their speculation in the stock market, but this was a situation where \$600 million evaporated in value from the stock market. What about those investors?

Even the former premier of the province of Ontario and very high profile Canadians in the public eye were sucked into the YBM Magnex vortex. The Ontario Stock Exchange and Securities Commission got a deserved black eye for not adequately protecting investors. This followed on the heels of the \$6 billion Bre-X debacle. It is little wonder Canada has a less than stellar reputation in the global investment market.

Capital investment is what builds an economy. It is well past time for the federal government to take its responsibilities more seriously and to do things in a more timely manner.

As I mentioned, the member for Surrey Central yesterday gave some good examples of how money is laundered, but what about the issue I have raised of terrorism? According to an RCMP report, Toronto and Montreal groups support the Tamils and Hamas. According to the Ottawa *Citizen* of Monday, March 27, 2000:

Violent street gangs in Toronto and Montreal are channelling criminal profits to Tamil terrorists waging a bloody fight for an independent homeland in Sri Lanka, says an RCMP intelligence report. An extensive probe by the Mounties found "strong connections" between the outlaw gangs and the Liberation Tigers of Tamil Eelam, one of the world's most dangerous guerrilla groups. "There is clear evidence to support the relationship and that the money involved is being funnelled to the LTTE for extremist purposes in Sri Lanka," says the newly declassified report, obtained through the Access to Information Act. The RCMP implicate the Tamil criminal groups in a staggering variety of activities, including extortion, home invasion, attempted murder, theft, importation and sale of brown heroin, arms trafficking, production and sale of counterfeit passports, migrant smuggling, bank and casino fraud, and money laundering. The activity is escalating and likely will become more difficult for police, adds the report.

This is an exceptionally serious issue. I say one last time, shame on the government for the unnecessary delay in bringing the legislation to the House.

Some concerns have been raised about the legislation. Criminal defence lawyers and the federal privacy commissioner warned the

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reporting scheme could turn Canada into a nation of snitches. The Canadian Security Intelligence Service said the transaction reporting regime could become “a bureaucratic monster”. CSIS proposed more selective measures that would target parties known to engage in dubious activities. A writer in the *Financial Post*, Terence Corcoran, indicated:

If passed, Bill C-22 would give Ottawa fresh authority to trap the innocent, infringe on privacy, collect mountains of information on citizens and put routine money transactions under suspicion. It would also conscript lawyers, banks, accountants and others into a national subculture of informants and snitches.

In a letter to the justice minister last December, the Canadian Bar Association listed some of the threats posed by Ottawa’s plan to increase its surveillance over money transactions greater than \$10,000. It said routine legitimate business transactions could be disrupted and solicitor-client relationships undermined. “The mandatory reporting of information which may be confidential is a drastic measure and a gross intrusion into a previously protected sphere”. The bill, it said, amounted to “restructuring the relationship of trust between lawyers and clients”.

• (1145)

There are protections under criminal law. I have read that:

At common law, securing a conviction for money laundering requires the Crown to prove four elements of the offence beyond a reasonable doubt. Specifically, it must be proven that the accused (i) dealt with the laundered property (ii) with intent to convert or conceal it. Moreover, the property must have been (iii) derived from the commission of a predicate offence, and (iv) the accused must have had knowledge of that fact. As a result of legislative enactments, however, the Crown is now required to prove only the accused’s subjective belief that the proceeds were derived from the commission of the predicate offence, even if this is not the case. This allows the police to arrange “sting” operations.

This is another tool in the ability of the police to be able to go after that.

In addition, all the money laundering offences include a companion offence relating to possession of proceeds, which may result in a conviction even where the Crown is unable to prove the laundering offence. The “possession of proceeds of crime” provision is broader in the Criminal Code than in other statutes; it applies to the possession of proceeds of any indictable offence, not only to predicate offences. While these are not money-laundering provisions themselves, they have proven useful to police in securing convictions in the absence of sufficient evidence to secure a conviction for a laundering offence.

I suggest that this is exactly the fine tuning the committee will have to get into.

There will always be exceptions in criminal law, but on balance the criminal law, as it is presently constituted, works as far as it has gone. Late though the government may be, it is now adding another tool to the tool kit so the police will be able to enact enforcement. This gives us an idea of the balance between entrapment of the innocent and effective tools of law to help our enforcement agencies do their job.

In another article from the *Montreal Gazette* on December 4 1999, Tom Naylor, an economics professor at McGill University in Montreal, wrote:

Yet money laundering is a contrived offence that has no business in the Criminal Code. And perfectly satisfactory instruments for stripping criminals of their ill-gotten gains already exist.

That is not the point. The point is not to strip the criminals of their ill-gotten gains. It is a byproduct of this and other legislation. The point is to interdict the flow of ill-gotten gains and determine its source. By determining its source, the police can then proceed with proper criminal investigations and proper criminal prosecutions against people who are involved in these illegal activities, which are not only dangerous to our families and our society in the broader context but perhaps even dangerous to the very sovereignty of our nation as we understand it.

Therefore, inflammatory comments about the effect of this legislation are not helpful in this dialogue. Sincere concerns about ensuring that our individual rights and freedoms are protected and sincere concerns about drawing out what the trade-off will be are valuable contributions to this. However, with every law there is a degree of trade-off for the person who is involved in the illegal activity against the freedoms that we as law-abiding citizens have a right to enjoy in our society.

Let us deal with the funding issues of this legislation. Previous attempts to curb money laundering have been hampered at every step by budget problems. Curbing money laundering is a very effective weapon against the drug trade and frontline RCMP officers risk their lives every day in the fight against organized crime. I am not only thinking of frontline RCMP officers who risk their lives, but I am also thinking of the people who co-operate with the RCMP and funnel information to them. Those people also put their lives on the line. We have read and are aware of many situations where people have put their lives on the line and then, due to lack of adequate legislation, the perpetrators of the offence have been able to either walk away or get off with a reduced charge.

• (1150)

The benefits of crime control far outweigh the cost of implementing the programs to curb money laundering. We must ensure resources are available to get the job done.

I have been advised that a separate agency is required to create protection for our freedoms. With the agency standing alone and enforcement regimes like the police and CSIS having to substantiate further requests through courts of law, it is expected there will be sufficient protection for law-abiding citizens. Again, this is something that all members of parliament will be examining very closely when the legislation is before a committee.

We have to make sure that we have proper laws for Canada so that we are not a haven for the proceeds of crime. However, at the end of the day, what we also have to be very clear about is that when we give these tools to the enforcement officers in our

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community, we also have to be sure that there are proper safeguards built in so that law-abiding citizens are not drawn in.

I will reflect back for a second on the YBM Magnex International Inc. example. We also need this legislation to ensure that law-abiding citizens are not also drawn into the vortex of the money laundering that is currently going on within the boundaries of our sovereign nation.

We will be supporting this legislation but not blindly. We will be ensuring that the rights of all Canadians are protected as this comes back to this legislature.

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, I was somewhat heartened to hear the member opposite talk in terms of the benefits of the bill. Of course, we on the government side take these kinds of issues very seriously, as well we should, because Canadians, no matter where they live in our great country, take it seriously.

As we have done historically and specifically with regard to this bill, we have proceeded in a timely fashion, unlike the member opposite who thinks we should have taken more time. We have taken the required time to review the circumstances and talk with partners around the world, not only in terms of policing agencies but to get the kind of bilateral and multilateral arrangements in place that are part and parcel of the Canadian way of doing business.

I am heartened to hear that some members opposite are indicating that this is a good bill. It certainly underscores the commitment of the Government of Canada to do the kinds of things that are appropriate when it comes to this all important issue of money laundering and the exchanges of cash that take place, et cetera, and in trying to secure our banking and monetary systems in a way consistent with the values of Canadians and the international community.

As we move into more globalization in the future, would the hon. member agree that we should bring in more partners to be a part of this process? Should other countries in the world be assisting in this area?

Could he also outline not only his position but especially the Canadian Alliance's position vis-à-vis this criminal activity? Could he perhaps, in point form fashion, outline his party's position on the steps that would be appropriate to curtail, in a globalized economy, these kinds of things, especially as it relates to bringing in other partners from around the world? I will be interested in his response.

**Mr. Jim Abbott:** Mr. Speaker, I appreciate the question from the member. From time to time he has been quite vocal in his criticism of the Canadian Alliance, and I do not take his intervention today as being that. I take it as being a very responsible intervention. I cannot resist the temptation to say, for a change.

• (1155)

I would suggest very gently that his statement that the government takes these issues seriously is a catch-all phrase for the government. I will be answering his question, but I do want to make this statement. My criticism is that the government has not acted in a timely fashion.

The government had a clear understanding in 1997-98, fully two years ago, about what the expectations were of the G-7. I seriously question the member's intervention when he says that the government has acted in a timely fashion taken the time required. How much time is required? The legislation in its basic form, as it presently sits, was brought before the House and due to the legislative calendar set up by the House leader on behalf of the Prime Minister, who is the leader of this government, it ended up falling off the legislative agenda for a full 12 months. I do not think that is taking the issue seriously and I do not think it is working in a timely fashion.

To answer the member's question, I am stating this as the solicitor general critic for Her Majesty's Official Opposition, the Canadian Alliance. I believe that the government, if it is going to do the things necessary in terms of, as he puts it, bringing on more partners and working in co-operation with other international agencies, the government will have to step up with more resources, more resources in legislation and more resources in dollars and cents.

The government has squeezed the heck out of the RCMP to the point where it did not even have wheels to be able to turn to go down the highway. The RCMP has reached a point of rust-out. The RCMP is a very dispirited organization at this point in terms of its manpower because of the constant squeeze on the salaries of the RCMP.

If the government is going to do what is necessary there has to be full global co-operation between the Canadian government, the other governments of the G-7, the OECD and indeed all governments. The government cannot be seen to be what it is presently, which is kind of treating this whole issue almost like a poor orphan son.

The government needs to step up the resources required in order to get the job done. I do note that the government did come forward with some \$500 million plus for the RCMP. It is a start but it is late. The point I am trying to make is that the RCMP requires more resources in terms of dollars and cents and CSIS requires more resources in terms of dollars and cents, but they also require a heavier attention by the government to this very important issue because it permeates every part of our society.

The government is on the right track. I prod it once again though because I do not think it is working nearly quickly enough on this and other very important issues that relate to organized crime and terrorism and the sharing of criminal intelligence around the world.

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**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, it is a rare thing for me to agree with the Canadian Alliance, but I agree 100% with the comments by the hon. member on the job the Liberals are doing.

We have always had to force the government to act, whether in connection with crime, with legislative amendments, or other things that had to be done.

Take, for example, the \$1,000 bill. A while ago, they announced their intention of taking it out of circulation. The Bloc Québécois has been calling for this famous \$1000 bill to be withdrawn ever since 1994, because this was one of only a few countries with such a high denomination.

• (1200)

We are well aware that these notes were used by organized crime. I realize that the member opposite does not like to hear the truth, that he is running away to avoid hearing it, but the Bloc Québécois had to introduce private members' bills in this House to convince the government to take the \$1,000 notes out of circulation.

The issue of money laundering and the introduction of a measure similar to Bill C-22 were discussed as early as during the Bloc Québécois' first mandate. The issue was also part of our platform in 1997. Everyone knew that there was a major money laundering problem in Canada. It was only after the Americans ridiculed it that the government opposite finally decided to do something about this problem.

The Liberals had better not tell us that they have been diligent in this area. I fully agree with the Canadian Alliance member about the government's negligence. Since the Liberals took office, and while they were not taking any action, between \$80 billion and \$100 billion were laundered in the Canadian economy. This is unacceptable.

*[English]*

**Mr. Jim Abbott:** Mr. Speaker, of course we are in agreement. It is unusual for the Canadian Alliance to agree with the Bloc on many things. Clearly, when one of the members of the Bloc Québécois has been threatened by organized crime in his constituency, we must pull together. This brings the importance of this to the attention of the House.

On another up note, as a result of a Bloc Québécois motion which I believe was supported 100% by the House, a subcommittee has been struck to examine the whole issue of organized crime in Canada. I commend the Bloc Québécois for that. The subcommit-

tee was struck just two days ago. The committee chair has been named and we will start to work on this issue.

Again, I agree with the Bloc it is unfortunate that the opposition has had to push the Liberal government so hard to get it to do the things necessary to get on with the very important job of protecting Canadian society.

*[Translation]*

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, I am pleased to rise to speak to Bill C-22.

We should make it clear right off that the bill was introduced by the Minister of Finance. It is surprising from its title, because it could have been introduced by the Minister of Justice or even the Solicitor General of Canada. This bill is entitled an act to facilitate combatting the laundering of proceeds of crime, to establish the financial transactions and reports analysis centre of Canada and to amend and repeal certain acts in consequence.

From the contents of the bill, we can see that the Minister of National Revenue is the minister primarily concerned, since the bill concerns a number of matters relating to income.

The fact that this bill could have been introduced by a variety of ministers is not insignificant. It means that Bill C-22 involves a matter of some scope affecting various facets of our society.

Bill C-22 is in fact a tool to help us fight a scourge, whose impact can be felt on the streets, in the schools, in the vaults of our financial institutions and in our penitentiaries. It is even felt by our farmers, as we saw last fall, and in a number of economic, social and even cultural sectors of our community.

This scourge has a name. It is called organized crime. It comprises many aspects: the bikers, the Italian mafia, the Russian mafia, the Asian triads, street gangs and so on. Each aspect operates in its own way and has its own varied and effective methods of intimidation.

Thus, members will understand that organized crime is an evil poisoning our lives in many ways. And it is precisely because it is organized that this type of crime is so hard to fight.

• (1205)

There is only one way this can be done: we must get organized ourselves. This means that, like crime, justice must be organized. We must also provide adequate funding—I am happy to hear members of other parties in the House say so—to the police to help it organize its efforts. Stiff measures are needed and they must be organized. In a nutshell, it would be better if we started calling the shots or others will keep calling them for us.

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But all this is not easy—far from it. Organized crime is not just the occupation of a few influential masterminds. It is no longer the playground of people like Al Capone and the mobsters of the early 1900s.

Organized crime involves many kinds of individuals, some of whom may often bear a strong resemblance to you or me. Most of them are anonymous members of the public who appear to lead their lives in an entirely above-board and ordinary manner. All the players in organized crime do not bear some easily identifiable mark. On the contrary, the people involved in organized crime are often anonymous.

Obviously, there is a more visible type of crime that often makes the news and appears in the headlines. There was the biker war that was splashed all over the media a while back, and which makes a return appearance from time to time. But the whole biker war phenomenon is only the tip of the iceberg.

Members will therefore understand that the phenomenon we are now seeing is extremely complex. It was time that the government suggested some effective responses to one of the most harmful aspects of organized crime, money laundering.

On more than one occasion, the Bloc Québécois has been critical of the failure of Canadian legislation to prevent money laundering. Even so, the government waited until Canada found itself in the unenviable position of money laundering centre of the world before it decided to take action. It was high time that Canada did something because it has become, in the opinion of many international experts, a real sieve.

What exactly is “money laundering”? It is the process by which revenue from criminal activities is converted into assets that are difficult to trace to their criminal origins. What is involved here is the concealment of the proceeds of crime by making them appear legitimate. The bulk of these assets are related to drug trafficking, and most of the rest to criminal activities such as robbery or cigarette smuggling.

Since, by their very nature, money laundering and the criminal activities it attempts to camouflage are clandestine activities, it is hard to have any clear idea of the scope of money laundering activities. According to experts, however, the annual figure for the laundering of the proceeds of organized crime is about \$17 billion.

What weapons did we have, then, against such a huge problem? Far from enough. A brief overview of Canadian legislation would be appropriate here. Hon. members will recall that the federal government passed legislation in 1988 amending the Criminal Code, the Food and Drugs Act, and the Narcotics Act, creating a distinct criminal offence of money laundering and providing for the seizure and forfeiture of the proceeds and property derived from various criminal and drug offences.

• (1210)

Section 462.31(1) of the Criminal Code provides that everyone is guilty of an offence who deals in any way with property or proceeds of property with the intent of concealing or converting them, while knowing or believing that all or part are derived, directly or indirectly, from the commission of either an enterprise crime offence or a designated substance offence.

The Criminal Code includes a list of 35 crimes coming under the definition of enterprise crime offence. We can see that something has been around since 1988, but we have to look at the decisions, the jurisprudence directly concerned with this section to realize it is inadequate, that it is insufficient to effectively fight crime. There is no need to be a great expert in criminal law to recognize this. It is enough to visit the courts to see how easy it is for a defence lawyer to get around these sections.

In 1991, there were other amendments to the Proceeds of Crime (Money Laundering) Act. Legislation was enacted in an extremely important area—financial institutions, real estate brokers, portfolio managers, and so on. It provided that, for any transaction of over \$10,000 of a suspicious nature, information was to be taken and kept for five years. However, this was left to the discretion of the institution.

When a client of a financial institution has several million thousand dollars, and his portfolio is managed there, members will understand the reticence of the financial institution to report these sums. There is a problem.

In the last election campaign, the Bloc Québécois included an approach in its platform to tighten things up, to provide major legislation to fight money laundering. Finally, the government seems to have understood with Bill C-22.

In introducing this bill, the government significantly remedies the situation by establishing three mechanisms to control suspicious transactions. The first is the mechanism of mandatory reporting of suspicious operations, as provided in clauses 5 to 11 of the bill. The second is a mechanism for the reporting of major cross border movements of currency, as provided in clauses 12 to 39. The third is the establishment of the financial transactions and report analysis centre of Canada, as defined in clauses 40 to 72.

Let us examine these mechanisms and the centre. With Bill C-22, the reporting of suspicious operations relating to money laundering, currently voluntary under existing provisions of the law, would become mandatory.

In addition, the obligation to report would extend to non banking financial institutions and certain other companies. Therefore, the reporting requirements would apply to regulated financial institutions, casinos, foreign exchange traders, stock brokers, insurance

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companies and persons acting as financial intermediaries, such as lawyers and accountants.

These people and institutions would be required to report certain categories of financial transactions and any other transaction regarding which there are reasonable grounds to believe that they are connected with the laundering of money.

• (1215)

Second, when it comes to transborder operations, people who import or export considerable amounts of currency or instruments, such as travellers cheques, will be required to report these sums of money to Canadian customs officers.

If a Canadian travels to the United States and takes \$35,000 in travellers cheques for a three day trip or, conversely, if an American comes to Canada with \$35,000 in travellers cheques or in cash, we are justified in asking questioning that person if he is only going to be in Canada for two or three days, or even just a few hours.

Failure to comply with this requirement could lead to the seizure of the currency or instruments carried by the individual, unless he gives up the idea of importing or exporting these sums of money. He can decide to go back to his country of origin.

Third, the financial transactions and reports analysis centre of Canada is an independent government agency that will collect and analyse the information provided on financial transactions and transborder movements involving currency.

The centre will also be a central repository for information on money laundering activities. It will analyse and assess the reports submitted and, if necessary, give leads to law enforcement agencies.

As I said earlier, the government opposite should have acted sooner. It should not have waited until Canada had a reputation as a major centre of organized crime before taking action. The government should have been much more proactive. It should have listened to the Bloc Quebecois.

It is odd that Bill C-22 has finally made it to the House a few weeks before a parliamentary committee begins looking at the issue of organized crime. Members will recall that I introduced a motion in the House a while back calling for the creation of a committee to examine this issue and to propose amendments to the legislation, if necessary, or other approaches. The parliamentary committee will study the issue and report to the House on the whole question of organized crime.

A few weeks before they start their deliberations, the government introduces Bill C-22 on money laundering. The government probably did not want to be criticized for having taken no action in this regard, but the usual drill is that every time the government

opposite takes action, it is because the Bloc Quebecois has pushed it right to the wall.

It was the Bloc Quebecois that initiated the anti-gang legislation passed just before the last federal election. The Bloc Quebecois had questioned the government, which decided to do something about the problem just before heading into a general election.

It was the Bloc Quebecois that took the initiative with respect to getting the \$1,000 bill withdrawn from circulation, and the government listened to us. With respect to Bill C-22 now before us, again it was the Bloc Quebecois, in its first term of office, specifically in its 1997 election platform, which said that the federal parliament should bring in legislation to do something about money laundering.

Finally, the government over there had no other choice, since the Americans have even told it Canada was an all-round champion as far as money laundering is concerned, but to decide to comply with the Bloc Quebecois' demands by introducing the bill we now have before us.

I have already mentioned the \$1,000 note. It is extremely important for the government to heed us on this, and withdraw it from circulation as soon as possible. It is used mainly by organized crime, and must therefore be pulled, so that only denominations of \$10, \$20, \$50 and \$100 are available. It takes a whole lot fewer \$1,000 notes to make \$1 million, and is far less unwieldy, than \$1 million in \$10s, \$20s or \$50s.

• (1220)

Care must be taken, however, not to see Bill C-22 as a solution to all our problems. We must point out that this bill does give the government considerable regulatory power. Clause 73 of the bill in fact authorizes the Governor in Council, on the recommendation of the Minister, to "make any regulations that the Governor in Council considers necessary for carrying out the purposes and provisions of this Act".

At first glance, the regulatory power assigned to the minister may seem extremely broad, even too broad, one might say. Although such power could eventually bring about changes in the law without the need to amend it, still, a number of important issues, which should be debated by parliamentarians, will be handed over to officials. That is a bit risky.

Here is an example. The government will set, by regulation, the amount requiring reporting. Under subclause 12(2) as well, regulatory conditions will determine whether individuals may be exempt from the requirement of producing such a report.

Knowing that the required report is the backbone of the mechanisms put in place by Bill C-22, we can see that the government is giving itself vast regulatory powers. With its history, I fear that the



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government is not too eager to tighten the screw, to require reports, which are difficult to prepare, from offenders, and to be too demanding about the reports people or groups are to do. The public may rest assured, however, that we on this side of the House will be very demanding.

I would be derelict in my duties if I did not mention that Bill C-22 raises significant questions about the protection of certain basic rights covered by the charter.

In a free and democratic society, the legislator may limit certain individual rights, as dictated by the larger interests of the community. However, this limitation must not be exercised outside certain rules. Bill C-22 must comply with certain basic procedural rules. In fact, in the case of seizures and searches, great care must be exercised in the drafting of the bill to prevent effective contest before the courts.

Work in committee will ensure us that these standards are met, before the bill is passed. If parliamentarians fail to examine in minute detail the impact of this bill, lawyers who are well paid by organized crime will review it and arrange to have this law declared illegal and unconstitutional. It is up to us to work properly and effectively on this bill.

[English]

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, it is with pleasure that I rise to speak to Bill C-22, which will create a new agency to oversee and try to prevent money laundering in Canada, the financial transactions and reports analysis centre of Canada.

Bill C-22 would bring Canada up to date with the standards of our G-7 trading partners. It does not take us beyond the minimum standard, but it takes us up to that standard. It covers professionals, lawyers and chartered accountants, and even stock brokers and investment bankers would have responsibility to report under this legislation. It does not include, as in some other countries, a "know your client" rule, which would go much further in policing money laundering.

The responsibility to report suspicious transactions is described in this legislation, but it is not really spelled out in terms of what would define a suspicious transaction. I have some concerns about that. I would hope that as the legislation progresses we would define in a more comprehensive way what criteria would be required for an agency, an individual or a professional to define a transaction as being suspicious.

• (1225 )

It would also expand the reporting by financial agencies of any transactions over \$10,000 beyond banks. Currently banks report voluntarily. This would expand to include money marts and

casinos. It does not delve into the retail side of commerce, which perhaps should be considered.

I have some concerns about that. Earlier I heard some members refer to the potential of the legislation being expanded at some point to include retail operations, for instance, jewellers or car dealers, where allegedly this type of money laundering exists quite a bit in terms of large sum purchases.

I would caution against expanding the scope too much, thereby creating a regulatory nightmare that would be extremely difficult to administer and could potentially have a negative impact in terms of the abilities of Canada's retailers to actually keep up with the paperwork and other requirements.

The legislation addresses cash transactions but does not address what is really the greater current and future issue of e-commerce or e-laundering.

It is very difficult to track financial transactions today that occur over the Internet or electronic financial transactions, particularly with sophisticated financial vehicles or instruments, for instance, derivatives. It is possible to hide transactions through derivatives and other financial instruments. In fact, cross-border electronic transactions, from a tax perspective, are becoming increasingly difficult to tax.

I would suggest to the government that the legislation is definitely long overdue, but that it addresses a problem which is really yesterday's problem, as opposed to addressing a problem which is clearly a problem of today and the future, that of electronically based money laundering.

The whole issue of smurfing, breaking large transactions into smaller units to get them below the \$10,000 threshold which would trigger some level of activity by the new agency, is a real issue. For instance, in terms of deposits, several people could use various bank machines to deposit cash into the same account. Something as simple as a bank machine could play a role in money laundering, simply by breaking down transactions into smaller amounts to bring the transactions below the threshold that would trigger some level of investigation.

I am also concerned about the budget of the agency. I understand that the budget would be anywhere between \$7.5 million and \$10 million. Some suggestion has been made that there would be about a hundred people doing this.

I would suggest that it may be a very, very difficult job to police this type of activity with that size of budget. It sounds to some as a large budget, but I would suggest it is not really a very large budget at all.

I would also suggest to the government, as this agency and the government investigates ways to police the electronic money

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laundering side of it, that the government look toward some of the private sector solutions.

What I am speaking of are some of the companies that have developed technologies to deal with these issues—security issues on the Internet, et cetera—which may in fact be outpacing the technological advances capable of being developed by government. I think there will have to be some private-public sector engagement on some of these issues, particularly as we delve into the new world of electronic commerce.

• (1230)

I have some concerns about Bill C-22. The legislation would create a new agency that is at arm's length from the government. That is positive from the perspective of preventing political interference in an investigation, but it is negative from the perspective that this new, all powerful agency could conceivably overstep its boundaries on an investigation of an individual case.

A Canadian citizen being persecuted by this agency on a given case would not have the protection offered by ministerial intervention to potentially defend that citizen. Only if systemic abuse is suspected would the minister be able to intervene. Whenever I see these new agencies, whether it is the new Revenue Canada agency or this new agency to police money laundering, I have some concerns about the lack of direct ministerial accountability and potential intervention on behalf of an individual Canadian who may be treated unfairly by one of these agencies.

Another concern I have is that this new agency would have the power to release information to Revenue Canada in accordance with the act. If reasonable grounds existed for the agency to believe that money laundering had occurred, there would be potential for abuse.

We have to be very clear that if the agency has some reasonable grounds to pursue an individual case of money laundering, that is one thing. However, if the agency does not have enough evidence to pursue a case of money laundering and determines that while the evidence does not exist it may be able to get the person on tax evasion, conceivably the agency could release the information to Revenue Canada. This would help Revenue Canada or the new Revenue Canada agency pursue the individual. Therefore, while there may not be a case against an individual for money laundering, this agency could potentially help the new Revenue Canada agency in pursuing someone on a tax evasion charge.

That is absolutely, fundamentally wrong. The two agencies have to be separate. Unless there are very clear grounds for a case of money laundering, it would be wrong for this agency to work with Revenue Canada on individual cases or to share information. We have to ensure on behalf of Canadian taxpayers that this does not become some souped up Revenue Canada annex or addendum.

If the new agency had reasonable grounds to suspect money laundering, that is one thing. However, if it was simply a case where it did not have enough grounds to pursue someone on that basis and determined that there was some level of evidence for tax evasion, it would be clearly wrong for the sharing of information to exist.

It is still nebulous as to whether or not this agency would have the ability to do spot or random audits on banks, money marts or casinos. I would assume that would be the case but it has to be spelled out. Again, we have to ensure in our pursuit of doing something that is valuable and important, which is policing and reducing the incidents of money laundering, that we do not create some new godzilla agency that would have an immense amount of power to hurt legitimate Canadian enterprise, impede legitimate Canadian transactions, and effectively pursue some of the negative and oppressive activities we have seen from Revenue Canada in the past.

Those are my cautions. We are supporting this legislation with some concerns. We hope as this evolves, the government's policies on some of these issues will become more proactive in terms of addressing the real issues of today and in the future, and in particular embrace the notion of the electronic issues facing Canadians and law enforcement agencies.

• (1235)

Again these border on questions of resources. I have significant concerns with the extent to which the government has starved Canada's law enforcement agencies. It has prevented the RCMP from having the ability to enforce some of Canada's laws. As we expand these types of oversight agencies we have to ensure they are properly funded and that we give them the tools to do the job.

In that regard it may be very important for the government to consider some level of private participation. At least it should dialogue with the private sector on the electronic commerce side to ensure that the government is using the most up to date technologies to address these issues. A lot of these technologies exist in the private sector. The government should be more responsive to those forces and more amenable to work with private sector entities within Canada and elsewhere to develop solutions to these very real problems.

**Mr. John Williams (St. Albert, Canadian Alliance):** Mr. Speaker, I appreciate the opportunity to speak to Bill C-22 which deals with money laundering. As my colleagues on this side of the House have pointed out, this has been a long time coming from the government. We are the last of the G-7 countries to get around to doing something about money laundering.

One of the great scourges of our modern society is the illegal movement of products such as drugs. That has an effect on our society. It affects the minds of our young kids. They get themselves bent out of shape by using drugs. It ruins their careers. It ruins their

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futures, ruins their minds and ruins their potential. It also leads them into crime to generate the cash required to pay for the drugs and to keep the cartels supplied with billions of dollars in profits.

The proceeds of these drugs move through many countries in many ways in order to get into this country. People stand there with their hands out. They know it is illegal and illicit and therefore they are capable of demanding some kind of payment, a form of bribery, for them to turn their eyes in another direction as the drugs pass by. We in the House have talked about crime and how young kids feel the need to commit crimes such as shoplifting and a lot worse than that in many cases, in order to feed and pay for their habit.

I am glad the government is doing something about money laundering. Most of us have no real concept of how big the movement of drugs is and the amount of money, the billions of dollars that are moving around because of it. I understand that the largest cash based industry in British Columbia today is the growth of marijuana. The export of marijuana across the country and to other parts of the world is perhaps one of the largest industries in British Columbia today. That is shocking.

I have met with parliamentarians in other parts of the world. I am thinking of parliamentarians in South America. I recently attended a speech by our ambassador for Colombia who was here in Ottawa telling us about the situation there. We were told of the insurrection, the track that the government is losing control of its own country. In essence there is a civil war going on, not between two factions over who should rule the country, but the drug cartels do not want government anywhere near the growth of the drugs or the plants that produce the drugs. The cartels have their own air forces. They are able to fly the drugs out of South America through the Caribbean and up to the United States and Canada. This is a scourge on our society.

• (1240)

Money laundering is only one part of it. I want to broaden the debate. Money laundering deals with the movement of cash by illicit and illegal means but it is not just drugs we are talking about. We see bribery and corruption in all parts of the world. Believe it or not, Canada is not exempt; it happens here too. There are horrendous problems in South America. A year ago the commissioners of the European Union had to resign because of corruption. Members may have read about it in the paper. In Canada in the Prime Minister's riding, police investigations are going on because of potential misappropriation of government funds. If this is proven to be so, this would also be corruption. It is everywhere.

We read about it in the papers in the United States. Numerous elected officials in senior positions have been bought. I read one article just the other day regarding a governor who insisted on a \$400,000 payment before he would vote in a certain way. It goes on. China has acknowledged that corruption is a major problem.

I would hope that we would start to do something about it. Transparency and openness is how to deal with bribery and corruption. It has to be brought out into the open so everybody can see what is going on. If a transaction cannot stand up to the light of day, it is likely illegal. If it is automatically going to be exposed in the light of day, it likely will not happen in the first place.

Look at what has happened with the HRDC scandal. Numerous audits were done and none of them were brought out into the open. On January 20 the last HRDC audit became part of the public debate. What has happened since then? The minister has told us that there has been a major review of all processes that go on in the department to ensure that the administration of the programs will now be done properly. Why were they not done properly before? Because there was no openness, no accountability and no transparency. We were not privy to the fact that previous audits had slammed that department and the administration of the files. It gets sloppy.

People with power and influence start using their influence and now numerous police investigations are going on. If these result in convictions, then that will show there has been corruption right here.

I am glad the world is finally waking up to the fact that bribery and corruption are perhaps the greatest scourge to economic development around the world. People with power and influence skim 10% and 20% right off the top and the money is going straight into Swiss bank accounts. There are also the people at the bottom end of the economic scale who, because they do not get paid enough money, have no choice but to insist on bribes for the work that they do or do not do.

• (1245)

In some cases we have people in positions of influence and power, such as policemen writing tickets or others granting permits, insisting on bribes to feed a large group of people or an extended family that depends on them for support because there is no cash in the economy.

We need economic development. We want to help the poor not only in this country but around the world. We can help the poor by attacking this cancer on society, the scourge of bribery and corruption. The OECD passed a protocol that was endorsed by a number of countries including Canada which says that bribery in a foreign country is no longer a tax deduction but a crime to be prosecuted in the home state. These are small beginnings.

I compare the current attitude on bribery and corruption to the position of society on the environment and human rights back in the 1960s. When we talked about the environment and our concern for the degradation of the environment in those days, people said

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that it was awful and asked why somebody did not do something about it. Then they would continue their daily routines.

It is 30 years later and the environment is now a core issue not only of this government and this country but of every developed country around the world. It is a core part of policy making. When they make policy the environment is a major consideration.

Human rights is the same. Back in the 1960s when people's human rights were being violated around the world, they would say it was awful and that somebody should do something about it, and they would continue their daily routines. Today we have war crimes tribunals. We have agreements and protocols. We insist on human rights when we enter into other agreements. Human rights is now a core principle of democracy.

I hope in a number of years, and hopefully not too many years from now, that the battle against bribery and corruption will also be at the core of civilized society in order for us to ensure that economic benefits accrue to all in society and that the cream or the profit is not ripped off illegally by those who happen to have power and influence.

It is everywhere. I have heard numerous examples, small and large. I will not bore the House with the details, but I would like to see the government and Canadians recognizing that bribery and corruption can and should be fought at every turn.

Bill C-22 on money laundering is a small start. I hope we will continue on from here and join forces with parliamentarians in other parts of the world to ensure that we carry the momentum forward so that in a number of years from now not only will we say that the environment and human rights are at the core of our policy making but that the fight against bribery and corruption is also at the core of our policy making.

**The Deputy Speaker:** Is the House ready for the question?

**Some hon. members:** Question.

**The Deputy Speaker:** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**An hon. member:** On division.

**The Deputy Speaker:** I declare the motion carried. Accordingly the bill stands referred to the Standing Committee on Finance.

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

• (1250)

**INCOME TAX AMENDMENTS ACT, 1999**

**Hon. Maria Minna (for the Minister of Finance)** moved that Bill C-25, an act to amend the Income Tax Act, the Excise Tax Act and the Budget Implementation Act, 1999, be read the second time and referred to a committee.

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I rise to speak to second reading of Bill C-25, the Income Tax Amendments Act, 1999.

Even though the 2000 budget was brought down in February, hon. members can appreciate that the legislation before us today stems from the 1999 budget. These are the measures that should be the primary focus of this debate.

[*Translation*]

Bill C-25 seeks to implement a large number of initiatives designed to ensure tax fairness, including personal income tax measures, announced in the February 1999 budget, and certain other measures dealing with the demutualization of insurance corporations, the fiscal situation of the trust established by the federal and provincial governments to provide compensation to hepatitis C victims, and the taxation of first nations.

[*English*]

Before I discuss the specifics of the bill, however, I will take a moment to put the legislation in context. The fundamentals of our government's tax policy are crystal clear.

First, our approach to tax relief must be fair, which means starting with those who need it most, low and middle income Canadians, especially families with children. Second, we must place priority on personal income taxes where the burden is greatest and where we are most out of line with other countries. Third, we have to ensure that Canada has an internationally competitive business tax system. Fourth, because of our debt burden, tax relief must not be financed with borrowed money.

The government remains committed to providing substantial tax relief to Canadians on an ongoing basis. Last fall Canadians were promised in both the Speech from the Throne and the Minister of Finance's economic and fiscal update that the government would set out a multi-year plan for further tax reductions.

Budget 2000 delivered on that commitment through a five year tax reduction plan which indexes the tax system against inflation, reduces the middle tax rate and overall cuts taxes by at least \$58 billion by the year 2004, an average annual tax cut of 15% with even greater relief for families with children. It is a plan that will provide further real and lasting tax relief for all Canadians, but it is

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also a plan whose foundations were laid in previous budgets, including the one of 1999. [English]

Getting back to that budget and the legislation at hand, hon. members know that tax revenues finance important government programs that Canadians need and value such as health care and education. Therefore, there must be a balance between keeping taxes low and providing a source of revenue for vital social and economic programs.

[Translation]

If they are to become permanent, tax relief measures must be affordable and they must not jeopardize the soundness of Canada's finances.

For the first time since 1965, the 1999 budget provided an opportunity to offer tax relief to all taxpayers, without the government having to borrow money. Low and middle income Canadians are the ones who will benefit most from these measures.

[English]

Each of our budgets to date has provided targeted tax relief to achieve social and economic goals. Areas of support include students, charities, persons with disabilities and the children of parents with low incomes, groups where it would be most beneficial.

Eliminating the deficit in 1997-98 opened the door for the government to begin broad based tax relief measures. The 1999 budget builds on these measures as part of our long term strategy to permanently reduce taxes.

• (1255)

Together the 1997, 1998 and 1999 budgets reduced the income tax burden of Canadians by some 10%. This is a significant step, but we have moved further. Combined with the actions in the 2000 budget, annual personal income tax reductions will total 22% on average by the year 2004-05.

The measures in Bill C-25 go a long way toward helping the government reach this target. This is the context within which today's debate on Bill C-25 is taking place. These measures are all part of the government's commitment to tax fairness and our long term tax reduction strategy.

[Translation]

Initially, three comprehensive tax relief measures were announced in the 1999 budget, and these measures are all included in the bill before us. Provided this legislation is promulgated, each of these measures will be effective July 1, 1999.

First, the amount of tax exempt income that Canadians may earn has been increased. Budget 2000 raises this amount further, but that will be discussed in another debate.

Under the present income tax system basic personal, spousal and equivalent to spouse credits ensure that individuals and families receive a basic amount of income tax free. The 1998 budget raised the amount of money low income Canadians could receive on a tax free basis by \$500. The 1999 budget extends this relief to all taxpayers and increases that amount by a further \$175.

As a result of these two measures all taxpayers will benefit from a basic personal credit sufficient to allow the receipt of up to \$7,131 of tax free income. That is an increase of \$675 over what was available in 1997, and in budget 2000 we increased that even further.

The amount upon which the spousal credit is calculated will also be increased by \$675 to \$6,055. The threshold where the spousal credit begins to be reduced will increase from \$538 to \$606. In addition, the bill eliminates the general 3% surtax for all taxpayers.

With the books balanced, the 1998 budget was able to eliminate this surtax for taxpayers earning under \$50,000 and reduce it for those with incomes between \$50,000 and \$65,000. Now it is abolished completely. Together the 1998 and 1999 budget measures removed 600,000 Canadians from the tax rolls and reduced taxes for all 15.7 million Canadian taxpayers.

While all taxpayers will benefit from these measures, low income earners will have the most to gain. For example, under the 1999 budget measures a single filer earning \$15,000 will pay 15% less federal tax while a similar individual earning \$30,000 will pay 6% less tax.

I have more examples. A typical one earner family of four that receives an annual income of \$30,000 or less will pay no net federal income tax. A similar family earning \$40,000 will enjoy a 15% federal income tax reduction.

[Translation]

I will now deal with some of the other tax equity budget measures contained in the bill before us, beginning with income splitting among children who are minors.

As members know, the progressive structure of the rates is one of the basic principles of our personal income tax system. It goes without saying that high income individuals are in a better position to absorb a higher tax rate than lower income earners are.

[English]

Income splitting occurs when high income individuals arrange to divert income to low income earners, generally family members, to avoid tax.

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• (1300)

The tax benefits of income splitting can usually only be accomplished by high income individuals with dependants. Even then, these arrangements are only effective for certain types of income.

As hon. members will appreciate, a tax system that enables some to income split through corporate structuring while denying it to others is not sustainable both in pragmatic terms and from a tax fairness perspective. Fair taxation based upon a taxpayer's ability to pay, which is reflected through the progressive rate structure and uniformly applied, is the only sustainable approach.

To improve the fairness and integrity of our tax system the bill introduces a special tax aimed specifically at structures designed to split income with minors. Applied at the top marginal rate on the income of individuals aged 17 or under at the end of a taxation year, the types of income to which this special tax would apply include taxable dividends and other shareholder benefits on unlisted shares of Canadian and foreign companies received from a trust or partnership, and income from a partnership or trust where the income is derived from a business carried on by a relative of the child.

Another measure in the bill deals with retroactive lump sum payments on which individuals are taxed in the year payment is received, even though a significant portion may relate to prior years.

[*Translation*]

Because of the progressive rate structure of the income tax system, the tax payable on these payments can be appreciably higher than it would have been if payments had been staggered and taxed upon receipt.

Those who receive eligible retroactive lump sum payments of \$3,000 or more will be able to calculate the tax under a special relief mechanism.

[*English*]

Income eligible under this mechanism will include certain office or employment income, superannuation or pension benefits, spousal or taxable child support arrears and EI benefits.

Another measure in Bill C-25 affects Hutterite colonies which for income tax purposes qualify as communal organizations. These organizations own property on a collective basis and typically carry on farming and related businesses. They are subject to section 143 of the Income Tax Act, which is meant to subject their income to a level of taxation that is roughly comparable to the level of taxation on farming income earned outside these organizations. This is achieved by allowing the income earned by these organizations to be allocated among their adult members.

However, the method of allocation of income for communal organizations has remained the same since the mid-1970s. This method has permitted income to be allocated to only one spouse per family in a communal organization, while general income tax rules have been changed to make wages and salaries paid to spouses employed in farming and other businesses tax deductible. This is despite the fact that, generally speaking, each adult in a communal organization makes a direct contribution to the income generating business activities of the organization.

Therefore, in order to maintain a roughly equivalent level of taxation on income earned by communal organizations and on general farming income, the tax burden on communal organizations would be reduced by allowing allocations of income to both spouses in a family under section 143.

The bill also deals with misrepresentations by third parties.

[*Translation*]

Criminal and civil penalties are imposed when taxpayers attempt to evade payment of their fair share of taxes through fiscal misrepresentation. However, there is no specific rule for assessing the application of civil penalties to individuals who make false statements regarding the fiscal obligations of another taxpayer.

[*English*]

This bill introduces two civil penalties applicable to third parties who make false statements that could be used for tax purposes. One concerns tax shelter and other tax planning arrangements. The other concerns advising or participating in a false tax filing.

• (1305)

These changes stem from various recommendations made by the auditor general, the public accounts committee and the technical committee on business taxation.

The integrity of the tax system and the market for professional tax services are not well served if the tax law does not provide for the application of civil penalties against those who make false statements which could be used by a taxpayer for a purpose under the tax law.

A culpable conduct test, consistent with the types of conduct which the courts have in the past applied civil penalties to taxpayers under the tax law, will be instituted. This test applies to conduct which is tantamount to intentional conduct, shows an indifference as to whether the tax law is complied with, or demonstrates a wilful, reckless or wanton disregard of the law.

The bill also provides a reliance on good faith exception to the culpable conduct standard. However, this exception will not apply to persons who promote or sell tax shelter arrangements, as these arrangements have the potential to adversely affect the tax base and taxpayers to which such arrangements are promoted.

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As well, the Minister of National Revenue has indicated that the Canada Customs and Revenue Agency will be taking special administrative procedures in respect of the third party penalty proposal. In particular, the Canada Customs and Revenue Agency will conduct a head office review before assessing any third party civil penalty. It will also be seeking private sector input on the development of guidelines for the administration of third party civil penalty rules.

I now want to discuss the tax situation which arises when a holder of an RRSP or a RRIF dies and the value of the RRSP or RRIF is included in the holder's income for the year of their death. This income inclusion is offset by RRSP or RRIF distributions made after death to a surviving spouse. This same offset is available to financially dependent children or grandchildren, but currently with the restriction that this treatment is only available where there is no surviving spouse.

[*Translation*]

In both cases, these distributions are included in the income of beneficiaries. When the beneficiary is a spouse, a minor or a disabled child, there are mechanisms which allow the tax on these distributions to be carried forward.

[*English*]

The 1999 budget removes this restriction. When there is a surviving spouse but the RRSPs or RRIFs have been left to dependent children, they, not the deceased's estate, are responsible for any resulting income inclusions.

This tax treatment is beneficial because income tax rates for dependent children would be expected to be low. It is meant to provide tax assistance to dependent children at the time of a parent's death.

Turning now to tax relief for Canadians with disabilities, hon. members are aware of the government's continuing commitment to help these Canadians by building on the assistance that is already available. In the last two years additional assistance has been provided through such measures as a caregiver tax credit, a refundable tax credit for low income earners with high medical expenses, and the addition of new eligible expenses under the medical expense tax credit, the METC.

The METC is being extended further to cover expenses for the care of people with severe disabilities living in a group home, therapy for those with severe disabilities and tutoring for the learning disabled. In addition, talking textbooks for individuals with perceptual disabilities who are enrolled in educational institutions will be included on the list of eligible equipment for persons with disabilities.

Moving on to another tax credit, some hon. members may be aware that the production or processing of electrical energy, or

steam for sale, was not eligible for the manufacturing and processing profits tax credit. Given the changes and restructuring that the electricity generating industry is currently undergoing throughout North America, there is now increased competitive pressure on Canadian producers of electricity.

● (1310)

To help this sector compete, corporations producing electrical energy for sale or steam for use in such production will now be eligible for the manufacturing and processing tax credit.

[*Translation*]

Bill C-25 also regularizes the situation where interest is calculated with respect to a corporation on an underpayment of income taxes for one taxation year, while interest is concurrently owed to the same corporation on a tax payment that is higher by an equal amount for a different taxation year.

The fact that the interest on the refund is taxable while the unpaid interest is not deductible results in a net cost to the corporation. The discrepancy in interest rates only makes matters worse.

[*English*]

This situation is not unusual, as corporations with complex tax returns are often in a position where multiple taxation years are reassessed at the same time and income and expenses reallocated from one taxation year to another. Bill C-25 institutes a relieving mechanism, enabling a corporation to request that both amounts be offset for interest calculation purposes.

Canada's investment services industry is another area where fine tuning is required due to the rapid growth of mutual funds and other investment vehicles. Canadian service providers are concerned that foreign funds which engage them may be taxable in Canada because of our tax rules. A new rule, and I can reassure the House that this is not a tax exemption, ensures that engaging a Canadian firm to provide certain investment services does not mean that a non-resident investment fund is carrying on business in Canada.

[*Translation*]

Where this rule applies, Canadian corporations with customers in other countries will continue to pay tax in Canada on their profits. Similarly, foreign funds receiving revenue of Canadian origin remain subject to Canadian income tax.

This measure will help the Canadian investment services sector to compete internationally.

[*English*]

Investments by individuals in labour sponsored venture capital corporations, or LSVCCs, is another area where the federal government provides generous tax assistance in the form of a tax credit.

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Many provinces provide similar assistance. Measures were announced last year to help LSVCCs continue to be important suppliers of venture capital to small and medium size businesses.

The 1999 budget contains additional measures to encourage LSVCCs to focus more on small business investments and to clarify the rules that apply when a LSVCC is part of a merger or other corporate restructuring.

A final budget measure in the bill further extends the surcharge on large deposit making institutions under part VI of the Income Tax Act to October 31, 2000. This 12% capital tax surcharge was introduced in the 1995 budget and extended in subsequent budgets.

Let me now provide hon. members with a brief overview of the measures in the bill which were not part of the 1999 budget.

First, the bill helps to implement taxation agreements with first nations by providing for a reduction in federal tax for individuals who are subject to the income tax legislation of certain first nations. This amendment puts the federal government's tax sharing agreements with self-governing Yukon first nations into force.

With respect to personal income tax collected from residents of these Yukon first nations settlement lands, the federal government will vacate 75% of its tax room for the Yukon first nations governments to occupy.

The bill also ensures that the tax burden of an individual subject to first nations taxation is the same as in surrounding jurisdictions.

[*Translation*]

Bill C-25 also includes a provision which exempts from tax the trust established by the federal, provincial and territorial administrations to compensate hepatitis C victims.

• (1315)

[*English*]

The tax treatment of demutualization is another non-budget tax measure in the bill. As hon. members know, demutualization is a process whereby mutual insurance companies owned by their voting policyholders can convert to ordinary stock companies owned by their shareholders. This allows additional capital to be raised in the stock markets to support the business operations of insurers.

Federal insurance legislation has already been passed to permit large life insurers, regulated under Canadian law, to demutualize.

The Department of Finance released draft rules on the income tax consequences of demutualization on December 15, 1998 and has worked closely with the demutualizing insurers since that time in refining these rules.

The basic cash treatment for cash demutualization benefits is that they are treated as dividends and therefore are subject to the low rate of tax for dividends. There is no immediate tax benefit associated with a policyholder receiving a share as a demutualization benefit but a capital gain would be recognized once the share is sold.

Legislation to ensure that the guaranteed income supplement of elderly policyholders is fairly calculated after they receive demutualization benefits was enacted by parliament earlier this year.

The measures in Bill C-25 are not contentious. They are well thought out and all adhere to the principles of tax fairness. Each measure addresses an inequity, inconsistency or discrepancy in the tax system. Each improves the operation of the tax system. Many of these measures are the result of consultations with the industry or clients affected, a process to which our government is dedicated in any major policy change.

[*Translation*]

As hon. members can see, even if the various elements of this bill are not interconnected, they are all aimed at improving the situation of the Canadian taxpayers and enhancing the equity of the tax system.

With the five year tax reduction plan set out in Budget 2000, which brings in the most significant structural changes to be made in the federal tax system in more than ten years, the measures in the 1999 budget are in line with the government's long term tax reduction strategy.

[*English*]

I urge my hon. colleagues to pass this bill without delay so we can move on to budget 2000 and enable Canadians to benefit fully and quickly from the government's five year tax reduction plan.

**Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Canadian Alliance):** Mr. Speaker, it is April and it is snowing outside. It is cold comfort for the hapless taxpayer, as we just heard from the previous speaker.

Before us we have Bill C-25, an act to amend the Income Tax Act, the Excise Tax Act and the Budget Implementation Act, 1999, tendered by the Minister of Finance. This bill is representative of how the government spends the people's money. We must remember that fact; it is the people's money and not the government's.

We know that the Liberals, in an overall sense, tax too much, spend too much and then end up owing too much. It could be said that they are just the lowly Liberals; they exist, therefore they will spend. Because of that nature, the economy is not in great shape, especially when we compare ourselves to the world community.



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In considering how our future is being squandered by the waste and mismanagement of the government, we need to hold this administration to account and to outline a real vision of hope and responsibility of what could have been done. We have so much potential as a country but what stands in our way is the ideology carried by the Liberals in budget after budget. It seems Canada is always described as having a great future as far as living memory recalls, but when will it ever arrive?

This bill still represents an old style of governance that does not reflect what the country needs in wise fiscal management. However, it is somewhat in character with what the Liberals calculate they can buy votes with and keep the national attitude going that it is the Liberals who will dole out local favour to those who ingratiate themselves to the party rather than administer it as a trust for the protection and sustenance of all.

• (1320)

The Minister of Finance and his minions know, for example, that HRDC spending is only marginally successful as an overall economic benefit to the economy as compared to alternative strategies. However, the government pursues them anyway no matter how much it will hurt the country in the future because in the short term politicians can make political spin and political boasting about their accomplishments. Patronage and vote buying may influence elections, but it is a perpetuation of the rape of the country for the favoured few.

The electorate needs to distinguish between wise economic governance and crude vote buying, which has now been fully revealed in the House, and what is the character of a Liberal. It is very hurtful behaviour to the country economically and, in a moral sense, it is wrong.

Specifically in the bill, the amendments implement certain measures announced in the budget of February 16, 1999. Also included are income tax amendments to implement a measure relating to taxation agreements with aboriginal groups, included in a notice of ways and means motion tabled in the House of Commons on December 2, 1998, and income tax amendments relating to the demutualism of insurance corporations that were released on December 15, 1998. In some ways it is a technical bill, but it is representative of a misguided and hurtful quasi-socialist ideology with a lot of old style political conniving thrown in.

What the bill is part of is an overly intrusive administration that is Keynesian to a fault. Voters must understand that Liberals cannot manage. When they influence the economy for party interests rather than in the interests of every citizen, we see the reason why historically our country has always come in as an also ran, never great, never bold, full of unrealized potential.

Fiscal decisions are measures of how a government attempts to influence the economy. The national budget generally reflects the

economic policy and it is partly through the budget that the government exercises its three principle methods of establishing control: the allocative function; the stabilization function; and, the distributive function.

To understand how we are doing as a country, we must look hard at the world of nations in the global village market so to speak. The comparative picture is not great. Responsibility for Canada's measure of prosperity rests mostly with our own governments and not outside forces. When we hear socialist talk of globalization, it often leads to feelings of helplessness, resentment and envy. The NDP have done fairly well with its politics of envy. Certainly with inadequate economic attitudes, a country can feel like flotsam in the great tide of global economic change.

The irony in globalization is how much importance it places on local attitudes and strategies as determinants of national success. Never before has the maybe tired phrase "think globally, act locally" had more meaning, especially in the realm of macroeconomic. Canada need not be a victim of forces reputedly beyond its control. The degree to which this country shares and engages in the wondrous economic opportunities created by globalization and new technology depends in good measure on what we do at home to be effective abroad. Understanding that we are powerful rather than weak, that we have choices to make rather than immutable facts to accept and that we are as good as anyone else on a level playing field is the key to our national prosperity.

The stakes go far beyond simple measures of per capita wealth and gross domestic product, although those matter very much. Canada's real per capita GDP grew by only 5% in the 1990s despite our embrace of freer trade, some tax reform and other adjustments, for they were too timid. The real per capita income of the Americans rose almost four times; of the Dutch, five times; of the Norwegians, six times; and of the Irish an astounding 18 times, almost doubling in a decade. The Irish might now have higher incomes than Canadians.

Faster rates of growth beat the higher standards of private and public consumption, better housing, more cultural expression, better education, health care, environmental conditions and leisure opportunities. The converse is also true that the evidence is that the more socialistic or centrally controlled the national economy is, the more impediments there are for open markets to function, the worse off are the people both in their household budgets and in their more polluted environment and in their more circumscribed lives with the lack of basic human rights.

• (1325)

However, the rewards of a global consciousness for local competitive conditions go deeper. They ensure that a compelling variety of career opportunities exist for the next generation. Creative and exciting jobs will exist in those localities that learn to

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serve global markets well. Of all the things we owe to the next generation, this is the most important: good jobs for their own sake and economic freedom to fulfil natural potential. However, the Liberals have not been able to create the needed optimistic economic climate required for growth because they have been too socialistic and too prescriptive for the average taxpayer.

An in-depth 1999 survey of 50 leading corporations in Canada revealed some sad realities. Forty per cent of chief executives from Canadian and foreign-owned companies alike put the probability that their own jobs would leave Canada within 10 years at 50/50 or higher. An exodus of chief executives or legal head offices does not put at risk all the Canadian jobs of such companies, but the place where a company's decision making power resides is linked to everything from the opportunities opened to talented Canadians to the potential for strategic alliances with other Canadian companies and broad synergies.

Twenty years ago many Canadians worried about the presence in Canada of foreign-owned companies with significant operational responsibilities here. Many of those firms have since centralized power in their home countries, leaving their Canadian branches with externally directed world product mandates. Now the pressing concern is whether globally successful Canadian-owned companies will stay here or even start here. Why would they? The Liberals tax too much, spend too much, owe too much and they cannot manage the people's money.

We have much higher corporate and personal tax rates, more restrictive regulations governing mergers, compensation, exchange listings and tax deferrals. There is a brain drain from the universities. Inflexible unions and rigid labour markets hold us back. Boondoggle waste starves needed infrastructure investment. Sadly, we still have a cultural hostility to economic success.

Many Canadians dismiss business community concerns, especially after the turmoil of the 1980s, but they can be explained in large part by mismanagement of public finances from government rather than private sector activity. Many more changes are required to reap the benefits and opportunities of globalization. As the most recent federal budget showed, we have not understood how urgent these issues are and how amenable they remain to our own decisions. The Canadian Alliance clearly says that we could do so much better as a country. Canada's story is one of missed opportunity, a story of what could have been if we had a more competent and ethical government.

For example, we have warned for the need to anticipate high interest rates and its consequences, but the debt bomb has been left ticking away. We should have been accomplishing more in reducing the national debt. Every prudent householder and small business owner knows that when times are more prosperous it is time to put the finances in order to withstand a future downturn. It means paying down debt to reduce interest payments. At the same

time, capacity room is created for borrowing later should it be necessary. This applies to the country as well. If we do not reduce debt when times are good, when will it every be appropriate, when the economy is in recession and revenues are falling while expenses are rising? Hardly. That again is the Liberal record.

Canada has enjoyed almost nine years of uninterrupted moderate economic expansion, which, among other benefits, has helped the government to eliminate the yearly deficit. Long term economic policy should be such that the government sets its fiscal levels of taxation and expenditures to promote economic growth without inflation. As the economy continues to grow, while running close to capacity, and as the unemployment rate declines, the threat of inflation grows.

These circumstances call for rapid debt reduction and limited, if not zero, increases in government spending. Debt reduction itself will restrain inflation somewhat and holding back expenditures will dampen the damaging economic fires. The old habit of the Liberals is to use rising government revenues to spend for redistributive programs rather than reduce debt. It is reasoned that there are potentially more votes when the government writes cheques to people than relieving burden that is not immediately evident.

This approach has two problems. First, increased expenditures fuel inflation in a heated up economy resulting in higher interest rates. Second, high levels of taxes that were necessary to slay the deficit are out of line with those in other developing countries.

High taxes act as a break on future growth as money seeks to escape the claw of the tax man. High taxes discourage risk taking and tend to send investment offshore. That means no growth. Without growth there will be less income to redistribute and fewer resources to put medicare or other social programs on a stable, sustainable footing and be more shielded from the ups and downs of the world economy.

● (1330)

Taxes can be significantly and permanently reduced only if the interest on the national debt can be reduced. Our permanent outstanding debt is more than \$570 billion. It costs more than \$40 billion per year just to pay the interest. This is the single largest program of government. For each \$1 billion of debt reduction, interest payments would decline by at least \$60 million, funds that could be either spent on programs or applied to tax reductions.

The biggest part of the so-called \$58 billion in tax reductions announced in the recent federal budget is scheduled to take place three, four and five years from now, long after the mandate of the current government runs out. It is an insincere ploy to make that kind of future commitment when a future government cannot be held to them. It was a wrong choice.

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If debt were reduced more aggressively now, the government would gain future room to manoeuvre in two ways. First, the current interest payments would decline and second, a return to deficits would be less a possibility.

Another way of looking at things is the present surplus is hurtful high taxation and the money could be more productively left in the hands of the consumer and entrepreneur, rather than languish in the hands of a government bureaucrat.

Fortunately the debt to GDP ratio is gradually declining. The main reason is moderate growth of the economy and not a decline in the debt through wise management. The debt ratio could decline even faster if only the government devoted more appropriate effort toward planned debt reduction rather than increased program spending. Among other things, increased spending will further complicate the workings of monetary policy and will probably result in yet even more pressure for higher interest rates. As interest rates rise, so will the cost of servicing the debt. It is a vicious cycle which the Liberals have ignored because they chose questionable spending schemes instead of tax relief, internal reallocation and debt reduction.

The way things stand, when a downturn occurs, and it surely will come soon enough, government revenues will decline, interest payments will remain at choking levels and expenditures on employment insurance and welfare will increase. We could easily be right back in the deficit spiral that nearly destroyed the country and the few revenue reductions in the recent budget may never occur. All the sacrifices of the past few years will have been for naught.

We are not out of the woods. Our national balance sheet is far from strong. Until we pay down a good part of the national debt for past unwise spending, we will still be at serious risk. Without real debt reduction, the promised tax adjustments may just disappear.

We cannot put groceries on the table with headlines and budget speeches. We cannot put more money on people's kitchen tables with Liberal Party economics. Personal relief is what Canadians really want and need. They want more money left in their hands for economic freedom. They want more groceries. They might even want to buy a pair of jeans, but they will not be able to do that with this bill because it just does not leave them nearly enough money.

Instead of giving Canadians a fake break, we should give them a real tax break. The Liberals unreasonably disturb the market, confiscate too much from the taxpayer and then poorly and inefficiently deliver high priced services.

The preferred choice is solution 17 of the Canadian Alliance. Our proposal will dramatically lower taxes for all Canadians and

ensure that middle class Canadians whom this government is targeting end up with more real disposable income in their pockets and not just a headline and a speech which does them nothing.

The finance minister said in his 1995 budget speech that subsidies to business impede growth. All economists know that this is true in the Canadian context, however the finance minister continues to rubber stamp all kinds of subsidies to business. The minister has previously admitted that government cannot pick winners, but losers can pick governments. Truer words were never spoken.

There have been many losers who have not only picked the pockets of this government, but have also taken resources from the average taxpayer. Yet the finance minister rubber stamps more of these spending schemes. They go to the human resources minister, the Indian affairs minister, the industry minister and the Canadian heritage minister.

Too often they are used for things which appear to be political slush, or things which are of such low priority that they are seen by the average person as complete rip-offs. In some cases they go to some of the wealthiest companies in the world, and too often to boards of directors associated with the Liberal Party that is close to their political fundraising.

• (1335)

In my theme of the character of Liberal style spending and governance, I want to touch briefly upon what has been going on in the Department of Human Resources Development.

Back in January we brought to light an audit which revealed all kinds of mismanagement and a callous attitude toward the hard-earned money taken from Canadians. We found there was little or no monitoring of files on over \$1 billion worth of grants and subsidies. There were many cases where applications were not even submitted but grant money was given to people. We found all kinds of unbelievable things especially in Liberal ridings.

The sad thing is that instead of following accepted standards of professional public administration, program designs were flawed and unreasonably open to political interference in what should have been business standards and program delivery decisions rather than questionable political favours. When they were found out, a six point fix-up plan was hatched afterward with a promise to do better. The plan is an unbelievably simple recitation of the most basic procedures that ordinarily should be followed in any federal program.

The conclusion from all of this is irrefutable and absolutely conclusive. The Liberals cannot manage. The more we have dug, the worse it gets. The government hangs onto every bit of

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information as long it can, running a game of confusion all geared to hide the true nature of the Liberal style of the money game.

The Indian affairs minister has all kinds of disasters going on in his area and the police have been called in to conduct investigations in the Prime Minister's riding. This has happened at a time when the finance minister has brought down a budget that has more of the same. There is even more money in the budget going to the human resources minister. It is almost like a dare to stick it to the taxpayer one more time. It is unbelievable after the record of poor program design, general mismanagement and even outright political meddling.

The ministerial accountability rule dictates that at least several ministers should resign in view of this. They are responsible for the planning, approval and ultimate delivery of those programs. There is no question that they should resign.

The government spends about \$13.5 billion a year on grants and contributions. The entire time the government was cutting the heart out of health care, it maintained very questionable spending for grants and contributions.

The Liberals' desire to spend for their friends and to support their outmoded prime the pump economic strategy kept them funding these pet projects. They made a cruel heartless choice. They cut hospital beds across the country so that they could fund hotel beds in Shawinigan. That is what it appears to be.

Repeat that word picture a thousand times across the country. The Liberals call these schemes job creation. When challenged about its claim of 30,000 jobs, the government cannot provide any quality evidence that it produced significant program goals. Many of the companies just got the money and then went bankrupt. For many there were no records, but for the Liberals it was only \$1 billion so who needs to keep records? Many of these programs likely hurt more than they helped.

We must also remember that this comes on top of massive tax increases which the government has brought forward over the six and a half years it has been in power. Canadians know that at the end of the day they will be paying more in taxes than they did when the Liberals took power. We would never know that from reading a headline the other day, "\$58 billion in tax relief". The real impact is that Canadians will still be paying a lot more in taxes than when the government came to power, about \$700 per family.

We can congratulate the government for pulling the wool over the people's eyes, including a lot of the fawning, unquestioning media, but the truth is that Canadians will still be paying taxes that are far too high even after the implementation of this bill. Canadians will see the effect on their pay stubs as the year progresses, as the changes in this bill and others are implemented.

In addressing budget 2000, I am sure all members are conscious that millions of Canadians have hopes and dreams for themselves and their children that can be affected by the spending and taxation policies and budgetary promises of the federal government. For example, if the federal government wastes taxpayer dollars through irresponsible spending, then it is Canadians who will suffer. They are the ones who then have fewer dollars available to fund services such as health care which Canadians value highly.

If the federal government taxes Canadians too heavily, it is the take home pay and the bank accounts of individuals, families and employers that are savaged. It is Canadian jobs and economic opportunities that are smothered, or exported to more friendly economic climates.

If the Minister of Finance makes promises and commitments in his budget which are then broken, if the truths asserted in the budget turn out to be half-truths, then it is the faith of Canadians and the integrity of the government itself which are eroded.

● (1340 )

Indeed that is where we are at, for fewer voters bother to exercise their hard won right to vote at the ballot box. In each election the percentage of turnout is going down as people get fed up and disengage from the political life of our country. That is what the Canadian Alliance can mend and change, putting real power and democratic influence into the hands of the electorate.

It is clear from the last budget that the highest priority of the Liberal government is not tax relief but increased spending of taxpayers' dollars. The budget reveals that the government will be spending more this year than provided for in last year's estimates. In other words, the promises in last year's budget to limit spending for this year will once again be broken. The chronic tendency of the government to break promises to limit spending has often been criticized by the auditor general. One expert said:

While responding to health care needs and refurbishing the RCMP and military spending clearly reflect the priorities of Canadians, taxpayers should be concerned about the fact that the government is using the surplus of over taxation to fund these priorities. Instead of reallocating from existing budget envelopes by ending corporate welfare, winding down regional development schemes and ending job creation boondoggles, the feds have opted to use the surplus of over taxation revenues to fund new initiatives. The finance minister and his colleagues have ignored the obvious lessons arising from the HRDC. This puts a blemish on this taxpayer friendly budget.

Until the government embarks on a legislated line item plan of annual debt reduction, we will continue to lose on average \$114 million a day to institutional bondholders. Reducing debt today cuts tomorrow's taxes.

After years of deep cuts in the wrong places, the Liberals began restoring the Canada health and social transfer, the CHST. However

by 2002 federal spending on health care will only reach 1995 levels. The CHST allocation hardly revitalizes the system. What it does not do is take into account an increasingly older population, expensive advances in technology and advances in capabilities.

The announced \$2.5 billion is spread over four years and the provinces are free to spend it on universities and colleges as they see fit. This freedom may be good, but the overall picture and economic environment set by the federal level is insufficient. The budget increase will not fix the crisis in acute care, update old technology or heal the shortage of medical and nursing professionals, let alone build new programs.

The Canadian dollar falls to 63.5 cents U.S. and the Prime Minister's response is "No problem". Canada's best trained people leave for the United States and he says "What brain drain?" The human resources department is found to have mismanaged at least \$1 billion in jobs funds and according to the auditor general untold billions of dollars have been wasted. The Prime Minister calls it a minor administrative problem.

Given that history, imagine my smile when the recent Liberal Party convention highlighted the great danger in being next to the world's most dynamic economy. A danger. Anti-Americanism has always proven to be a valuable tool when it is time to rally the troops of the NDP or the Liberals to justify more intrusion of government into markets.

Given that virtually every economist has noted that our growth in the past six years has been a result of our record trade surpluses with the U.S.A., cabinet should be a little embarrassed by focusing on our proximity to the U.S.A. as a big problem. There is little doubt that our future prosperity is based on the American economy remaining strong. Canada is riding the American economic wagon, yet we are complaining about the driver.

In an effort to excuse more government regulation and intervention, focusing on preventing American takeovers of Canadian companies in certain sectors might be worthy of some discussion, but it misses the bigger problems. While too many members of the media play into the fearmongering politicians who decry American ownership in Canada, a real threat to our economy is the huge amount of Canadian money leaving the country. In 1998 a total of \$17 billion came into Canada from the United States while \$54 billion left.

I do not know why it is so hard for some people to understand that when money leaves it takes jobs and tax revenues with it. When money comes in, most of the jobs stay here and only perhaps some of the profits leave the country after a lot of taxes have been paid.

In the corporate world as much as 70% of all taxes collected are unrelated to income, so the vast majority of tax revenue generated

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from businesses stays here. The government does not acknowledge the negative economic impact of capital outflow, but the amount of money leaving the country may be the biggest economic problem we face because of the poor economic climate the Liberals have created.

• (1345 )

In the past 10 years \$135 billion more left the country than came in. If the Liberals want to focus on just one economic problem, this would be a good place to start, and the solution would not be more government intervention, as that would be identified as a major cause of the problem.

There has been a surplus in the last few years despite poor priority allocation, as it has been done with high levels of taxation, which has been an unnecessary drag on economic growth. The budget should be balanced every year, save for times of national emergency. However, it should be balanced at a lower level, where there is not a wasteful confiscation of citizens' labour and production, for at some point taxation even becomes a moral issue of basic economic freedom. The basic economic freedom of Canadians is too tightly held by the government. An excess surplus year after year can also be seen as evidence of burdensome, hurtful taxation.

Concerning taxation, the net impact of the last five Liberal budgets has been to raise Canada's tax bill some \$6 billion in 1999-2000 above what Canadians would have paid under the 1993 tax regime.

If Canada needs to reduce taxes, what about the bill before us today? At first glance the bill tries to pass itself off as legislation to bring about tax relief to Canadians. A closer look reveals that for each token tax relief measure there is an accompanying tax grab through another initiative. Specifically, clauses 3, 6 and 8 are revenue generating amendments. Clause 12 enhances incentives for labour sponsored venture capital corporations, which are known to distort the market with respect to sound investments. The other changes in the bill are primarily of a housekeeping nature and include items such as RRSP proceeds on death, demutualization of insurance companies and the hepatitis C trust fund.

In contrast, the Canadian Alliance single rate tax plan, solution 17, would deliver significant, deep, across the board tax relief. The basic personal exemption would be increased to \$10,000 and it would also introduce a \$3,000 per child standard deduction. Once implemented the measures would remove 1.9 million low income taxpayers from the tax rolls as well as increase disposable income and financial freedom for all taxpayers.

Under our plan taxpayers would pay a maximum federal rate of 17%. The 5% surtax would be eliminated and capital gains would be reduced. Our overall tax relief proposals would improve incentives to work, encourage investment and business risk-taking entrepreneurship and help stem the costly brain drain.

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We still have the overwhelming crushing tax burden faced by Canadian taxpayers and businesses. We still have one of the highest personal income tax rates in the G-7. The token measures outlined in Bill C-25 do nothing to reduce that burden. Once again the government masquerades as a proponent of tax relief while simultaneously hiking taxes elsewhere.

However, solution 17, our single rate tax plan, offers real, comprehensive tax relief compared to the tinkering the government has proposed in the bill. Try as it may the government will attempt to portray these legislative measures as a symbol of its ongoing commitment to generous tax relief, but it is our duty to expose the plan for what it really is: tinkering, tokenism, empty of the priorities this country needs.

At the end of January we released the details of solution 17, our 17% single rate tax. Solution 17 is designed to deliver significant tax relief to all taxpayers and it would take 1.9 million low income Canadians completely off the tax rolls.

Here is why we believe this is the right time for major tax reform in Canada and why we believe a single rate plan would be the best vehicle for delivering tax fairness and tax relief to all Canadians. Right now Canada is in a tax crisis. We are paying too much, losing too many people and businesses to the United States, discriminating against families who want to care for their children, creating disincentives for people to work for themselves, to get out of the welfare trap, and penalizing people who want to save and invest for their own retirement and security.

The federal Liberals argue that Canada's fiscal dividend should be used to increase the size of government. Yet the recent OECD analysis of member countries shows that only Denmark, Norway, Sweden and Iceland spend more per capita on government spending than we do in Canada. With our high tax load and the finance minister predicting surpluses approaching \$100 billion over the next five years, the timing could not be better for significant across the board tax relief.

• (1350)

Not only is the government taking too much from us in taxes, it is taking it in the wrong way. Over the next few years as we look at growing surpluses we will have a golden opportunity not only to reduce the actual tax load aggressively and quickly, but to reform the tax system to reduce or at least minimize the harm that the system imposes on Canadians' lives.

Canada's current income tax system is structured around three main tax brackets and a surtax. What is wrong with this? The severity of the jump in marginal rates at low income levels exacts a heavy toll on all our taxpayers and, ultimately, the economy. The highest marginal rate, about 50%, kicks in at roughly \$60,000, compared to \$430,000 in the United States. The U.S. rate is about 39.6%, depending on the state.

There is a massive disincentive to work and save and invest.

This discriminates also between single and dual income families. It leads to accounting gymnastics. Our plan would bring a single rate tax system, augmented by significantly increased personal and spousal deductions and a restored deduction for dependent children. Every Canadian would see lower taxes under this plan. It would maintain all existing deductions and credits, with three significant exceptions. The personal and spousal exemption would be increased and equalized, and we would introduce a standard \$3,000 children's deduction to acknowledge the family expense of raising children.

In our plan 1.9 million low income Canadians would be completely taken off the tax rolls. The impact of any single marginal tax rate would then depend on the base exemptions and the rate selected. If we combined the single tax rate with lower taxes for all and greatly enhanced personal exemptions to assist those at the lowest income range, everyone would benefit. That is what would be achieved under our single rate plan.

Under our single marginal rate not only would those individuals and families with a greater ability to pay now pay a greater absolute amount, they would also pay at a greater proportion of income than those at the lower end. A single rate system of taxation would do something else. It would remove the massive disincentive to work, to save and to invest, which is currently the case in Canada. It would end the penalty for hard work and success.

Our current multiple rate system penalizes extra work. Why be more productive or take an extra contract only to have Ottawa take an even higher percentage of the fruits of our labour? Why take investment risks, saving for the future, when Revenue Canada will get a bigger chunk of our effort? This marginal tax penalty would be removed under a single rate system.

A single rate tax would end the existing discrimination between single and dual income families. Right now families who choose to have one parent stay at home are taxed at a higher marginal tax rate. They are penalized by the tax system if they choose to stay home with their children. A single rate system would remove this discrimination and, along with a significant per child deduction, would lower the overall tax burden for families. The Canadian Alliance is the real family friendly party.

Not only would our single tax rate bring income levels more in line with our largest trading partner, it would significantly lower capital gains taxes. This would discourage the brain drain in key sectors of our economy and encourage new businesses and the venture capital formation necessary to attract the well paying jobs that build wealth and ultimately raise the standard of living for all Canadians.

The benefits of a single rate are obvious. A single low marginal rate would eliminate the discrimination between families and would deliver tax relief for everyone. It would eliminate the disincentive to succeed. It would increase take home pay. It would encourage more high tech firms to set up shop in Canada, and it would make all of us more internationally competitive in the new global economy.

It is a plan that would promote growth and wealth creation by making all taxes simpler, flatter and lower. It is a plan for today and a tax plan for Canada's future, and it is all possible using the same economic assumptions and basic numbers of the Minister of Finance.

In conclusion, if we can deliver such an astounding package compared to the Liberals, the basic question must be asked: What are the Liberals doing with the money? They are wasting it and mismanaging it.

This bill does nothing to change the conclusion of the argument that I have made today, and that is that the Liberals cannot manage.

[Translation]

**The Speaker:** I see the hon. member has finished his speech. With your permission, I am going to recognize the member for Saint-Hyacinthe—Bagot, and he will have the floor when we resume debate after Oral Question Period. This will allow us to get in a few more Statements by Members in the extra minutes.

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## STATEMENTS BY MEMBERS

• (1355)

[Translation]

### FRENCH-SPEAKING MINORITY COMMUNITIES

**Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.):** Mr. Speaker, the Minister of Health announced on Tuesday the creation of the Consultative Committee for French-Speaking Minority Communities.

Under section 41 of the Official Languages Act, the Government of Canada has an obligation to enhance the vitality of the English and French linguistic minority in Canada. The creation of this committee is an important step, honouring the global commitment made in this regard.

One of the priorities of the minority official language communities is access to health care services. There is no doubt that this committee will be attentive to the comments of these communities.

*S. O. 31*

It will play a major role in bringing together the representatives of the French-speaking minority communities, Health Canada, Canadian Heritage and the provinces.

Dr. Hubert Gauthier, the head of the St. Boniface general hospital, will co-chair the committee with Marie Fortier, the associate deputy minister at Health Canada.

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[English]

### PARLIAMENTARY PRAYER BREAKFAST

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, on April 28, 1999 the entire country was shocked to learn of a shooting in a school in Taber, Alberta, a small town in my riding. The shooting took the life of a 17 year old young man by the name of Jason Lang.

The thought of losing a child is every parent's worst nightmare, but it was all too real for Reverend Dale Lang and his wife Diane. Who could have blamed them if they had become angry or bitter?

But the Langs are people of extraordinary faith. This morning Reverend Lang addressed hundreds of parliamentarians, diplomats, dignitaries and members of the public at the annual national parliamentary prayer breakfast where he delivered a truly inspiring message of forgiveness.

Where does the strength and healing come from which allow them to forgive the person who killed their son? Reverend Lang knows that it comes from God; a humbling reminder, colleagues, that there is an authority greater than the supreme court and the Parliament of Canada.

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### TOYOTA MOTOR MANUFACTURING CANADA INC.

**Mr. Janko Perić (Cambridge, Lib.):** Mr. Speaker, yesterday Toyota Motor Manufacturing Canada Inc. announced plans to build the award winning Lexus RX300 sports utility vehicle beginning in 2003 at its industry leading plant in my riding of Cambridge.

This good news translates into new investment of \$650 million, the creation of 300 new jobs in Cambridge, an increase in the plant's capacity from 200,000 to 220,000 vehicles per year, and a spinoff expansion of eight new Lexus dealerships throughout Canada.

Toyota Canada president Yoshio Nakatani stated: "The Cambridge-built Corolla is the best selling Corolla in Canada, and the RX300 is the best selling Lexus. Now they will both be stamped 'Made in Canada'."

*S. O. 31*

Prior to this announcement, Toyota created 2,800 jobs in Cambridge and invested over \$2 billion in the facility which industry analysts rated as the most productive auto assembly plant.

\* \* \*

[Translation]

**GASOLINE PRICING**

**Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.):** Mr. Speaker, I have been speaking out about the high cost of gasoline in Canada and Quebec since October 1999. Six months later, a group of Bloc Quebecois members has decided to tour the province starting only on April 3. I can certainly understand their action, especially after the budgets of the federal and Quebec government were presented.

Since October 1999, these Bloc Quebecois members have had the opportunity, as members of an opposition party, to use an opposition day to debate the cost of gasoline in Canada and Quebec.

Why does the Bloc Quebecois not want this opposition day, a day for Canadian and Quebec consumers?

\* \* \*

[English]

**TRIPLE "A" BASKETBALL**

**Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance):** Mr. Speaker, the B.C. Triple "A" high school basketball championships were held last month and schools from my riding of Dewdney—Alouette certainly did us proud.

On the senior girl's side, the Heritage Park Highlanders from my hometown of Mission fought through the tough competition and came away with the championship after beating the Port Moody Blues in the final. This was the Highlanders second consecutive finals appearance and their first ever provincial championship.

On the senior boy's side, the Pitt Meadows Marauders made it a Dewdney—Alouette finals sweep with a dramatic come-from-behind overtime victory over the Terry Fox Ravens. The underdog Marauders showed tenacity and grit as they carried on the winning tradition of their school which has produced many champions, including the late Greg Moore of Indy cart racing and Brendan Morrison of the Vancouver Canucks.

● (1400)

I congratulate the players, coaches and parents of the Heritage Park Highlanders and the Pitt Meadows Marauders for their impressive victories at the B.C. championships. They prove that Dewdney—Alouette is the home of champions once again.

**YOUTH MANIFESTO**

**Hon. Andy Scott (Fredericton, Lib.):** Mr. Speaker, "Thank you from the whole of my heart for making this dream come true. You have made hearts beat passionately to reunite in a country called Canada under the protective wing of a maple leaf". So spoke Ralitza Houbanova from Bulgaria who, along with 350 youths from all over the world, attended the first ever World Parliament of Children in Paris last October. During that parliament the final draft of the youth manifesto for the 21st century was adopted and will be communicated to the United Nations this year.

Thanks to a grant from Canadian Heritage, the forum for young Canadians has brought 22 students and teachers from 11 countries to Canada to join the two Canadian students who represented Canada.

The world delegation of students will present the youth manifesto for the 21st century in the Senate chamber on Monday morning, hosted by the speakers of the Senate and the House, the Deputy Prime Minister and the UNESCO representative for Canada. I encourage all to attend.

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**STEPHEN LEACOCK**

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, the great progenitor of Canadian humour and comedy, Stephen Leacock, is back to promote literacy, literature and laughter in his first national tour in more than half a century.

Incanpopcult is an independent performing arts company located in my riding that has joined VIA Rail and McLelland & Stewart to assist Professor Leacock in his whirlwind tour to cheer up Canada.

Neil Ross portrays Stephen Leacock and Aaron Duncan is Stevie, Jr., supporting his famous father in a breathtaking array of roles and multi-instrumental displays of musical virtuosity. A significant number of performances across the country are fundraisers for local and regional chapters of the Ontario Literacy Coalition and its provincial counterparts.

I invite all colleagues in the House to support their local literacy foundation by attending Stephen Leacock's whirlwind campaign when the train pulls into the towns and cities in their ridings and enjoying an evening of sketches and monologues that defined our nation.

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**CORRECTIONAL SERVICE CANADA**

**Mr. Myron Thompson (Wild Rose, Canadian Alliance):** Mr. Speaker, I would like to paraphrase from a letter I received from



*S. O. 31*

the guards at the Edmonton maximum institution to the commissioner of Correctional Service Canada:

The members of Local 30168 instructed the Executive to request your immediate resignation from your position as the Commissioner of Corrections Canada. This request is in response to your actions which have brought CSC's reputation into disrepute and have undermined the public's confidence in the ability of CSC to properly protect them.

We believe that you have misused your authority to spend taxpayer money, that you have been unable to meet the standards you have set for correctional officers and you have refused or have been unable to effectively address the concerns of the frontline staff.

Correctional officers who participate in competitions are required to take a values and ethics test. The Members of this local believe if you were given this same test you wouldn't have a chance at passing.

My lesson today for the solicitor general is simple. If one wants to know what is going on, sometimes one has to talk to the custodian, not to the CEO. The message is loud and clear coming from every direction that Ole has got to go.

\* \* \*

### FIREFIGHTERS

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Mr. Speaker, firefighters are twice as likely to suffer fatalities on the job than the average Canadian worker. The rate of occupational related diseases for firefighters is among the highest.

For all these reasons firefighters cannot fully enjoy the Canada pension plan. They have been requesting for years that they be allowed to qualify without penalty for reduced benefits in the CPP at the age of 55 and for full benefits at age 60, rather than the current ages of 60 and 65.

Moreover, firefighters would like to see the government commit to the following: (a) increasing the maximum pension accrual rate from 2% to 2.33%, (b) improving aircraft rescue and firefighting standards at Canada's airports, (c) creating an agency with the mandate to investigate hazardous work sites and enforce workplace safety rules, and (d) creating a federally funded public safety officer compensation fund for the survivors of public safety officers killed in the line of duty.

I ask the government once again to do justice to these brave people who put their lives on the line and to heed their requests, which I think are perfectly reasonable and supported in the main by the commons finance committee. In particular, I am talking about the CPP section of their request.

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[Translation]

### IMMIGRATION

**Ms. Eleni Bakopanos (Ahuntsic, Lib.):** Mr. Speaker, Canada has a long tradition of solidarity and openness. We cherish these

values. This is why, in budget 2000, the government included an important measure affecting all new refugees.

● (1405)

Effective February 28, the landing fee has been eliminated for refugees. That fee, which was introduced in 1995, was designed to have those who benefit from social programs shoulder a share of the costs. This \$975 fee had to be paid by all immigrants and refugees aged 19 and over.

[English]

The government is aware that refugees arriving in Canada have limited funds and face many obstacles, so it has decided that it is time to exempt refugees from the landing fee. I would like to congratulate the government.

This exemption will certainly alleviate their financial situation and help them in rebuilding their lives in Canada. The Liberal government listens to all people and promotes access to enrich our Canadian diverse culture.

\* \* \*

[Translation]

### GASOLINE PRICING

**Ms. Jocelyne Girard-Bujold (Jonquière, BQ):** Mr. Speaker, gasoline prices recently shot to a staggering new high in my riding of Jonquière.

Between January 1999 and January 2000, the average price for diesel fuel increased by 40%, while the price of gasoline rose from 54.4 cents to 75.6 cents a litre between June 1999 and April 2000.

Meanwhile, the federal government is acting like a hypocrite. If we calculate the revenues from the federal excise tax, the GST and the taxes paid by oil companies, we soon realize that the federal government has a margin of over \$6 billion.

Because the government seems to be in no hurry to act on this issue, the public has decided to try to shake the government out of its lethargy. Since Monday, the residents of the Saguenay-Lac-Saint-Jean region have been boycotting Petro-Canada.

If the Minister of Finance wants to end that boycott, he will have to take steps to lower the price of gasoline. With the fiscal flexibility he has, the minister can lift the 10 cent federal excise tax until gasoline prices get back to normal.

The minister must stop letting the provinces take the blame, he must assume his responsibilities—

*S. O. 31*

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

\* \* \*

[*English*]

#### AIR CANADA

**Mr. Joe McGuire (Egmont, Lib.):** Mr. Speaker, the monopoly that exists in airline travel in eastern Canada has resulted in Air Canada becoming an arrogant, overbearing, corporate bully with little or no understanding of customer service or regional needs.

What used to be a one and one-half hour flight from Charlotte-town to Ottawa when I was first elected in 1988 can now be an overnight trip. A flat tire in Halifax at 4.30 in the afternoon can mean an overnight stay in Montreal because Air Canada dropped its connection to Ottawa. Flights are cancelled without warning and customers are expected to be happy.

I used to feel slighted as a customer if all I got was a sandwich or a bag of nuts to eat on a supertime flight, but now I am more than happy if I can get a seat.

A good transportation system is vital to a region's economy. It is inevitable that the economic advances made by P.E.I. over the past 10 years in tourism and business diversification will be undone by the present airline monopoly which occurred after the bankruptcy of Canadian Airlines and the reduction of Air Canada seats when it took over Canadian's assets.

We need to regulate this company or, even better, we need competition in eastern Canada in the airline industry.

\* \* \*

#### MUHARAN

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, today is a very special day of celebration for our Muslim community in Canada and elsewhere. It is the commencement of the first day of Muharan, which is the first month of the Hijra calendar in the Islamic religion.

Muharan marks the new year for approximately 1.2 billion Muslims throughout the world and in Canada where followers of Islam are estimated to be about 350,000. Canadians of the Islamic faith contribute to Canada as citizens in all our provinces. Whether they are Canadian by birth or as new citizens, they manifest their allegiance to Canada and follow the spiritual guidance of the Holy Koran.

On behalf of all of us in the House of Commons I extend best wishes to all constituents and friends in the Muslim community. *Sana Mubarak and Nawroz Mubarak.*

#### TARTAN DAY

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, today Canadians of Scottish descent are celebrating Tartan Day. Tartan Day is the anniversary of the signing of the Scottish Declaration of Independence, the Declaration of Arbroath, in the year 1320. Since that time this date has held immeasurable historical importance and significance to Scots the world over.

The contribution of Scottish immigrants to the history and evolution of North America in general and to Canada specifically has been and continues to be both massive and proud. As a result, numerous provincial legislatures have passed resolutions proclaiming April 6 to be recognized as Tartan Day, as did the province of Ontario in 1991.

It gives me great pleasure on behalf of the St. Andrew's Society of Saint John, New Brunswick, to wish all Scottish Canadians a very joyous Tartan Day.

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#### EDITORIAL CARTOONISTS

**Mr. Eugène Bellemare (Carleton—Gloucester, Lib.):** Mr. Speaker, editorial cartoonist show politicians in a most humorous fashion. Every morning they deliver an editorial comment that often rings truer than any essay and often is more jabbing than any given editorial.

● (1410)

As politicians we have a deep affection for these cutting editorialists. Canada's editorial cartoonists are among the best in the world. There is hardly an office on the Hill that does not have a framed editorial cartoon proudly hung on one of its walls.

[*Translation*]

As a cartoonist in my spare time and a former teacher of visual arts, I am honoured to welcome the Canadian Association of Editorial Cartoonists. Their charity auction "Cocktails and Cartoons" will take place this evening in Room 200 of the West Block.

[*English*]

I am sure that all my colleagues in the House salute Canada's cartoonists for their community support and for the amusement they bring us.

[*Translation*]

We hope that you will continue to inject a little humour into the national political scene.

**BILL C-20**

**Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ):** Mr. Speaker, since yesterday, ten Bloc Québécois members have been criss-crossing Canada with a letter to MPPs from the leader of the Bloc Québécois.

They want to bring home to Canada's elected representatives Bill C-20's threat to democracy, specifically the hijacking of the prerogatives of legislative assemblies and the double standard that the federal government wants to apply to the votes cast by Quebecers.

In his letter, the leader of the Bloc Québécois points out that, with Bill C-20, the federal government is granting itself the power to judge the validity of decisions taken democratically by elected representatives of legislative assemblies. By calling into question the 50% plus one rule, it is contradicting its own foreign policy, under which it recognized the results of the referendum in East Timor.

Bloc Québécois members will be reminding provincial representatives that Bill C-20 provides no solution at all to the Quebec question and that, for there to be any resolution, Canada will have to admit that there is a Quebec people and that it is entitled, if it wishes, to have its own country.

\* \* \*

[English]

**PARLIAMENTARY PRAYER BREAKFAST**

**Mr. Ken Epp (Elk Island, Canadian Alliance):** Mr. Speaker, this morning the keynote speaker at the annual parliamentary prayer breakfast gave us a dramatic definition of forgiveness. Pastor Dale Lang and his wife Diane said goodbye to their son Jason a year ago when he was shot in the tragic high school shooting in Taber.

This morning Pastor Lang reminded us that we live in a self-centred, selfish, impatient society. We have denigrated and diminished the value of being a human and the value of human life and have glorified violence.

Thousands carry pain and rejection, loneliness and hurt, but he also told us that we can be healed if we practise forgiveness. He shared his deep gut wrenching pain at the death of his son, but he also shared how God gave them the strength and grace to forgive the troubled young man who caused that death.

God bless Dale and Diane as they bring this powerful gift of forgiveness to our nation's young people and to all of us. Perhaps we should all pray the words of the song "let there be peace on earth, and let it begin with me".

*Oral Questions***IMMIGRATION**

**Mr. David Price (Compton—Stanstead, PC):** Mr. Speaker, the new immigration and refugee bill has just been tabled and many of the recommendations made by the Progressive Conservative Party of Canada are included, but there are some key points not in the bill, points recommended by me and the committee.

The first is photos and fingerprints on first contact with refugee claimants. Many of our witnesses strongly suggested this as a real means of control. The second is a safe third country. It is mentioned in the bill but that is all. This has been in law since 1988, but the government has not taken steps to negotiate the necessary agreements and the bill has no teeth to make it do it.

Appointments to the IRB are still political. This is a job that requires a very special expertise, not a political connection. Unfortunately this issue is not addressed in the bill. I hope the committee will have the backing of all parties to make proper amendments to the bill.

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**ORAL QUESTION PERIOD**

• (1415)

[English]

**CANADA DEVELOPMENT CORPORATION**

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, I have a document in my hand that shows that five months ago the ethics counsellor was concluding his investigation of the finance minister's potential conflict of interest in the tainted blood scandal. The ethics counsellor answers to only one person, the Prime Minister.

Can the Prime Minister tell us why after five months we are still waiting for a report from the ethics counsellor?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, this matter is in the hands of the ethics counsellor. It is up to him to say when he has finished his report. The Prime Minister has said that when he receives the report he will make it public.

I also understand that today a spokesman for the ethics counsellor said that there has been no political interference in the work of the ethics counsellor in looking into the matter in question.

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, is it not interesting that yesterday, when we asked questions about this, the government forgot to mention that this report was concluded five months ago.

*Oral Questions*

According to a letter from the ethics counsellor dated November 8, 1999, it says "This will now allow my office to conclude our investigation of the allegations of conflict made against the finance minister who was a member of the board of the Canada Development Corporation during that period".

If they do not have anything to hide, why in the world have we not seen the report yet?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, according to the best information I have, the hon. member is not correct. The report has not been done for the period he mentioned. The Prime Minister has not received the report. I can only conclude that the ethics counsellor has not concluded his work. When he does, he will give the report to the Prime Minister who has said that he will make it public.

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, it is interesting that the Deputy Prime Minister is sitting there taking advice from the finance minister on this.

I will read from a letter that was written by Howard Wilson, the ethics counsellor. In the letter he said that the report was winding down and would be concluded on November 8. That was a long time ago.

If the Deputy Prime Minister is so sure that this report has not been concluded, then why in the world is he saying that there was no conflict and that there was no involvement from the Prime Minister's office? Why have we not seen that report? Why are we not hearing that—

**The Speaker:** The hon. Deputy Prime Minister.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I have not seen the document the hon. member has been holding in his hand. I would like to see it, study it and see if he is quoting accurately from it. I would like to see if he is quoting from it in context. I think we have learned by now that a lot of what the hon. member says in the House has to be treated with a great deal of skepticism.

**Mr. Chuck Strahl (Fraser Valley, Canadian Alliance):** Mr. Speaker, here is another document, just to show the seriousness of this issue. It is an interoffice memo from Connaught Laboratories, the subsidiary of CDC. The Minister of Finance was on the board of directors at that time. The memo is dated 1983. It says "In view that Connaught's blood products are not yet registered in most countries, nor do we have heat-treated products, it is essential that we capitalize on every inquiry that we may receive".

In other words, Connaught Laboratories was trying to sell a product, which would not be allowed in the United States or Canada, abroad. This was during the time the Minister of Finance was on the board of directors of the CDC.

Will the Prime Minister be able to assure us that these kinds of memos from Connaught Laboratories are part of this—

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, it is my understanding that the ethics counsellor will be releasing his report in the very near future. I have asked, and I understand that all pertinent documents will be made available as part of that report.

**Mr. Chuck Strahl (Fraser Valley, Canadian Alliance):** Mr. Speaker, the finance minister was on the board of directors of CDC because of his international expertise. This memo is entitled "International Sales of Factor H" which is the blood product used by haemophiliacs.

The memo says "For this reason, we need your urgent confirmation of quantities which will be available for export as of September 27 of 400,000 units for Iran and another for Spain". In other words, Connaught Laboratories sold products in 1983 that it knew full well were tainted blood products.

Did the Minister of Finance know about this when he was on the board of directors—

**The Speaker:** The question as stated is out of order.

\* \* \*

• (1420)

[*Translation*]

**HEALTH**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the Minister of Health has announced that he is prepared to move on a pharmacare plan.

I assume that the announcement that he is prepared to move on pharmacare means he has held discussions with the Quebec Minister of Health Marois.

Can the minister give us a progress report on the discussions he has had with Mrs. Marois?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, as far as pharmacare, and the entire area of health is concerned, I must begin by emphasizing our intention to respect the jurisdiction of the provincial governments. The provision of health services is, naturally, a provincial responsibility.

At the same time, we have a constructive role to play, under the Canada Health Act, in supporting the provinces' efforts to develop innovative approaches.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, that was not the point of my question. If I understand correctly, the minister side-stepped the question because he did not hold any discussions with Mrs. Marois.

I am rather surprised that he says he is prepared to move on pharmacare when six provinces have such plans.

*Oral Questions*

How can the minister tell us that he plans to move on pharmacare, wishes to collaborate on it, is prepared to set up such a plan, when he has not even deigned to hold discussions with the Quebec Minister of Health? Is this the minister's idea of an enlightened partnership?

**Hon. Allan Rock (Minister of Health, Lib.):** A few days ago in Markham, Ontario, I tried to raise a wide range of important matters relating to health, including pharmacare.

Unfortunately, the provinces—including Quebec's Mrs. Marois—refused. They only wanted to talk money.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, in an area as serious as pharmacare, if his intent is noble, as he says it is, if he wants to provide a new service to Canadians, would the Minister of Health not be well advised to proceed as his status and position dictate?

That means consulting those responsible and then telling us whether he will proceed, since he will be ready to do so. Is he not doing it backwards by assuming the right to do it himself without consulting others?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I totally agree with the hon. member. We must consult, we must work together, that is clear. I am prepared, starting tomorrow, to meet my counterparts to discuss the matter.

A few days ago, in Markham, I suggested that we spend time on such a discussion, but that was rejected. I hope I will have the opportunity in the coming weeks to speak with Mrs. Marois and the other ministers of health in Canada on this important matter.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, if the minister agrees with me, I would like to know whether he agrees with the second part of my question. It is my clear impression that he must respect the jurisdictions of the provinces and therefore provide for complete opting out with full compensation.

Does the minister intend, out of respect for the provinces, and respecting their jurisdictions and existing plans, to provide this right to opt out with full compensation?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, obviously we intend to respect the provinces' fields of jurisdiction. For the rest, we will discuss the matter with our counterparts, and we will see.

[*English*]

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, my question is for the Minister of Health. It concerns the opposition of at least two former Liberal health ministers, the member for Sudbury and Monique Bégin, to the tolerance being extended by the government to private-for-profit clinics in the medicare system and the 12 principles that were signed onto by the government with

Alberta. Both of these former ministers have declared these to be a danger to medicare.

Is the minister prepared today to repudiate these ministers or will he do as we urge him to do and repudiate the 12 principles?

• (1425)

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, in relation to the comments made by the member for Sudbury, I take it from the reports that there is some suggestion there is an old boys' network, that we do each other favours out of friendship. I want to make it clear to the House and to the hon. member that I have no intention of pulling my punches under the Canada Health Act simply because of my warm and cozy relationship with Mike Harris and Ralph Klein.

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, I did not raise the comment about the old boys' club. I raised the question about the 12 principles that the government had signed onto and I asked the minister whether he was prepared to repudiate those principles.

I do not care whether it is an old boys' club or an old girls' club. The fact of the matter is that this government is now tolerating private-for-profit clinics and has been doing so for some time. Former ministers of health have called attention to this. We are at a critical point. Bill 11 will move the involvement of these clinics up to a level that threatens medicare in the way that extra billing and user fees did before Monique Bégin acted in 1984.

It is time for the minister to act in that same tradition. Will he do so?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I can assure the member that we will do everything required to protect the integrity of the Canada Health Act.

Let me correct something the member said. He refers to 12 principles being signed onto. Let me make it clear that there is no agreement between the Government of Canada and any provincial government with respect to principles beyond the Canada Health Act and nothing in any principles promulgated by any provincial government will ever stand in the way of our enforcing the Canada Health Act.

Finally, in relation to bill 11, as I have assured the member and the House often, we shall act at the appropriate time in what we regard as in the best interest of the Canada Health Act.

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, no one in the history of this country has done more to destroy Canadians' access to health care than this Prime Minister. Just ask the member for Sudbury.

Will the Prime Minister move immediately to restore the cuts that his government has made to provincial transfers and commit to long term federal funding for health care?

*Oral Questions*

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. member has an unusual attitude. The Canada Health Act was passed just before a government, led by his party, took office. His party did not do a thing to enforce the Canada Health Act for nine years. To that party it was dead. It was revived by this Liberal government when it enforced the Canada Health Act for the first time. We restored funding for health care. We will continue to do our job on behalf of all Canadians to protect health care for all Canadians.

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, let us set the record straight. It was this government that cut \$35 billion out of health transfers. As a member of this government said herself, “You get the type of health care system you pay for”.

Of every dollar that is spent in health care, the federal government puts one dime toward the provincial costs of health care.

Will the Prime Minister listen to his former Minister of Health and meet with the premiers and fix this crisis? Maybe the finance minister should bring his cheque book with him.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, next year transfers to the provinces will be \$31 billion. That is an all time high. Transfers in terms of equalization will be at an all time high.

The fact is that this government put a floor under the transfers to make sure that they would never drop further, a drop which had occurred under the previous Tory government. At the same time, this government has invested amounts in health care research that the Tory government could not even contemplate. We have put money into the child tax benefit, helping poor and middle income families.

These are all things that the Tory government let lie fallow and this government—

**The Speaker:** The hon. member for Red Deer.

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**CANADA DEVELOPMENT CORPORATION**

**Mr. Bob Mills (Red Deer, Canadian Alliance):** Mr. Speaker, the finance minister appears to be in a serious conflict of interest as a result of his relationship with Connaught Laboratories in the 1980s. Minutes from CDC board meetings could clear the air. The ethics counsellor passed those minutes on to the finance department and he warned that they would have to be released under the Access to Information Act.

• (1430)

When we asked for those minutes from the finance department, it denied it had those documents. Why?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, first of all the purpose of the ethics counsellor’s report is to

determine the very question the member has raised. I was the person who asked the ethics counsellor to undertake that full examination.

As far as access to information is concerned, I mentioned yesterday that I was not involved in that for obvious reasons, given the nature of the query. I have asked my department to do a thorough examination of the whole matter, and at the same time, in order to make sure it is as open and transparent as possible, my department has invited the information commissioner to come in and participate fully.

**Mr. Bob Mills (Red Deer, Canadian Alliance):** Mr. Speaker, on May 25 the minister stood in the House and promised that he would release those minutes. Perhaps that was before he had read those minutes. Was it the contents of the minutes that caused the minister to refuse to release those documents?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I have made it very clear that I have not seen the minutes that the hon. member is referring to. One thing which is very clear is that all pertinent information will be made available when the ethics counsellor makes his report.

[Translation]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, as regards the tainted blood issue, in which the Minister of Finance could be found to have been in a conflict of interest, the Bloc Québécois asked for an investigation as early as 1995.

We are now in the year 2000 and the Prime Minister confirmed yesterday that the ethics counsellor was looking at the issue and would submit a report.

Can the Prime Minister assure us that the ethics counsellor’s report will be released as soon as possible, before the next general election?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Yes, Mr. Speaker.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, can the Deputy Prime Minister assure us that the ethics counsellor’s report and all the documents relating to this issue will be tabled in this House as soon as the ethics counsellor has completed his report?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the Prime Minister said that the document will be made public once he has received it.

[English]

**Mr. Jay Hill (Prince George—Peace River, Canadian Alliance):** Mr. Speaker, the finance department has shown a high level of interest in this potential conflict of interest case. First a department official followed an ethics investigator to CDC’s successor, Nova Chemicals in Calgary. Now we have documents that show that the finance minister himself seemed preoccupied with Nova.

*Oral Questions*

The minister had the most senior ranks of his department involved in gathering information about Nova's move from Calgary to Pittsburgh. Was the finance minister really just concerned about the 65 jobs or did he have his senior finance officials digging because Nova was on his mind for other reasons?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, this is ludicrous. The fact is that when this issue first arose it was quite clear, as I stated in the House, that I asked my department to look into it right away. They began to do so. A very short time thereafter, I asked the ethics counsellor if he would undertake a full and thorough examination of the whole thing. For a period of time they operated on a parallel track until such time as the department turned the whole thing over to the ethics counsellor. That is exactly what happened.

**Mr. Jay Hill (Prince George—Peace River, Canadian Alliance):** Mr. Speaker, let us look at what is ludicrous. The deputy minister's office, two assistant deputy ministers, an associate deputy minister and other senior officials were tasked with getting information on Nova Chemicals for the Minister of Finance. That is pretty high priced help, I would suggest.

• (1435)

The finance minister no longer sits as a director of CDC. In fact the CDC no longer exists, yet he is intensely interested in its successor. Does he commit the same high priced resources to tracking all companies or just Nova Chemicals?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, to be quite honest, I am not quite sure I know what the hon. member is talking about in terms of all of this assemblage of public servants who are looking into one company.

The fact is part of Nova Chemicals did move to Pittsburgh and many people were quite interested in the move. However I do not think there was anything untoward and I do not think that the Department of Finance took any untoward interest in that.

\* \* \*

[Translation]

#### HUMAN RESOURCES DEVELOPMENT

**Mr. Benoît Sauvageau (Repentigny, BQ):** Mr. Speaker, the President of the Treasury Board said that, in her opinion, Human Resources Development Canada was able to look after its own affairs.

Since she is so confident, can the President of the Treasury Board confirm that she has seen the Placeteco file?

**Hon. Lucienne Robillard (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, the member for Repentigny knows very well that Treasury Board issues policies and directives with respect to grant and contribution transfer payments.

He is also very well aware that we worked closely with Human Resources Development Canada to establish a plan of action, that we are there to help and support them, and that we are fully confident that corrective action will be taken.

However, the daily business of this department is the responsibility of my colleague, the Minister of Human Resources Development.

**Mr. Benoît Sauvageau (Repentigny, BQ):** Mr. Speaker, for all her confidence, she has not seen the Placeteco file. The problem in this file is the invoices.

Is the President of the Treasury Board able to tell us whether she has seen Placeteco's invoices and are we to understand that she is agreeing to back up her colleague, the Minister of Human Resources Development?

**Hon. Lucienne Robillard (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, I may have to give the member for Repentigny a lesson in public administration.

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

**Hon. Lucienne Robillard:** I may have to give the member for Repentigny a lesson in public administration in order to make it clear to him that Treasury Board approval is not required for the grants and contributions in all these files, that they are the responsibility of the designated minister and that therefore he should be addressing his question to the Minister of Human Resources Development.

\* \* \*

[English]

#### CANADA DEVELOPMENT CORPORATION

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance):** Mr. Speaker, the finance minister helped make CDC's decision to buy tainted blood. He later helped make the Liberals' decision not to provide—

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

**The Speaker:** Order, please. We will hear the question.

**Mrs. Diane Ablonczy:** Mr. Speaker, he later helped make the Liberals' decision not to provide compensation for the years he sat on the board of CDC. The finance minister thereby avoided being connected with any liability to the victims of tainted blood during his tenure at CDC. He was at the cabinet table with a clear conflict of interest.

Why has the government failed to deal promptly with this clear issue?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I think the hon. member, who is a person I respect, ought to ask

*Oral Questions*

herself whether she is not demeaning parliament when she stands up making statements such as that.

• (1440)

The hon. member knows as well that I have stated that I really have no recollection of having dealt with this issue in any way, shape or form when I was with the CDC.

The purpose of the ethics counsellor's report is to look at every single document to determine what the facts were and then to respond to the question of conflict of interest. She knows that is what the ethics counsellor's report is supposed to deal with, and we will deal with it as soon as it is submitted.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance):** Mr. Speaker, the question is why has the finance minister's involvement with tainted blood gone unanswered for so long?

The minister himself promised to make relevant documents public. Now we know that his department denied having documents which the ethics counsellor himself confirmed that it has. Now the minister is trying to make us believe that a report is coming, but we have another document which says that the whole investigation which would have allowed this report to be released was finished five months ago.

There are some real credibility issues here. Canadians need an answer.

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

**The Speaker:** Order, please. I did not hear the last part of the question because of the noise. I believe the Deputy Prime Minister was on his feet. To the extent that it deals with the administrative responsibility of the government, I will permit the Deputy Prime Minister to answer if he so wishes.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. member made reference to a document signed by the ethics counsellor which she alleges says that the investigation by the ethics counsellor had been completed five months ago. I have what I believe is that document in my hand. It does not say that at all. All it says is that after looking at certain minutes, the ethics counsellor was in a position to conclude his report. It did not say he had concluded his report.

The hon. member that is the finance critic and his colleague ought to stand and apologize for what they have done, contrary to the spirit and rules of the House.

\* \* \*

[Translation]

**HUMAN RESOURCES DEVELOPMENT**

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, yesterday the Solicitor General of Canada was informed that an investigation into the Placeteco affair had been called for.

His response was that he would read the letter and then respond to it.

I have an extremely simple question for him today, one that requires an extremely simple answer. Has he read the letter, and has he asked the RCMP to investigate?

[English]

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, yes, I read the letter when I received it yesterday afternoon, like any other letter I receive. I took the appropriate action that I would take with any letter I receive of that nature and referred it to the RCMP to evaluate.

\* \* \*

**CFB PETAWAWA**

**Mr. Hec Clouthier (Renfrew—Nipissing—Pembroke, Lib.):** Mr. Speaker, in the great riding of Renfrew—Nipissing—Pembroke we are very fortunate to have one of Canada's super bases, CFB Petawawa. There is an absolutely scandalous rumour going around that CFB Petawawa could close. I would like to ask the Minister of National Defence to please comment on the future of CFB Petawawa.

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, the hon. member is absolutely right. It is a scandalous rumour. We have no intention of closing it. I have been there a couple of times in the last couple of years opening new buildings and facilities which we put millions of dollars into. It indicates the importance of that base.

Furthermore, many of the personnel, the troops from that base, are presently serving this country well in Kosovo. We should be congratulating them for their great work.

CFB Petawawa will continue to be a major base in the operations of our military.

\* \* \*

• (1445)

**CANADA DEVELOPMENT CORPORATION**

**Mr. John Williams (St. Albert, Canadian Alliance):** Mr. Speaker, stonewall seems to be the government's watchword these days. Every time a Liberal minister gets in trouble it is stonewall. That is the cornerstone of HRDC policy and now the disease seems to have spread to the Department of Finance.

We are talking about the CDC minutes. The Minister of Finance knows he has the minutes. We know that he has the minutes. He has the legal obligation to produce the minutes. When will he produce the minutes?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, let me repeat what I have said.



*Oral Questions*

The fact is that not only did I ask the ethics counsellor to carry out a full investigation of this matter, and I believe the report will be out in the very near future, but in terms of the question of access to information, yesterday, as a result of the discussions, I asked my department to carry out a thorough examination of the matter. At the same time, in order to ensure that this will be done in a way that is as open and transparent as possible, I have asked my department to invite the information commissioner to participate fully in the examination.

**Mr. John Williams (St. Albert, Canadian Alliance):** Mr. Speaker, that is all very good, but the Minister of Finance has 30 days to deliver these documents, and they are long overdue. He could produce them now while we are waiting for the report and the investigation is ongoing.

Will the minister produce them now and have the investigation later?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, all documents pertinent to this matter will be made available when the ethics counsellor submits his report, which will happen in the very near future I am led to understand.

\* \* \*

**ENVIRONMENT**

**Mr. Dennis Gruending (Saskatoon—Rosetown—Biggar, NDP):** Mr. Speaker, that shipload of waste PCBs from an American military base in Japan may not be unloaded in Seattle after all. Dock workers there will not touch it and, in any event, the American government has a law against accepting toxic waste from abroad if it contains PCBs.

Now there is an allegation that Canada may in the past have accepted waste PCBs from the American military without telling anyone about it. Can the government tell us if in fact we have ever accepted shipments of waste PCBs in Canada?

**Ms. Paddy Torsney (Parliamentary Secretary to Minister of the Environment, Lib.):** Mr. Speaker, I am prepared to tell the House that the Minister of the Environment and the officials in both the Pacific and Ontario regions have done a fine job in managing this recent proposed shipment to Canada.

The shipment will not, in fact, come to Canada, and we have instituted a new policy with the department of defence that for shipments below the legal limits of 50 parts per million, or any shipment, we must receive prior notification.

**The Speaker:** Order, please. If members would like to have conversations, I would ask them to go into the lobbies. We would like to hear the questions and the answers.

**Mr. Dennis Gruending (Saskatoon—Rosetown—Biggar, NDP):** Mr. Speaker, the member is clearly unwilling or unable to answer my question.

It was mentioned at a news conference about a week ago that Canada had accepted waste PCBs from the American military. That same allegation was made yesterday on national television. I repeat my question and would appreciate an answer. Can the government tell us if we have ever accepted shipments of waste PCBs in Canada?

**Ms. Paddy Torsney (Parliamentary Secretary to Minister of the Environment, Lib.):** Mr. Speaker, I can tell the hon. member opposite and all members of the House that the CEPA legislation passed by the government instituted a whole new policy for dealing with any waste, and it complies with the Basel Convention. It is a strong piece of legislation. We will use the tools in that legislation to make sure we have a strong environmental policy for this country, and we will do the right thing.

\* \* \*

**CANADIAN BROADCASTING CORPORATION**

**Mr. Norman Doyle (St. John's East, PC):** Mr. Speaker, my question is for the Minister of Canadian Heritage. We have been told that CBC management is again looking at making major cuts in the regions. In Newfoundland we have already lost most of our regional CBC programming, with the exception of the supper hour news program called *Here and Now*. The downgrading or elimination of that program and 500 jobs are being looked at to be replaced with centralized news out of Toronto.

Is *Here and Now* about to become "there and gone"?

• (1450)

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, I want to tell the hon. member that I read those same rumours in the newspaper this morning. I can tell him that the last thing we want is centralized news out of Toronto.

**Mr. Norman Doyle (St. John's East, PC):** Mr. Speaker, let me say to the minister that Canada is more than the view from Toronto. Canada is a community of communities, each of which has its own legitimate point of view.

Will the minister commit to maintaining local CBC programming right across this nation? Will she commit to it here and now?

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, I certainly agree that the role of the CBC is to link people across this great country. I can tell him that I have no intention of micro-managing the CBC, but I can underscore the

*Oral Questions*

fact that we do not want a centralized news system out of one city, however big and fantastic it may be. [Translation]

\* \* \*

**OCCUPATIONAL HEALTH AND SAFETY**

**Mr. David Pratt (Nepean—Carleton, Lib.):** Mr. Speaker, today marks the first anniversary of the tragic shootings at OC Transpo in Ottawa which resulted in the deaths of five workers. The OC Transpo inquest produced a series of recommendations concerning violence, harassment and workplace problems.

Has the Minister of Labour had the opportunity to review these recommendations with her cabinet colleagues, and are there any changes contemplated to federal workplace policies?

**Hon. Claudette Bradshaw (Minister of Labour, Lib.):** Mr. Speaker, on the anniversary of this tragic event I would like to offer my sincere condolences to the families and friends of the workers whose lives were lost that day. I would like to convey to those families that I will continue to push forward with legislative changes that will provide workers with protection against workplace violence.

In that spirit, I strongly urge all members of the House to support the passage of Bill C-12. Bill C-12 would provide the authority we need to develop regulations to prevent violence in the workplace and to better protect employees.

\* \* \*

**CANADA DEVELOPMENT CORPORATION**

**Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance):** Mr. Speaker, the finance minister gave the same promise that he is giving today to provide documents about his involvement with CDC last May in the House. He tells us today to wait when we know that his department has these documents.

Why will he not simply clear the air on his involvement with CDC by providing these documents today?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, in terms of the access to information request, I have already stated that I have asked the department to conduct a thorough examination to see exactly what the situation is, and I have asked the information commissioner to fully participate.

What is by far the most important aspect of all of this is that the ethics counsellor will very soon be releasing his report and all of the documents will be revealed therein.

**VIOLENCE ON TELEVISION**

**Mr. Bernard Bigras (Rosemont, BQ):** Mr. Speaker, a few years ago, Canada's TV broadcasters developed a code of ethics on violence on television, which they apply on a voluntary basis.

Violence on the small screen is of concern to parents, and the time has come to take steps to make this code of ethics mandatory.

Can the minister tell us whether she plans any concrete action on this by taking on the bill I introduced yesterday in this House?

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, I have great respect for private members' bills. For this reason, I am going to let the private members' bill process run its course. I do not wish to take over the hon. member's bill, although it is very worthwhile and merits discussion here by all hon. members.

\* \* \*

[English]

**CANADIAN BROADCASTING CORPORATION**

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, in the past the heritage minister has personally intervened to save CBC radio and Radio Canada International. Will she commit today to intervene with cash and save regional TV news programs if the corporation decides to kill supper hour shows? That is what the CRTC wants and that is what Canadians want.

• (1455)

She has said that she does not want to see one big program coming out of Toronto, but my question is, will she guarantee that it will not happen while she is the minister, and will she provide the money, where necessary, to make that guarantee?

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, I think the member opposite was at the standing committee when the president of the CBC attended and said he was not looking for more money at this time.

\* \* \*

**MERCHANT NAVY VETERANS**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, some time ago the Minister of Veterans Affairs announced a compensation package for the merchant mariners.

According to whatever length of service they had, they would receive \$5,000, \$10,000 or \$20,000, and if they were a prisoner of war they would receive \$24,000. Of the cheques that have been going out, they have received 60%.

*Oral Questions*

Will the minister rise in the House today and guarantee that these brave veterans will receive their full 100% compensation package, even if that means going back to your cabinet if you do not have enough money right now?

**The Speaker:** I would ask the hon. member to please address her questions through the Chair.

**Hon. George S. Baker (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.):** Mr. Speaker, I am pleased to report to the House that so far we have sent out 1,000 cheques to our merchant navy veterans.

I have no reason to believe that all of the merchant navy veterans who have been identified will not get their full 100%, and that is because of the excellent work done by the veterans' organizations and the all-party standing committee of the House, which brought this issue to a successful conclusion.

\* \* \*

[Translation]

**FRENCH LANGUAGE BROADCASTING**

**Mrs. Carolyn Bennett (St. Paul's, Lib.):** Mr. Speaker, could the Minister of Canadian Heritage explain what her request to the CRTC, which was announced today, means for Canada's French language minority communities?

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, today, the federal government asked the CRTC to determine the number of hours of French language broadcasting for francophone minorities and its impact on these communities across Canada.

I invite francophone communities from all over the country to take part in this dialogue and to voice their opinions. I also want to thank the senators and members of parliament who worked to promote French in Canada, particularly through broadcasting.

\* \* \*

[English]

**CANADA DEVELOPMENT CORPORATION**

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, on May 25, 1999 the finance minister promised that he would instruct his department to do a thorough search of documents related to this tainted blood issue and he would then release them to the public.

On July 8 we know that the ethics counsellor faxed those documents to the finance department. That was a long time ago. Why did the finance minister break his promise to reveal those documents to the public? Why has he done that?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the hon. member is obviously running out of questions. I have already answered that question three times.

There is a thorough examination being carried out on how the access to information requests were handled, and the information commissioner will be part of that investigation.

What is really important is that the documents the hon. member seeks, and all other pertinent documents, will be made available to the hon. member when the ethics counsellor makes his report public.

\* \* \*

[Translation]

**GENETICALLY MODIFIED ORGANISMS**

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, more and more countries are opting for the compulsory labelling of GMOs. In Canada, every poll conducted in the past five years shows that consumers want GMOs to be labeled, but the federal government is going in circles.

What is the Minister of Agriculture waiting for to take action in response to the unanimous request of consumers to immediately implement compulsory labelling of genetically modified organisms?

[English]

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, I will repeat for the benefit of the hon. member and all Canadians that before a system of labelling can be put in place it must be meaningful, credible and enforceable.

The process that is in place at the present time is being led by the Canadian Standards Council, with the participation of many organizations and consumer associations to develop the criteria that could be used for the labelling of foods in Canada.

\* \* \*

● (1500)

**HEALTH**

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, my question is for the Minister of Health who will know that not a single cent has been paid to the victims of hepatitis C.

A constituent of mine brought in a letter she received from her doctor last week calling for her to use the drug Rebetrone. The cost will be approximately \$1,700 a month for the next year. She says she does not have \$1,700 extra a month and she has asked me to ask the Minister of Health what she should do.

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I share the member's frustration. I am told the court has now approved the agreement to which we contributed \$800 million. I

*Business of the House*

am told the court has now approved the administrator. I am told the administrator is working to get the cheques out to the people who are in the class.

I also want to point out to the member that for those who are not included in the settlement the government put \$300 million in the hands of the provinces, if they will accept it, to pay for exactly this kind of expense, in other words drugs or other health expenses that are not already covered by public insurance.

If the member would share the details of the case with me, I will make sure that whatever can be done within what is in place is done for this person.

\* \* \*

**MERCHANT NAVY VETERANS**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, with regard to the merchant navy veterans, what has been sent out to them is a cheque worth 60% of what was promised to them. Now the Department of Veterans of Affairs is saying that the other 40% may go out by the end of July, if there is enough money in the bank.

I want an assurance that there will be enough money to give merchant navy veterans the 100% they have been promised.

**Hon. George S. Baker (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.):** Mr. Speaker, the guidelines, the method of payment, the amount of the payment and the review period were all determined by veterans organizations representing the merchant navy, the legion and the Council of Veterans Organizations for all of Canada.

They sat down and decided the rules. I am their servant. They are my boss.

\* \* \*

**BUSINESS OF THE HOUSE**

**Mr. Chuck Strahl (Fraser Valley, Canadian Alliance):** Mr. Speaker, I think Canadians and parliament are interested in what might be the business for the rest of this week and for the following week, the last week before the Easter break.

In particular, they would be interested to know whether the government House leader plans to bring in time allocation on Bill C-23, which has been somewhat controversial. We would like assurances from the House leader that it will not happen.

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the hon. member asked me to assure him that the opposition would not cause obstruction. I would

like to do my best to assure the House of that but it does occur seldom. It does occur every now and then.

• (1505)

**Mr. Jim Abbott:** Seldom.

**Hon. Don Boudria:** Someone is trying to correct me. Perhaps the opposition is being obstructionist more than seldom. This afternoon we will have the following business. Perhaps it will require a special order of the House on which there has been consultation among House leaders in an effort to reconcile various agendas.

In any case, the business for this afternoon, following the adoption of the motion which I hope to offer to the House, would be as follows. After the member for Saint-Hyacinthe—Bagot, a representative from the New Democratic Party and a representative from the Conservative Party complete their remarks on Bill C-25, we would then commence the second reading of Bill C-19.

Obviously to switch orders in the middle of the afternoon requires a motion, which I will put to the House in a minute. Bill C-19 is the bill regarding war crimes. Tomorrow we shall return to Bill C-25 which we will be debating, all things be equal, in a minute.

On Monday as well as Tuesday it is our intention to complete report stage and third reading of Bill C-23. On Wednesday we would hope to begin with the budget implementation bill to be introduced in the House tomorrow morning on the basis of the ways and means motion adopted this morning.

If necessary, we will continue with this bill on Thursday, followed by the following bills. I do not know how many of them we will complete but I will list them nonetheless: Bill C-24, the GST technical legislation amendments dating from last year's budget; Bill C-11, the Devco bill; Bill C-5, the tourism bill; Bill C-18, the criminal code amendments; and Bill C-15 regarding water exports.

Having now read the business of the House, I believe the chief government whip has an amendment to what I have offered.

**Mr. Bob Kilger (Stormont—Dundas—Charlottenburgh, Lib.):** Mr. Speaker, in the same spirit of co-operation, discussions have taken place between all the parties and I believe you would find consent for the following:

That the present debate on second reading of Bill C-25 be adjourned after one intervention from a representative of the Bloc Québécois and one from the Conservatives in order to allow the House to begin consideration of second reading of Bill C-19.

That, once we begin debate at second reading of Bill C-19, the first speaker for the government will be the Minister of Foreign Affairs, followed by a member of Her Majesty's official opposition, the Canadian Alliance. The third intervention will be from a member of the New Democratic Party who would speak for 20 minutes.

*Government Orders*

[Translation]

Under that same agreement, the next speaker for the Bloc Québécois will have the floor for 40 minutes, as provided by the rules of the House.

[English]

**The Speaker:** Does the hon. government whip have unanimous consent to put the motion?

**Some hon. members:** Agreed.

**The Speaker:** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

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## GOVERNMENT ORDERS

[Translation]

### INCOME TAX AMENDMENTS ACT, 1999

The House resumed consideration of the motion that Bill C-25, an act to amend the Income Tax Act, the Excise Tax Act and the Budget Implementation Act, 1999, be read the second time and referred to a committee.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, today we begin second reading of Bill C-25, which implements certain measures from last year's budget, i.e. the finance minister's 1999-2000 budget.

• (1510)

I cannot say that it gives me great pleasure to discuss this bill. Everyone will remember how terribly disappointed we were by the budget brought down last year by the Minister of Finance.

We were disappointed because, once again, the Minister of Finance did not tell us the whole truth about how the nation's finances were handled. He did not tell us about the various avenues open to him to provide relief to taxpayers and the disadvantaged, to introduce truly constructive measures, to put a stop to cuts in social programs, for example.

Moreover, I have a clear recollection that on that date, that is February 17, 1999, the *Globe and Mail* minced no words in describing the Minister of Finance as lacking in imagination, and in stating that he had never been in a situation of managing growth and surpluses, and ought to let someone else take over.

The budget brought down just a few weeks ago was no exception to the rule. It is, in all aspects, along the same lines as last year's, in

other words, disappointing and drab. Last year's budget was so drab in fact that I can hardly keep my eyes open today when referring to it.

First of all, the Minister of Finance, sticking to tradition, both last year and this year—and this will go on until he quits, which we hope will be soon, because we are fed up with all his sneakiness—has hidden the true surplus from us.

Hon. members need only to look at the figures. Since 1994, if one took all the budgets, all the Minister of Finance's figures, one would see that every time he opened his mouth, speaking first of the deficit and only after of surpluses, within a few months, his forecasts were shown to be close to 100% off, sometimes even 150%.

In the 1999 budget, the one of interest to us here, the minister said "For this year 1999-2000"—the fiscal year that has just ended on March 31—"the surplus will be only \$3 billion". A scant few months later, in his economic update, exactly seven months after bringing down his budget, he informed us that his surplus for the last fiscal year might be as high as \$5 billion. This means a difference of \$2 billion in just a few months.

With the 2000-01 budget, this year's budget, a few weeks ago, the Minister of Finance again revised the figure for his surplus to \$5.7 billion. That was at the end of February. The figure is therefore \$2.5 billion more than it was two and a half months previously.

*The Fiscal Monitor* of the Department of Finance has just brought out its most recent estimates based on the first ten months of the last fiscal year. It places the surplus for this fiscal year at nearly \$12 billion. That is a bit of a difference.

Do you know what the Bloc Québécois was saying as of February last year, when the Minister of Finance brought down his budget? The Bloc Québécois said, based on the most reasonable assumptions, the information available to us over a year ago, that the surplus would be around \$12 billion.

And so, doing an analysis using generally recognized parameters, a personal computer and a small team, not the hundreds of public servants in the Department of Finance and Revenue Canada, but with a few people, we succeeded, 12 months ahead, in predicting that the surplus for 1999-2000 would be about \$12 billion, exactly as *The Fiscal Monitor* just said a few weeks ago, based on the first ten months of the last fiscal year.

We managed it not because we are smarter than other people. You will agree, and you have already said so to me, Mr. Speaker, that we are good. There is no doubt about it. We have not been wrong since 1994. When we make forecasts, we are rarely wrong.

When the Minister of Finance makes forecasts, he has always been wrong. They have not been minor mistakes. As I mentioned, he has been out by 100% or 150%. That is a lot. That denies people the opportunity of really evaluating what is available to this

*Government Orders*

government to implement the measures expected of it. This impedes democracy. It is undemocratic to work this way, very undemocratic.

• (1515)

This does not give us the range of options. It does not tell us what the government could do to alleviate the plight of the neediest members of society.

The Minister of Finance shows up with so-called unexpected surpluses either because he was unable to foresee them or because he hid them from us for a whole year. He uses that money to lower the debt, or he thoughtlessly jumps the gun regarding certain expenditures and steps in provincial jurisdictions, just like the self-sufficient and know-it-all federal Minister of Health has been doing these past few months. This is what the minister is doing.

With the prospect of a surplus we had already estimated at \$12 billion back then, we thought the Minister of Finance would take concrete measures to lower taxes and give taxpayers a break. Not only did he not do that with the potential \$12 billion surplus in the last fiscal year, but he is not doing it this year either, when the surplus for fiscal year 2000-01 could exceed \$21 billion.

The minister's tax reductions are ridiculously low this year and they were even lower last year. In fact, the results of these reductions are totally insignificant.

Let me give you an example. For the 1999-2000 fiscal year, middle income taxpayers, that is those who earn between \$30,000 and \$70,000, will save an average of \$150 in taxes. This is over a period of 365 days. Just do the calculation. This will not even buy a cup of coffee.

But there were winners in 1999, as there were in the last budget—the rich. In 1999, if you were one of the lucky few with an income of \$250,000 or higher, the elimination of the 3% surtax saved you over \$3,500 in taxes.

You are a middle income earner. The federal government has been relying on you heavily since 1993 to help put its fiscal house in order. There is a hefty \$12 billion surplus in 1999-2000 but it does not help middle income earners. Those who are already very rich get another break in the form of a \$3,500 tax saving starting with the tax year for which we are now filing.

It is sad. The Minister of Finance tells us that there were tax cuts last year, and that there will also be some this year, but things are no better this year. In fiscal 2000-01, it will be pretty much the same—\$150, \$300, in real tax savings. Once again, with the cuts, the 5% surtax that remained, as well as the increase in the capital gains exclusion rate, it is those in the \$250,000 plus income bracket that will benefit.

It is not \$3,500. Another \$4,000 has been added. Both measures taken together, i.e. last year's elimination of the 3% surtax, and this

year's increase in the capital gains exclusion rate from 75% to 66%—33% of capital gains are not subject to any taxes—put another \$4,000 in these folks' pockets. In two years, they have saved \$7,500 in taxes. However, those earning between \$30,000 and \$70,000 had a tax saving of \$300 for the entire year, and this has just been described as fair.

Last year, with the \$12 billion in surplus, which was known about but deliberately concealed from us, the Minister of Finance could have revised the zero taxation levels, that is the point at which families start paying federal income tax.

In this connection, I will point out a few figures that demonstrate the considerable imbalance that exists between the federal taxation system and Quebec's system.

To take the example of a couple with two dependent children and one single employment income, the federal cut-off point after which they start to pay tax is \$13,719. Do hon. members know at what point they start paying Quebec taxes? At \$30,316. Hon. members see the imbalance here. Back in 1999, with a potential surplus of \$12 billion, the Minister of Finance could have moved the zero tax threshold upward.

• (1520)

Let us take another example, a retired couple, age 65, with no children. They start paying federal income tax at the \$20,000 level, while in Quebec the level is \$26,000. This could have been brought back into balance. With less of a surplus available to it, Quebec has done more with less than the feds, with surplus funds coming out of their ears, not to mention out of the pockets of the Minister of Finance. However, what is spilling out of his pockets is not his money, but ours. It is the money of the middle income taxpayers, the largest group of taxpayers in Canada. Yet he has done nothing.

He could also have changed the employment insurance plan, this man who says he has a lot of compassion for the most disadvantaged. Since becoming the Minister of Finance, he has put people in the hole, tossed them out on the street. With his savage measures of the right, this minister who claims to have a social side, almost socialist the way he puts it, this man has pushed people at the threshold of middle income into a low income bracket. He has pushed them into poverty. He has thrown them into the pit of poverty. He did so in 1999 and is still doing it in 2000 with his latest budget.

He could have changed the employment insurance plan, which covers only 42% of the targeted clientele, the unemployed, who pay. We know, now, all workers pay into employment insurance, as do all employers.

When these people lose their job, fewer than half of them will benefit from employment insurance. Six out of ten unemployed persons are excluded from the employment insurance plan. He could have changed the plan.

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We are not saying the plan has to be permissive, open, with money pouring out uncontrolled. We know that Department of Human Resources Development has no need for our suggestions on this subject. We know that in this department they stalk the unemployed in order to not give them what they are entitled to as benefits. They wake them up at 6 a.m. to make sure they are available for work, they treat them like robbers and cheaters.

We can see too how this department treats friends of the party. They grease their palms, they give them hush money. They get a \$1.2 million grant, no questions asked, but unemployed workers are asked to return \$5 of \$200 received, because their benefits have been reviewed. They are hunted down like thieves.

The friends of the party are not treated like thieves. The federal government shuts its eyes and deliberately hands over the \$1 million, not even requiring that any jobs be created. We have the HRDC scandal to prove it.

On another topic, the Minister of Finance could have overhauled the EI scheme. He could have arranged things so that most of those who pay premiums qualify. But no, he did not. He did not do so in 1999 with a \$12 billion surplus, nor did he do so this year with a surplus of over \$21 billion. When will he do so?

When will he decide to stop abandoning those who are already down and out? These people do not qualify for EI because the criteria are too restrictive, and they do not qualify for welfare because they have assets that they must first sell. They are being reduced to poverty, put out in the street, driven to suicide. There are people living out these tragedies today.

The Minister of Finance has a \$12 billion surplus this year, and he will have a \$21 billion surplus at the end of this fiscal, but he has done nothing to help these people out. This is not just unacceptable, it is completely revolting.

The federal government used the 1999 budget to pull a fast one on Quebec. The Minister of Finance says he is a Quebecer and holds international fora in Montreal, and naturally we are very pleased. Montreal is becoming the financial capital not only of Canada but, thanks to the initiatives taken by Mr. Landry, of North America. It is perfectly normal to recognize that and to at least hold a first meeting of G-20 members in Montreal.

He claims to be a Quebecer, but why did he take advantage of the 1999 budget to pull a fast one on Quebec by unilaterally changing the formula for the Canada social transfer? Until then, the sharing was based on a number of criteria, including population. But population was not the primary factor. The primary factor was the need for the portion of federal transfers earmarked for social assistance.

This Minister of Finance, who claims to be very understanding, to treat Quebec well, to be a good representative for our province, unilaterally decided to pull a fast one on Quebec and to amend that

formula. The result is that Ontario was the big winner, following the \$2 billion adjustment made to the Canada social transfer in 1999.

• (1525)

By using population as the primary criterion, Ontario benefits because its population is larger than that of Quebec. Ontario is the province with the largest population in Canada.

Half of the \$2 billion adjustment went to Ontario. The richest province in Canada received \$1 billion out of the adjustment to the Canada social transfer, to fund social assistance, higher education and health.

Since 1994, a well-oiled system has been put in place by the Minister of Finance in order to arrive, by 2004, at cumulative cuts of \$32 billion in social transfers to the provinces. By 2004, Quebec will have absorbed 50% of these cuts, which represents a \$16 billion shortfall.

They pulled a quick one over on it in the 1999 budget by exchanging the criterion for one based on population. Ontario won the prize. Quebec has absorbed double the amount it should have in federal government cuts.

As the Prime Minister did last week, government members from Quebec were bragging that, in 1999, Quebec received a \$1 billion adjustment in equalization payments. Of course, we got \$1 billion, because equalization payments are calculated mathematically rather than politically. The Liberals make political hay with it. No matter, they make political hay with everything, such as the fate of the sick and the most disadvantaged.

These people make political hay with everything and delay the right decisions until the next election campaign instead of easing things for people who have suffered for three or four years. They play petty politics.

They gave Quebec a \$1 billion adjustment in equalization payments. Why? Because they did not give it enough before under the brutal calculations of the equalization formulae.

However, what they do not say is that what they gave with one hand they took away with the other. I talked of the new formula for allocating the Canada social transfer. In this, they took from Quebec what it was entitled to. There is also a \$2 billion shortfall Quebec is still seeking for having harmonized the GST with the QST in 1991.

The federal Minister of Finance, who claims to be a Quebecer and to stand up for Quebec, gave \$800 million to three little maritime provinces, because they harmonized their sales tax with the GST. Quebec did so in 1991 and is seeking compensation from the Minister of Finance. We did exactly the same calculations as were done for the three maritime provinces, coming up with a total of \$2 billion. The Minister of Finance informed us "No, you are not entitled to it".

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We made adjustments. The Government of Quebec also collects the GST on behalf of the federal government. It is calling for \$2 billion in compensation for having carried out harmonization of the QST with the GST. Quebec is asking for nothing more and nothing less than the fair treatment according to the three maritime provinces, and yet it is being told it is not entitled to it.

There is also an annual shortfall of another \$2 billion in federal government procurement of goods and services. We are not the ones saying so. It comes from Statistics Canada. In relation to its demographic weight, Quebec ought to have \$2 billion more each year in federal government procurement of goods and services.

This adds up as follows: \$6 billion in cuts to the Canada social transfer since 1994, \$2 billion shortfall annually in goods and services procurement, and \$2 billion in compensation for harmonization with the GST, for a total of \$10 billion. Here they are boasting about making us a gift of \$1 billion, while we were shortchanged to the tune of \$10 billion.

That is liking having a burglar break into your house, one who might just happen to be Minister of Finance. He helps himself to \$10,000 of your money. You chase him and nab him at the corner, and he gives you back \$1,000. You hug him in gratitude for returning 10% of what he took. There is a limit to what a person can put up with.

In the 30 seconds remaining to me I will just raise an important point that comes up in Bill C-25, which is the trust set up for hepatitis C compensation. As announced in 1999, this bill proposes to consider the compensation received by the hepatitis C victims as tax exempt.

• (1530)

I take this opportunity to remind the House that those who were infected before 1986 or after 1990 are still not entitled to any compensation, even though they are victims just like the others. We must remember that, and this is a good opportunity to remind the House of it.

Moreover, those who are entitled to compensation are still waiting for their cheques because, seemingly, these cheques are in the hands of the lawyers. It might be a good idea for the government—and I will conclude with this message—not only to think about tax treatment, but also to use its money to treat those who are not entitled to compensation on the same level as the others. These people are no less affected by hepatitis than the others and they too should be compensated.

We will vote against Bill C-25 at second reading. It reflects the finance minister's lack of imagination, his total lack of compassion for the needy and his refusal to follow up on the numerous requests made by the governments of Quebec and the other provinces to restore the Canada social transfer, to review the employment

insurance reform and, in the case of Quebec, the minister's refusal to follow up on a request to be compensated for having harmonized the GST and the TVQ—the federal government owes \$2 billion to Quebec.

The Bloc Québécois has been asking since 1993 that Quebec be treated fairly regarding the procurement of goods and services the allocation of budgets for research and development. We are still waiting for a reply from the Minister of Finance. No reply is provided in the 1999 budget, in the 2000 budget, and even less so in the 1999 budget implementation bill, namely Bill C-5.

[English]

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, it is with pleasure that I rise today to speak to Bill C-25, the Income Tax Amendments Act, 1999.

Yesterday I attended the Business Council on National Issues' annual CEO summit in Toronto. At that summit there was an immense amount of discussion surrounding some of the issues facing not just the business community but all Canadians in the complex and hypercompetitive, globally integrated economy that we are entrenched in today.

I heard a lot of very serious and legitimate concerns about the future of our country. I was dismayed by a sense of disconnection between the people in that room, who were working hard to create greater levels of opportunity for Canadians and greater levels of prosperity for Canada, and the people here in parliament and the House of Commons.

Yesterday morning the Minister of Industry spoke to the group assembled. His speech contained some very positive messages with respect to the future competitiveness of Canada. However, in the question and answers after, he clearly disappointed those assembled by demonstrating that he lacked the vision and the leadership to provide the types of initiatives that Canada needs at this juncture to forge forward as a globally competitive country.

The minister was asked a question by Izzy Asper, the CEO of CanWest Global Communications Corp. and head of the Global Television Network, concerning the Canadian tax system. I will quote Mr. Asper.

The Canadian tax system that we're living under was last reformed 32 years ago. It is obsolete and the world it was designed to deal with no longer exists.

The (system) is a nightmare of complexity, a sea of uncertainty. . . The tax system is now anti-business, anti-private sector and anti-entrepreneurial.

In short, Mr. Asper was saying that our tax system is anti-growth. I would argue that is clearly not to the benefit of any Canadians, whether in the business community or outside of it.

• (1535)

In his response to that very serious question, the Minister of Industry said that a fundamental reform of the tax system would



require an enormous amount of consensus among the taxpayers. He effectively said that it was impossible to reform the tax system because it would require a consensus.

In his statement, I think he was speaking to a larger truth, that is, to the lack of vision on the government's side in terms of these very important issues and the incrementalist, poll-driven style of this government relative to many issues, in particular, economic issues. In its tinkering, in its short term focus on next week's polls, it is ignoring the interests of Canadians well into the next century.

We heard from a number of individuals who were participating in the conference yesterday. A gentleman by the name of Tom Axworthy spoke to the group assembled. As an experienced former professor at Harvard, he indicated that in the last several years he has seen the percentage of expatriate Canadian students studying at Harvard, who returned to Canada, significantly reduced, to the extent that now virtually none of the Harvard graduates from Canada are actually returning to Canada. They are staying in the U.S.

These are very troubling and not simply anecdotal experiences. These are signs of a greater truth. The Conference Board of Canada's report on brain drain indicated that the number of Canadians leaving Canada to go to the U.S. seeking greater levels of opportunity and growth for themselves and their families has grown from 16,000 per year to over 100,000 in the last year. These types of statistics are very troubling for Canada.

We also heard yesterday from the U.S. economist Lester Thurow who, a number of years ago when the Liberals were in opposition, spoke to a Liberal policy gathering. In referring to the current Prime Minister he said that the Prime Minister's "one problem at a time" and "Canada is number one" rhetoric reflected his personal and political convictions that setting national targets, exhorting citizens to make special efforts, using his office as a bully pulpit in outlining serious challenges for citizens to consider, are all potentially fatal political traps.

While we are listed by the UN as the greatest country in the world to live, and all Canadians are quite proud of that, and while the Prime Minister pontificates about how we are the greatest country in the world, he is using that as a reason for not pursuing economically visionary policies. Whenever a politician or a government pursues policies that are visionary or forward-thinking there is risk. Clearly the previous government paid a significant price for pursuing policies that were visionary and politically dangerous.

Free trade, which is lauded now by almost all parties in the House, and certainly by the opposition Liberals who fought vociferously against it prior to 1988, was a very controversial issue in the 1988 election. In fact over half of Canadians voted against free trade. The majority of Canadians voted for parties that were opposed to free trade.

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That step went far beyond the Minister of Industry's statement about tinkering and consensus. That step was one of vision and of leadership. Making the types of structural changes to the Canadian economy, which have enabled Canadians, toward the end of the 1990s and now as we have entered the 21st century, to be in a position where we can potentially take advantage of the opportunities and face the challenges of the new economy.

• (1540)

Similarly, the GST, against which the Liberals successfully fought in the 1993 election, is now embraced by the Liberals. In fact, the Prime Minister on foreign travels claims to have invented or implemented the GST.

The difficulty with the Minister of Industry's statement yesterday, that no steps can be taken without the consensus of Canadians, indicates that this government is so focused on following the polls that it is failing to lead Canadians. Canadians deserve better government than that. I would argue that on the GST there was a consensus. Unfortunately, it was not a consensus that was positive for my party in 1993.

**Mr. John McKay:** That is the best part of your speech so far.

**Mr. Scott Brison:** One of the Liberal members opposite has commended me on my oratory today. I appreciate that. It is tremendously kind.

I thank the Liberals opposite for not changing those excellent policies of the previous government because, frankly, they have been the policies that have enabled the current government to eliminate the deficit, along with the support of the Canadian taxpayers who have been pummeled under this government's leadership. It could be said that the government opposite is a government of sound and original ideas. Unfortunately, its sound ideas are seldom original and its original ideas are seldom sound.

We are speaking today to Bill C-25, an act to amend the Income Tax Act, the Excise Tax Act and the Budget Implementation Act, 1999. This is a collection of tinkering measures that fail to address some of the significant tax reform issues challenging Canadians.

Under this government we have seen declining productivity and investment and, in fact, an exodus of not just Canadian talent, in terms of the best and brightest young people we have in Canada, but also an exodus of investment in what is sometimes called the corporate takeover of Canada. We have seen a huge loss of Canadian economic sovereignty under this government.

It is important to note that sovereignty is not about economic symbols. It is about economic performance. While the government will continually go back to symbolism and try to defend its record based on particular symbols, it is missing the basic message or mantra of the new economy which is that individuals, wherever

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they live in the world, are prosperous or poor based on the degree to which their governments create environments for their citizenry to participate fully in this new challenging global economy. This government is clearly failing to recognize the opportunities and challenges of this new economy.

Canadians deserve much better. Canadians deserve a government with a clearer vision, a government willing to take some risks on economic policy and forge ahead of where the polls are indicating the government should be right now and actually do some of the things that Canadians need to be done to prepare them for well into this millennium.

Based on the last three budgets, it is clear that the Liberal government is big on labels. We saw in the 1998 budget that it was the education budget and 12 months after that budget, over 12,000 Canadian graduates declared bankruptcy.

The 1999 budget was the health care budget. In the year following that budget, we still see the Canadian health care system in a shambles and health care reeling in every province in Canada, not because we have bad provincial governments but because the federal government has abdicated its responsibility to defend the Canada Health Act and has not provided the type of funding necessary for the provinces to maintain the principles of the Canada Health Act.

The year 2000 budget was the tax cut budget. Before this budget, Canada had the highest personal income taxes in the G-7. After this budget Canadians face the highest personal income taxes in the G-7.

• (1545)

What about corporate taxes? Prior to this budget Canada had the second highest corporate taxes of the 31 countries in the OECD. After the tax relief measures of the budget are fully implemented over a five year period, Canada will have the fourth highest corporate taxes of the 31 OECD countries. That is assuming that other OECD countries will not reduce their corporate taxes, when in fact 27 of the 31 OECD countries are already planning to reduce their corporate taxes.

While the Liberals pontificate about Canada heading in the right direction with their tax policies, I remind them that a tortoise heading in the right direction on the autobahn is still roadkill. The Liberals' tortoise tax reform is a hindrance for Canada and is holding Canadians back when we should be unleashing the Canadian potential not just to compete globally, but to succeed globally in this new economy.

Under the Liberals we have seen a reduction in our personal disposable income of about 8%, during a period of time when the Americans have enjoyed an almost 10% increase in personal

disposable income. I suspect that I have to remind members opposite that it is impossible, wealth being a relative thing, for Americans to have become richer while we have been getting poorer.

This is one of the reasons we are seeing the dollar drop by approximately eight cents since the election of the government in 1993. The dollar is one of the best indicators of economic performance. It is like a share value in Canada. It reflects the confidence not just of Canadians, but of investors from around the world. Every time the dollar drops, Canadians have a pay cut. It reduces the standard of living and the purchasing power of Canadians who increasingly in the globally interconnected economy can purchase what they want and need from companies and individuals almost anywhere.

Our productivity growth has been the worst in the G-7 in recent decades. There has been a secular decline in our productivity growth rate, particularly relative to the United States. Again, that needs to be addressed. Broad based visionary and courageous tax reform and reduction is only one way, but it is a very important way to address that issue.

I will speak to some specific issues in Bill C-25. We support the demutualization of life insurance companies. That is a step in the right direction. It has already been the case in the U.S. and there is a broad based level of support within the life insurance community for this. Demutualization stands to benefit a lot of policyholders. Effectively in some ways it makes them shareholders in some of these companies. There are some benefits to that.

In 1999 there was an increase in the basic personal exemption by \$675 to approximately \$7,100. That is a baby step in the right direction. To be taxing Canadians who are making \$7,100 is purely too low a figure. Comparatively in the U.S. one does not start paying income tax until one's income reaches approximately the equivalent of \$11,000 Canadian. We are supposed to be a kinder and gentler nation yet with the recent budget, we will be taxing people who earn only \$8,000. The increase is a step in the right direction, but just a baby step.

Again bracket creep was not eliminated in the 1993 budget. A lot of these little tiny baby steps on tax reduction were eliminated by bracket creep in the years since then.

• (1550)

On the issue of the deficit surtax there was an announcement in the 1999 budget for a reduction in this tax and we supported that. It should have been done earlier.

The 5% deficit reduction surtax was not touched in the 1999 budget. In the 2000 budget there was a commitment to decrease it by 1% per year. Of course the government is reticent to reduce the 5% surtax because it is a surtax on who the government considers

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to be high income Canadians. It is part of the politics of envy the Liberals try to create in Canada and an attitude of anti-wealth or anti higher income which is a recipe for failure in Canada.

Canada's highest marginal tax rates are higher than all but two of our trading partners. Canadians are taxed at the highest marginal tax rate when they hit an income of \$70,000 per year. In the U.S. one does not hit the top marginal tax rate threshold until \$420,000 Canadian. That says to an MBA graduate or someone entering the computer industry, software industry or e-commerce industry who is starting at that pay almost immediately after university that we do not want them here, that we do not want their talent or their innovation. Unfortunately when we say that to them all their potential to build better futures for themselves and their companies and a better future for a country will benefit other companies outside of Canada. It will benefit countries other than Canada if we are not very careful.

In this legislation which has to do with the implementation of the 1999 budget there has been a bunch of tinkering, a series of baby steps that do not really address the holistic and systemic issues facing Canadians. It indicates the anemic approach by a tired government which Canadians are growing concerned about. They watch this complacent government and the near toxic levels of arrogance which emanate from the government benches. They know they are paying a significant price for a government with no vision and no courage to lead Canada bravely into the 21st century.

**The Acting Speaker (Mr. McClelland):** Pursuant to order made earlier this day, debate on the motion for the second reading of Bill C-25 is deemed to be adjourned.

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### CRIMES AGAINST HUMANITY ACT

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.)** moved that Bill C-19, an act respecting genocide, crimes against humanity and war crimes and to implement the Rome Statute of the International Criminal Court, and to make consequential amendments to other acts, be read the second time and referred to a committee.

He said: Mr. Speaker, I would like to begin just by recalling for the House a statement that was made by Isaiah Berlin, one of the great moral philosophers of this century in a lecture that he gave about 30 years ago. He said that we must be reminded that the Nazi concentration camps of the second world war offer the most conclusive justification for the necessity of a universal moral law. He then went on to say, and I think it is a pertinent comment for this debate, that the primary duty of any politics was to avoid the extremes of human suffering.

• (1555)

Since the second world war there have been people in politics who have made every effort and given voice to the question of the extremism that leads to human suffering. The Nuremberg trials themselves immediately after the war and the development of the convention on human rights and the genocide convention or the tribunals that have been established for Rwanda and the Balkans have all been efforts to establish a new trend of humanitarian law that begins to set standards for that universal moral behaviour.

This movement has been an effort to develop a fundamental principle about the protection of individuals and their rights, not the protection of nation-states, not the protection of the interests of the grand powers but the fundamental protection of the security of individuals and to hold people accountable for those who commit crimes against individuals.

I am pleased to report that the adoption two years ago of the statute for the development of the International Criminal Court was perhaps one of the most substantial and forward looking steps our generation has ever taken to prepare the world for that new sense of accountability.

[*Translation*]

This was why I had the privilege, in December, of introducing Bill C-19 concerning crimes against humanity.

This bill would implement the Rome Statute of the International Criminal Court in Canada and would also strengthen the legislative groundwork for the prosecution of crimes in Canada.

[*English*]

It is in this debate and discussion at second reading that we must bear in mind the vital reasons we need to support the International Criminal Court and why Canada has taken such a position of leadership.

We have seen time after time on our television screens, human suffering and shocking violations of people's rights throughout the world. Instead of diminishing over time, the scale of human violence has substantially increased. Perhaps the most stark, dramatic and horrendous statistic that comes to mind is that 90% of today's victims in war are civilians, women and children, the most vulnerable. They are the ones who pay the price. In fact they are often the targets.

We read in the newspapers about the trials going on in the Hague and about the deliberate planned violation of women as part of the war aims during the Bosnia war. This brings to mind the horror that takes place in this world of ours. Millions of women and children have suffered torture, rape, expulsion and extinction. They have

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been mutilated for no reason other than a hatred for their tribe, their religion or their ethnic background.

I recently read the book *We Wish to Inform You That Tomorrow We Will Be Killed with Our Families: Stories from Rwanda* by Philip Gourevitch. The author went into a school that had been attacked by the genocidaires, the murderers, during that horrible period in 1994. He described how he walked in and saw a room full of mutilated corpses and skeletons of young children and what had happened to them. The genocidaires had arrived one morning and had asked who were the Hutu and who were the Tutsi. The Hutu kids were told to leave and the Tutsi kids were murdered. He then went on to describe how the international community ignored that peril and threat. Almost half a million people were killed for no other reason than who they were and who they belonged to.

It is so important that we begin to establish the fundamental principle of accountability. We can no longer tolerate people hiding behind the walls of national protection, the impunity that says "I am simply doing my duty" or "I am in a position of responsibility". We can no longer accept that as being a basis for international law. That is why we are debating Bill C-19 at second reading. Establishing the International Criminal Court is one way of safeguarding the culture of accountability against the threat of impunity. That is the basic question we are here to decide.

It is also a practical imperative. The more deterrents we can provide to this kind of human violence, to this kind of attack against individual rights, the more we stop it from happening, the more it begins to provide a lesson and a warning to those who would commit crimes in the future. It begins to establish basic principles. That is why, in establishing this new culture of individual accountability, we need new tools and institutions.

• (1600)

The International Criminal Court represents in a sense a gift from the last century to the new century. It is the first new international institution in the UN family or community of institutions that has been established specifically to deal with the question of international crime. It will begin to hold deliberately liable those who violate victims and to hold them personally responsible for those actions. It is a huge step forward for humankind in developing this kind of institution.

It is true that we have war crimes tribunals working in Rwanda and in the Balkans but it is an ad hoc approach. It is subject to the wrangling that takes place in the security council or in other forums along the way. It sometimes leads to selective justice and is not universally applied.

The creation of a permanent, independent institution can overcome these weaknesses. It can build upon those foundations and

because of its permanence it will serve as a more reliable deterrent to perpetrators of these crimes.

[*Translation*]

This is why Canadians spoke out so strongly in favour of the International Criminal Court and supported the important role played by Canada, which insisted that the court be independent and effective.

In July 1998, Canada presided over the final negotiations, during which the international community adopted the Rome Statute.

[*English*]

I would like to pay a personal tribute to one of our senior officials, Master Philippe Kirsch, who was the president of the Rome meetings and was instrumental, along with many other officials of our department and a great number of NGOs in the country and internationally, in providing the momentum and kind of direction that allowed us to bring this court into being.

The ICC statute now provides a permanent court to try those accused of the most serious crimes recognized by international law, namely genocide, crimes against humanity and war crimes. Significantly, and this was a major Canadian initiative in Rome, the statute contains new provisions responding to crimes against women and children. For the first time that is now becoming part of the new basis of international humanitarian law.

Let me deal with one of the critiques we hear sometimes from right wing commentators and others that somehow this is a threat to our sovereignty. It is absolutely not the case. The statute of the court makes very explicit and clear that the first line of defence is the domestic court system. Those countries that have a fair and impartial legal system are being asked to use that system. The international court is only a court of last resort and within it are built a whole series of safeguards on the appointment of judges and the thresholds that have to be reached before it can be triggered.

However it fills the vacuum of those failed states in which the judicial system no longer exists, is politically biased or simply cannot function to bring criminals to account. This court will only take jurisdiction where national judicial systems are either unwilling or unable to investigate these crimes.

Other safeguards are designed to ensure that the court provides a fundamental basis but gives the stimulation and the inspiration for countries themselves to ensure that they bring into law their own implementing legislation which charges their own judicial systems for the implementation of criminal acts against humanity and war crimes.

It is important to say that this has received worldwide acceptance. Some 120-odd countries have already signed the treaty.

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Eight have now ratified it. I want to say with some pride in the House that the statute we are debating today, the Crimes Against Humanity Act, is the first major comprehensive implementing legislation brought forward by any legislature around the world and will provide a model for all other countries to determine how it will implement the international court statute.

The act will create new offences of genocide and crimes against humanity. These changes will allow Canada to prosecute those responsible or to surrender them to the ICC. Similar provisions will be created to respect serious crimes committed outside Canada. As we know from a supreme court judgment of a few years ago there has always been an ambiguity as to the capacity of Canada to apprehend those who have committed war crimes outside this country.

- (1605)

These new provisions in the act will overcome problems that we have faced in the past. The legislation will strengthen Canada's ability to carry out successful prosecutions wherever and whenever they occur. In addition, new offences would also be created to protect the administration of justice of the court as well as the safety of judges, officials and witnesses.

The act will enable Canada to surrender persons sought by the International Criminal Court for genocide or war crimes. The person who is the subject of a request for surrender by the court would not be able to claim immunity from arrest or surrender.

The act will also ensure that those who possess or launder the proceeds from war crimes can be prosecuted. Money obtained from forfeited assets and the enforcement of fines will be paid into a crimes against humanity fund for the benefit of all victims of these serious war crimes.

I hope the bill we are debating today can very quickly be put into the standing committee so we can invite the full participation of all Canadians. Let us have a serious debate, because this is one of the historic steps forward this country is taking in implementing a new legal order. We must move forward so that we can affirm very clearly Canada's commitment to ensuring that the world's worst criminals do not escape justice.

This is truly a watershed in history, a breaking from the past in which victims of those crimes were so often ignored. As we proceed we can also say that with the help of many other like minded countries and many of the international civil groups that have been working on it, we are also seeking to obtain the support of those who did not originally sign on. We are beginning to broaden the consensus and develop more recruits for this international court statute.

I can say to members that the degree to which we can affirm our commitment will stand as a beacon, a signal to the rest of the world

that we mean business and that we are continuing to provide that kind of leadership. Even though the International Criminal Court is not yet fully ratified, it has already established new standards to deal with the question of impunity and accountability.

Since the adoption of the ICC statute in Rome we witnessed the indictment of Pinochet and the affirmation that former heads of state do not necessarily enjoy immunity. It is a new standard that will begin to act its way through the various councils, not just in terms of the heads of government or military people but also the war lords, the heads of organizations that undertake mass murders in countries like Angola and Sierra Leone. It begins to apply accountability to all individuals.

That is really the break from the past. We are saying in terms of our human security agenda that is not a matter of just the security of the state, as important as that remains. It is also increasing the security of the individual. To do that we begin to establish this new principle of accountability and, furthermore, put in place an institution to make sure it happens.

It is fair to say there has been a groundswell of support. It is fascinating to me that beginning this week, as we go to the security council, that the Canadian mission will be debating for the first time in the council the question of transgressions against the rights of women in Afghanistan. Following that there will be a number of initiatives dealing with the protection of civilians, the use of sanctions, and the whole question of the application of security council measures dealing with displaced persons. All of a sudden, even in that implacable centre of conservatism when it comes to international change, the council is beginning to shift its point of view.

I hope that we can do our part in the House today. I hope we can maintain the strong momentum that has been developed to shift the world's perspective to what we mean by international justice and accountability. The adoption of the legislation and the ratification of the statute can affirm that Canadians are appalled by the breaking of these laws and these crimes and are committed to ensuring that justice is done.

During the course of my remarks I mentioned the book about Rwanda written by Philip Gourevitch and how he opened the book by talking about the horrible violation against young children in a school in Rwanda. At the end of the book I think he comes to an appropriate closing which may, while it is still a horrendous story, leave us with a small sense of hope.

He describes how, when he was leaving Rwanda after completing the work on his manuscript, he turned on the radio and heard that once again the same kind of horrendous crime was taking place and that the genocidaires who had escaped across the border as part of their refugee movement had come back into Rwanda and were once again undertaking these violations and crimes. Murambi, a Catholic girls school in Rwanda, had been attacked by the

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genocidaires the day before. They used the same practice of dividing the students into the Hutu and Tutsi. They said that the Hutu could leave and the Tutsi must stay. However, this time there was a difference. The young Hutu women in the Catholic school said they would not leave, that they would not betray their friends. They stayed behind. They too were murdered by the genocidaires.

• (1610)

It is an awful story but within it there is an element of hope that these courageous young women gave their lives not to betray their friends and stood in solidarity for spirit and principle. In effect they expressed what this legislation is all about. Humanity can stand up to crimes. We can stand up against violations. In the spirit of those young women in that Catholic school, I hope the House will endorse the bill.

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, I rise on behalf of the people of Surrey Central to speak to Bill C-19 that will fulfil Canada's obligations in the establishment of the International Criminal Court.

Before I go into the details of the bill, I would like to point out that this is my first speech as chief foreign affairs critic for the official opposition. I pay tribute and express appreciation to the former chief foreign affairs critic for the official opposition, the hon. member for Esquimalt—Juan de Fuca who is now running for leader of this great party.

I also pay tribute and express appreciation to the hon. member for Red Deer, who was deputy foreign affairs critic for this party, for a job well done during his duty tenure. He did a great job. I have learned a lot and continue to learn a lot from them. I hope they will assist me when I need their help.

There are a few things I would like to mention before I go into the details of the bill. We understand that no nation stands alone in the global arena. We have to work with other countries in assisting and making sure that criminals, those monsters who have blood on their hands, are held responsible and accountable for their crimes and that justice is served. This is a very important justice issue. Criminals must be brought to accountability.

I listened with interest to the minister's speech on which I will comment in a moment. Before I do so I draw the attention of the House to the images of concentrations camps, ethnic wars and civil wars we have seen on television or have read in the newspapers. Very few Canadians have had firsthand experience. I know someone who was watching a documentary on CBC and switched it off because it was such a horrible experience. Let us imagine the circumstances and situations faced by individuals, families and nations torn apart because of those crimes, because of bloody civil wars.

• (1615)

We know that when crimes are committed against an individual we feel for that victim. But when crimes are committed against a mass of people, a huge number of the population, it is difficult to think about. Crime against a single person is wrong. Crime against humanity is wrong. Genocide is wrong. Ethnic war is wrong.

We must do the best we can to play Canada's role. Canada has played a significant role on the world scene in the past, showing leadership. I believe there is a need for us to continue to capture and maintain that position.

I lived in Liberia, a country in west Africa, for about eight years. Many people who are watching will know that there was a bloody civil war there in the early nineties. I lived in that country because I was a university professor, an assistant professor of management, teaching at the University of Liberia. I also had business there. I had close contact with youth who were studying at the university. I know how the people felt when that bloody civil war broke out.

I have two sons who were born there. Now they are 17 and 14 years old. I am often reminded of those families, who were poor, who were hard-working, but who somehow managed to make ends meet at the end of the day.

The civil war was based on the ethnicity of the people. Because the distribution of assets was wrong in the country, important positions in the government were given based on ethnicity and geographical regions that played a significant role. Small children, as young as eight and ten years, had AK-47s and other lethal weapons. They were killing people. They were chopping off hands and killing relatives and neighbours because they belonged to different ethnic groups.

I wonder about those little children. They were supposed to be going to school, instead of killing people with lethal weapons. When we look at pictures we can see that they were not even fully dressed. They were barefoot. I do not think they ate twice a day, but they had lethal weapons.

Where was the international community? Why could it not stop the infiltration or importation of the weapons? Those weapons were not manufactured in that country, but somehow they got the weapons to kill people. Why did they do that? Because someone was leading them. Someone was luring those children to take up weapons, take drugs and then kill people.

This was a crime against humanity. This was a serious crime. People were committing crimes not only against the children, but by using them to kill other people.

Canada should recapture its role and show leadership in the international arena.

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The Canadian Alliance supports the bill in principle. We believe it is a good initiative, a step forward, but we do not agree with the contents of the bill, and I will give our reasons.

• (1620)

Our support is conditional. Until the conditions are met we will be unable to support the bill. Let me give some background as to why we do not support the bill in its present form.

Our Canadian negotiators on their way to Rome met with the foreign affairs committee approximately one week before their departure. Upon cross-examination the officials said in committee that they did not know what the details of the agreement might be. They did not know what it might cost. They did not think that any of the major offending countries would sign it. They did not think the Americans would sign it, our neighbours. They could not answer questions about the make-up of the code at that time. Above all, they would sign the agreement without knowing all of these things, like this weak, arrogant government has done in the past in signing the Kyoto agreement, the Rio convention, the Cairo agreement, the Beijing agreement and so on; signed without knowing the cost, the details, the signatories and so on. I cannot understand how the government could do that. The concept of signing agreements and then having parliament rubber stamp their implementation is not acceptable.

Let me highlight some of the important reasons we oppose this bill. The bill has every possibility of implementing another bureaucratic, non-functional international body. International agreements should not be signed before parliamentary debate. That is the purpose of parliament. The hon. members sitting in the House are the elected representatives of Canadians. They are representing 30 million Canadians. How can the government sign an international agreement without hearing members, without debating the issues or without giving members information about what will happen? That is how Canadian democracy should not work. We should not be part of a rubber stamp process. Hon. members have a significant role to play. They are not mute or people to be used as a rubber stamp.

The Canadian Alliance will oppose this bill because the bad countries will not sign such a treaty. Therefore, we will have liberal democracies around the world trying each other for genocide and war crimes. Without belligerent countries signing on this treaty will be meaningless.

Will this allow us to prosecute dictators in the francophonie who might visit us? Will we be able to arrest them and try them for war crimes, or will we continue to apply our double standard? The foreign minister did not answer these questions. Now he is not here to listen. He left the Chamber.

I question how effective the land mines treaty is because the offending countries have not signed. The U.S. has not signed the

treaty and Canadians are still using mines to protect their troops. Land mines made in the basements of Kosovo, Angola and many other countries are as prevalent as ever. This was a PR job for the foreign minister, who desperately wants to become director general of the United Nations.

• (1625)

The foreign minister believes in these world governments, this concept of the United Nation; however, I do not believe that Canadians do. We should not support projects that have no cost or budget projections. An ad hoc tribunal approach would be more flexible, less expensive and would allow countries closer to the problem to participate.

Agreeing that there will not be capital punishment for those monsters who commit war crimes, genocide and crimes against humanity is hardly an argument to support Bill C-19. I am sure that if there were a referendum on this issue the huge majority of Canadians would support capital punishment for those monsters who have committed crimes against humanity.

Having said that, let me go into further detail, with a little softer attitude toward the bill. What would the bill do? It would, through the court, deal with cases of genocide, crimes against humanity and war crimes. The bill would give Canada the domestic legislation to facilitate the prosecution of these criminals by Canadian courts, whether the alleged offences were committed outside Canada or inside Canada. The bill would give Canada the right to have first crack at the investigation, prosecution and sentencing of such cases at home. We could waive that right, if we wished, to extradite the accused to the International Criminal Court.

The bill would also affirm that Canadian law would not bar prosecution in Canada or extradition to the International Criminal Court or to any international criminal tribunal established by resolution of the security council of the United Nations.

Because our immigration laws are such that anyone can abuse them, they are like sieves, the back door is wide open and the front door is comparatively closed, anyone can sneak in.

If an individual suspected of a war crime was living in Canada, then that individual could stand trial here in Canada, if we so wished, or before the International Criminal Court. If Canada undertook an extensive investigation and the individual was found innocent of any charges, that would satisfy the requirement of the ICC.

As I mentioned earlier, the Canadian Alliance is hesitant to support the bill. The Canadian Alliance favours the prosecution of individuals who commit genocide, war crimes and crimes against humanity. We are committed to protecting national sovereignty, which is very important and which could be at stake. Before

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supporting the bill we demand that such protections be assured and that the other conditions I mentioned be met.

The relationship between domestic and international law is not spelled out in Bill C-19. The proposed amendments to the bill must be adopted at the committee stage before any support could be given to the bill. If these conditions are not met, then the Canadian Alliance must oppose the bill.

Let me mention some of the positive aspects of the bill. There are many good parts to the bill. It places further emphasis on guaranteeing the interests of victims. The court will be obliged to take all appropriate measures to protect the safety, well-being, dignity and privacy of victims and witnesses. The judges and prosecutors will be completely independent. The suspects and the states concerned will have the right to challenge the court's jurisdiction and the admissibility of the case during investigation or at trial.

The bill is one step toward creating an international judicial system in which any individual, regardless of position, will not be above the standards of the rule of law.

• (1630)

There is some criticism of the ICC that says that individual tribunals would be preferable and a superior option to establishing a permanent ICC. A tribunal would examine one specific case, render a verdict, and then disband. This could eliminate the cost of maintaining a permanent body and there would be no long term bureaucratic body in existence. However, these types of tribunals have proven to be ineffective in tracking down criminals and in having the legal authority to prosecute them.

The establishment of the international criminal court would bring legitimacy to international justice. By establishing one court for all war crime cases, much duplication is eliminated, counterbalancing the cost of the court's permanently.

As I said earlier, the bill is supposed to go to committee, where the real work should be done. It is critical that Canadian military and legal experts present testimony at the committee stage of this bill. That will definitely contribute to the quality of this bill.

If government members were listening and the Minister of Foreign Affairs was listening to the concerns of the official opposition, they will let the committee do the real job, listen to the official opposition and add some quality and substance to the bill which will be in Canadians' interests.

We want them to talk about the accountability of soldiers, officers and superiors in relation to the bill and in the Rome Statute giving rise to this legislative proposal.

We need to have on record their comments concerning the provisions of this bill which have been considered and negotiated at length by Canadian and American military experts at their own conference. Appearances by Canadian experts at committee should help to allay the concerns of some Canadians, particularly my constituents of Surrey Central, regarding certain aspects of this bill.

Since the Nuremberg trials of 1945, the international community has been working toward the creation of a permanent international criminal court. Momentum for the creation of the international criminal court was invigorated by strong support from the public, the media and non-government organizations.

After years of negotiations and an intense five week diplomatic conference with a thorough range of interests, the basis for the international criminal court was adopted in Rome on July 17, 1998. National judicial systems have failed to satisfactorily investigate or prosecute such individuals. There is a need for the measures in this bill.

I also understand, with the limited information the government has provided to opposition parties, as is usually the case, that the ICC is not retrospective. It will only study incidents that happen after the court is established. There will be no backlog, thereby allowing the court to begin immediate work on cases brought before it. This will help ensure that justice prevails quickly yet fairly.

Bill C-19 is retrospective for crimes committed outside of Canada, since we have always had domestic legislation in this domain. This legislation will be replaced by Bill C-19. The new retrospectivity of Bill C-19 is based on the status of international law at the time and place of the commission of the offence. This has always been the case in Canadian law.

• (1635)

The bill will allow individual governments to try war criminals within their own borders. Or, countries will have the means to transfer alleged criminals to the international criminal court to stand trial on the international stage.

No longer will heads of states have immunity against prosecution. They will be subject to the same laws as ordinary citizens. Crimes such as rape, other serious sexual violence and forced prostitution may be judged as a war crime and crime against humanity. Imprisonment and fines will be administered. However, capital punishment will not be administered.

I will quickly go over the organizational component of the ICC. The international criminal court statute will come into force once 60 states have ratified it. It will be seated in the Hague, Netherlands. The 18 judges of the ICC and the prosecutor are selected on



qualifications of supreme court level and must be ratified by two-thirds of states parties. Their terms are for nine years, staggered by one-third, that is, every three years six new members are appointed and six will leave. They may be removed by a similar two-thirds vote, if there is a need.

The registrar will be responsible for administration of the ICC. The rules of procedure and evidence are currently being negotiated through a series of meetings of a preparatory commission which includes delegations from signatory states and other interested states.

The details of precise meanings of terms found in the statute, evidence and court procedures, administrative structure, that is, languages, treatment of child witnesses, conditions of imprisonment, et cetera, are to be concluded in consensus agreements adjacent to the statute.

Parliament and Canadians need to have the information on these details once they are fleshed out. As I urged earlier, parliament should be given the information so that Canadians can know it is public knowledge.

The assembly of states parties to the court will ratify these rules of procedure and evidence upon the enactment of the statute after the 60th ratification comes on board. The assembly of states parties will meet once a year to provide management oversight and review the annual audit and budget in an effort to ensure financial accountability. Financial accountability is very important for international institutions to run smoothly.

The definitions of genocide, war crimes and crimes against humanity are carefully spelled out in the Rome Statute and are based on existing international law.

I will now go back to the part about the costs. Before going to Rome, the Canadian representatives or delegates had no idea what the costs would be. At present there is no set amount to be paid by Canada, as we learned.

All member states of the ICC will pay a fee for the creation, operation and management of the ICC. The United Nations will contribute half of the initial start-up costs and will continue financially when specific cases are mandated by the Security Council to the ICC. The remaining costs will be shared equally by all states parties, no less than 60 and potentially much higher.

As of February 7, 2000, 94 countries had signed the Rome Statute. The costs will not kick in until at least 60 signatories have ratified the statutes.

After some digging, the official opposition has found that the estimated financial obligation for Canada for the ICC, from a discussion with Mora Johnston in February 2000, revealed that the

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total initial contribution for the first to second years of the set-up period, after 60 ratifications brings the Rome Statute into effect, would be something like \$300,000 to \$500,000 Canadian. That cost will be less than the cost of the fountain installed in the Prime Minister's riding, which has created neither jobs nor any justice.

• (1640)

The annual expected contribution once the ICC is up and running is expected to be \$1 million to \$2 million Canadian. Canada's annual contribution to Rwanda and Yugoslavia's war crimes tribunals in 1998-99, assessed through the United Nations, was \$6.3 million Canada. We can see how the cost operates.

There are some questions relating to the ICC. The permanent international body may become unaccountable and may override the sovereignty of a nation's legal and government systems. We did not get any answer nor did we hear about this in the minister's speech.

Although the ICC is to be complementary to national courts, it will investigate and prosecute a crime when the nations with jurisdiction are unwilling to do so. Here is one example of how the ICC can overrule the sovereignty of a nation. The ICC has been structured so that the sovereignty of nations will remain primordial. It does so by requiring the enactment of domestic legislation in each ratifying state which gives that sovereign state both the judicial equipment and the right to prosecute suspected cases of the crimes domestically.

Bill C-19 is Canada's version of this legislation. We can choose to waive the sovereign right to prosecute in our own court system and send the case to the international criminal court. This right cannot be circumvented unless we are unable or unwilling to use it, that is, that there is a deliberate fraudulent attempt to shield a suspect from prosecution, or our rule of law has completely collapsed and we have no government in place.

That this assessment could ever be made in a Canadian case is agreed among Canada's negotiating team and justice department experts to be simply unthinkable. In order for the unthinkable to occur, that is, the ICC were to nullify a Canadian investigation or the prosecution of a war crimes case, the following process would have to have been followed: First, the prosecutor must decide that there is a reasonable basis to question that Canada has deliberately and fraudulently misinvestigated or misprosecuted allegations with the aim of shielding a suspected war criminal; second, the prosecutor must consult with the Canadian government regarding his suspicions and try to arrive at a negotiated resolution of the discrepancy; and third, the prosecutor must convince a pretrial chamber of the ICC that the case is valid.

This stage would require concrete evidence that the accused war criminal is guilty of the offence and that Canada used a scam process to shield the accused from prosecution.

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Canada could appear in front of the chamber to plead its case at this stage and could bring the case to a fourth appeals chamber stage. If the judges of the ICC go stark mad and judge that Canada is deliberately and fraudulently shielding a war criminal, this should be obvious to the international community. In this case, Canada has recourse in the procedure to remove rogue judges by a vote of two-thirds of states parties, if they agree.

In short, the international criminal court statute and Bill C-19 provide for substantial protection of a state's sovereignty viable only in blatant cases of judicial dishonesty or incapacity.

• (1645)

The strict requirements to overturn a sovereign country's treatment of a case have been negotiated and approved by the sovereignty maverick, the United States, and signed by the United Kingdom and France. They are intended specifically to protect state sovereignty for well behaved states while stopping rogue states from fraudulently protecting verifiable war criminals from accountability for their actions. In a way Bill C-19 affords us more sovereignty than improvised war tribunals.

There are some other problems. The ICC could lead to judicial activism on a global scale. Global judicial rulings should not be deemed regressive. It has been argued that a uniform, fair and equal system to prosecute individuals before the ICC will eliminate any chance of a kangaroo court.

It is clear that there is very limited room for any judicial activism in Bill C-19 or the Rome statute, either in terms of expanding the mandate of the ICC which is restricted to the three crimes listed or playing with the definition of said crimes which are very strictly and identically defined in both documents.

Why not continue the common practice of establishing ad hoc tribunals as cases involving these crimes come up? The 18 judges and prosecutors remain independent of government interference, with the exception of the removal clause, the two-thirds of states parties. The appointments are for nine year terms, as I mentioned. As shown in these numbers it is less expensive than setting up and administering individual ad hoc tribunals that lack the experience and legitimacy to efficiently and effectively hold criminals accountable.

The ICC not only allows the countries most implicated in a conflict to participate in the process. It gives them the judicial equipment and the right to prosecute the war crimes in their own courts. It gives them mechanisms and international support to achieve justice.

The ICC bureaucracy would be skeletal at first since it is purely prospective and does not have a backlog. It would only be used in cases where countries are unwilling or unable to prosecute domestically. When not in use, again the bureaucracy will be skeletal.

It is a one-stop shop for war crimes prosecution with specific expertise and experience in its limited mandate. It ensures continuity and consistency of international law. It will be much more legitimate and effective in bringing war criminals to justice and setting deterrents for potential war criminals than ad hoc tribunals.

Let me mention something about our neighbours, the United States. The U.S. has not yet signed the Rome statute. The Senate is unlikely to ratify it, given its present political composition. Some may argue that this makes the court ineffective. Although the U.S. is not a signatory the Rome statute can still be applied. The need for international justice can still be carried out.

There are examples of treaties and alliances that are successful without American participation. The United States has not rejected the Rome statute yet and is presently studying the ICC within the Pentagon, the State Department and the White House. They are heavily involved in negotiations on the rules of procedure and evidence at the preparatory commission. This involvement in the process could lead to their acceptance of the court.

In conclusion, I think we should participate in negotiations on the rules of procedure and evidence before they are concluded. We should participate in deciding the definitions that are being worked on before the bill is ratified by parliament.

• (1650)

Parliament should participate in serious consultations with regard to those negotiations. We know that the negotiations are secret. We want some degree of input, in camera or not, into how Canadian delegates negotiate the critical rules of procedures and evidence.

These things need to happen before my constituents of Surrey Central, Canadians and the Canadian Alliance support the bill. War criminals must be held responsible and accountable for the blood on their hands.

**Mr. Svend J. Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I am pleased to rise in the House today on behalf of my colleagues in the New Democratic Party to indicate our strong support for Bill C-19 and to commend the minister for bringing forward this historic and landmark legislation.

It is appropriate that today, April 6, we as parliamentarians should be considering legislation that deals with genocide, war crimes and crimes against humanity. Today is the sixth anniversary of the start of the Rwanda genocide, 100 days of terror which led to the murder of as many as two million people, Tutsis and moderate Hutus. They were calculatingly and unmercifully butchered in what was clearly a genocide on April 6, 1994. It is timely that we consider this important legislation at this time.

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I want to note as well that an essential element of this legislation is to establish what the minister called a culture of accountability. We strongly support the notion of that culture of accountability, that those who have blood on their hands, those who are responsible for these terrible crimes, must be brought to justice.

It is with a sense of sadness that I remind the House that one of those who must be held accountable for the genocide in Rwanda remains within Canada's borders today. Mugesera Léon, who publicly called for ethnic cleansing and extermination of the Tutsi people in the period leading up to the Rwanda massacre, is still in Canada today. Mugesera Léon said in a speech that was broadcast in November 1992 nationwide on Radio Rwanda:

We will take care ourselves of the massacre of the cockroaches, the Tutsi. We demand that we make a list of all those people. What are we waiting for decimate these families? Destroy them. No matter what you do, do not let them get away.

The author of those words, which were an incitement to genocide, is in Canada today. He remains unpunished. Canada must not be a haven for people like Mugesera Léon. Canada must not just deport this individual. Surely we must extradite Mugesera Léon so that he can stand trial for his terrible crimes against humanity. My colleagues and I in the New Democratic Party join with people from the Rwandan community and many others in appealing to our government to demonstrate leadership on this fundamentally important question.

I support the bill. I salute the government not just for bringing the bill forward. I commend not just our government but in particular Ambassador Philippe Kirsch who has played such an extraordinary leadership role in the international community in bringing the International Criminal Court from a dream to reality. The statute that created the court came into force on July 17, 1998, in Rome at a conference which was chaired by Ambassador Philippe Kirsch.

• (1655)

It has been over 50 years since the United Nations first recognized the importance of establishing an international criminal court, an international tribunal to prosecute crimes such as genocide. In a resolution of 1948 the general assembly noted that genocide had inflicted great losses on humanity and pointed out that in order to liberate mankind from such an odious scourge international co-operation was required. In the early 1950s the United Nations attempted to pull together a statute to create an international criminal court. It is only today, some 50 years later, that the court has finally become a reality.

Canada can be proud of the role we have played in the establishment of that court. It is not just of our government. I want to signal as well the contribution of many NGOs. The Canadian Network for an International Criminal Court included a broad cross-section of

NGOs. It included many churches. It included the International Centre for Human Rights and Democratic Development. It included Amnesty International and many other Canadian NGOs.

Among those I want to pay particular tribute to today is one gentleman from the World Federalists of Canada, Fergus Watt, who played such an instrumental role in rallying support for the International Criminal Court within Canada.

This is a day to celebrate the creation of this important international tribunal, but it is also a day to reflect on what might have been and what should be when it comes to genocide, crimes against humanity and war crimes.

I have mentioned the history and we know the tragedy of Rwanda, of Bosnia and Herzegovina, of East Timor and of the crimes against humanity in Chile. Certainly many of us were saddened that Augusto Pinochet, instead of facing his accusers, the families of those who disappeared, those who were murdered in cold blood, in a court of law, has now returned to Chile where tragically he may never, ever face justice. As my colleague from Saskatoon has said, that is a shame and a tragedy. Hopefully under the International Criminal Court there will be no repetition of the failure to have a reckoning for those kinds of terrible crimes.

We know that Canada's record with respect to the prosecution of those responsible for crimes against humanity who are within our borders is a shameful one. Irving Abella has written eloquently of our history of slamming the door shut to those who were attempting to flee the Holocaust in Nazi Germany. His book was entitled *None is too Many*. The fact of the matter is that we have not come to grips with our responsibility to bring these war criminals to justice. Certainly the passage of time does not in any way diminish the significance of their crimes.

As I said, the legislation codifies and ratifies our adoption of the principles of the Rome statute established in the International Criminal Court. One very important element of that statute is that there are a number of provisions specifically addressing the plight of women and children in armed conflict.

The statute recognizes, for the first time, rape, sexual slavery and other forms of sexual violence as war crimes and as crimes against humanity. It also recognizes the enlistment or the use of children under 15 in armed conflicts as a war crime. Those are very important provisions. I know that Canada fought particularly hard to ensure that they were included in the legislation.

We can be proud of our role, but there are inconsistencies in our approach. Even as we support this legislation, even as the government introduces this landmark legislation, we are fighting in another international forum, the ad hoc tribunal for the former Yugoslavia, the international criminal tribunal looking at war

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crimes in the former Yugoslavia. We are fighting its jurisdiction to look at the issue of war crimes which may have been committed by NATO in the former Yugoslavia during the very tragic events which occurred in the spring of 1999 both in Kosovo and in Serbia.

• (1700)

We cannot have it both ways. Our government cannot on the one hand say that there must be responsibility for crimes against humanity and war crimes and that it must be universal, yet when there are attempts made to ensure that those universal principles apply within the context of the situation, the war and bombings which took place in the former Yugoslavia, our government cannot say that that jurisdiction does not apply to us.

Canada is indeed one of the 10 countries that have been cited in that complaint brought by Professor Michael Mandel of Canada, among others. I believe we have to take that very seriously.

We look at some of the allegations made about the conduct of that war. A bridge was bombed by NATO in broad daylight. A nine year old child on a bicycle was murdered in cold blood, along with too many others. A train crossing a bridge was hit by NATO missiles not once but twice. The headquarters of Serbian television and radio were bombed deliberately, killing innocent technicians and makeup artists, young men and women. We have to ask ourselves if those who are responsible for these crimes must not also face their day in court. I believe that indeed they must face that reckoning.

We can also look at another context, a context of what many of us believe is effectively genocidal policies. That is the context of what is taking place in Iraq today. It is what has been taking place over the past decade under the imposition of United Nations sanctions which have resulted in the death of over 500,000 innocent children. This has been well documented by UNICEF and other international tribunals. It has been eloquently denounced by the former UN humanitarian co-ordinator, Denis Halliday, eloquently and passionately denounced by his successor, Hans von Sponeck, who has announced his resignation.

I had the privilege of meeting with Hans von Sponeck when I visited Iraq along with a delegation from a group called Objection de Conscience or Voices of Conscience. They pointed out the combined impact of the destruction of Iraqi infrastructure from bombing in the spring of 1991, the ongoing bombing which is taking place illegally by the U.S. and the United Kingdom, and the massive starvation of innocent civilians, children and others, malnutrition used as a weapon of war against innocent children.

Dr. Sheila Zurbrig of Halifax, one of the world's experts on this subject, has made it very clear that this is a breach of the most fundamental international obligations which exist. The Geneva conventions say that we cannot use malnutrition and starvation as a weapon of war, yet that is what is happening in Iraq.

I want to be very clear. This is certainly not suggesting that we should not be calling Saddam Hussein to account for his crimes against humanity. We all know of the terrible attacks on the Kurds, the gassing of Kurds in Halabja and elsewhere, but it is not acceptable that innocent Iraqi people should be victimized in this way, allegedly in order to attack Saddam Hussein.

Denis Halliday said that we are destroying an entire society. It is as terrifying and as simple as that.

We call for support for this resolution, this bill before the House today. At the same time I would appeal to our government to recognize that we should not be a part of the genocidal policies in Iraq ourselves. We should be using our position of leadership as we preside this month at the security council to call for a de-linking of military and economic sanctions, for the immediate lifting of economic sanctions, for an end to the illegal bombing in the north and the south, for the opening of a Canadian embassy in Iraq and for regional disarmament in that deeply troubled region.

• (1705)

It is very important that we work toward the day when there will be truly universal accountability under this International Criminal Court. It is not good enough, frankly, that the United States should say that it will not be bound by this statute, that it arrogates unto itself the power to say no, it will not be a part of this acknowledgement by the international community that there must be a tribunal that has jurisdiction over all, including the United States. It has said no to the International Criminal Court, no to the land mines convention. We appeal to the United States to join with Canada in signing and ratifying this treaty.

The reality is, as former United States under secretary of state David Newson wrote in the *Christian Science Monitor*, "If the U.S. will not accept its obligations to the citizens of other lands, its own citizens will be less safe abroad". I think it is important that we recognize and understand that.

Today we call on the Government of Canada to continue its important and valuable work in seeking the ratification of this treaty by other countries as well. So far I believe seven countries have ratified this treaty. Sixty are needed before it comes into force. Let us hope that we can get those 60 before December 2000 and that we can get those ratifications without any opting out declarations.

Let us celebrate the fact that the Rome Statute that establishes the International Criminal Court did not include the death penalty. I heard with sadness my colleague from the Reform Party, whom I congratulate on his recent naming as foreign affairs spokesperson for that party, lament the fact that this treaty did not include the death penalty. Surely we have moved beyond that to the point that we recognize that the death penalty is a barbarism that should not

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be included in any statute and which should be abolished throughout the world. I hope we continue to take a strong position on that.

Finally, let me say that I welcome the minister's suggestion that there be a full study of the bill by the committee so that those who do have concerns about the bill can be heard. I know that the Ukrainian Canadian Congress for example has written to members of the foreign affairs committee voicing concerns about the legislation. It is important that we invite them to be heard at the committee and that their concerns be listened to.

David Matas speaking on behalf of Amnesty International has raised concerns about some elements of the legislation while strongly supporting it. There are issues such as the rights of the defendant in the statute; the question of the mental elements of crime; the importance of clear definitions of crime both inside and outside Canada; the fact that individual criminal responsibility should be entrenched in the law; and that section 3.77 of the criminal code should be kept to ensure that people with connections to crime can also be convicted, that those who are directly involved and those who are intimately connected with crimes should accept their full responsibility.

Those are our concerns. As I have said, we support the bill. I am pleased to rise on behalf of my colleagues in supporting the bill.

In closing, I want to remind the House of the words of José Ayala-Lasso, the former United Nations High Commissioner for Human Rights. He said that a person stands a better chance of being tried and judged for killing one human being than for killing 100,000.

That has been the truth too long on our planet. Let us hope that the adoption of the bill will be an important step forward by Canada on the road to universal jurisdiction, on the road to full responsibility and hopefully on the road to one day eliminating all crimes of genocide, crimes against humanity and war crimes.

• (1710)

**Mr. Dennis Gruending (Saskatoon—Rosetown—Biggar, NDP):** Mr. Speaker, I want to thank my NDP caucus colleague from Burnaby—Douglas for his wise and articulate remarks today. In the circles in which I circulate he is respected for the work that he does in this and other areas.

I know that he is in touch with groups widely and often holds table meetings in the mornings with different groups to talk about issues. It is on that score I would like to ask him the following question. We are often told that Canadians and many other people have turned inward as we have suffered from a recession throughout the 1990s. We are told that people are less interested in international issues and affairs than they may have been in some golden age.

I would like to know, on the basis of the discussions he has had with Canadians and with groups particularly, if he senses that there is widespread or at least a significant interest in this bill and these issues. For example, I read a very good brief about Iraq from a church group which included the Mennonite Central Committee. It would seem to me there is an interest there. Could he enlighten us about what he sees as widespread or otherwise interest by Canadians in this important issue?

**Mr. Svend J. Robinson:** Mr. Speaker, I thank my hon. colleague for his question. I certainly want to thank him for the role he plays in international affairs as our spokesperson on development issues. He certainly has a longstanding record in this area in working with a number of groups including, I believe, the Canadian Conference of Catholic Bishops over the years on many of these issues.

I am very hopeful about the response of Canadians on these issues. Sometimes we hear that Canadians do not care what is going on outside our borders. The fact of the matter is more and more young people particularly are getting involved and want to make a difference.

Yesterday I had the privilege of speaking at the University of Toronto on the issue of Iraq and the impact of sanctions on Iraq. It was very heartening to see the large number of young people who were present and who wanted to get involved.

People are working in solidarity with movements, trying to promote human rights in many different parts of the world. Whether it is in Burma or Colombia, working on behalf of the Kurds or in solidarity with Tibet, and in many other parts of the world, there is a growing awareness of the importance of this. Sadly it is not reflected so much in the media, but I am heartened by the extent to which Canadians do recognize that we are not just citizens of our local communities and citizens of Canada, but we are truly also citizens of the world.

**Ms. Louise Hardy (Yukon, NDP):** Mr. Speaker, I was wondering if my colleague could elaborate on sanctions as a war crime. The UN sanctions against Iraq have indeed turned into a siege whereby citizens are starved. Where do we cross the line in turning these supposedly helpful implements into in truth weapons of war, of starvation?

**Mr. Svend J. Robinson:** Mr. Speaker, this is a profoundly important question. I know that Canada is putting on the agenda of the security council this month the issue of the impact of sanctions. I am hopeful that perhaps arising from that study we can look at the fact that in many respects sanctions are having a devastating impact on people who are not in any way responsible for the terrible actions of those against whom they are allegedly directed. For example, the sanctions on the former Yugoslavia are hurting innocent people but in no way are diminishing the capacity of

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Milosevic. That is why many of us have appealed for the government to join in calling for a lifting of those sanctions.

The sanctions in Iraq are the most glaring example of that.

We have also seen the impact of the blockade on Cuba and its people and the impact of the denial of a blockade. It is an American blockade in this case. It is not an international blockade. In fact it is an illegal blockade which has been condemned by the United Nations.

We have to start recognizing that these tools are blunt tools which hurt innocent people.

• (1715)

I hope that the committee which is studying this bill will have an opportunity to do that. I know that the Standing Committee on Foreign Affairs and International Trade, of which I have the privilege of being a member, will also be tabling reports, both on Iraq and on Kosovo, and will be addressing these very serious issues of the impact of sanctions on innocent human beings.

**The Deputy Speaker:** Is the House ready for the question?

**Mr. Bob Kilger:** Mr. Speaker, in our discussions earlier today we agreed by way of co-operation among the parties to the request made by the member for Burnaby—Douglas that other members of the New Democratic Party would have an opportunity to speak when this matter again comes before the House at a later date.

Therefore, I would ask that you seek the consent of the House to see the clock as being 5.30 p.m.

**The Deputy Speaker:** Is there unanimous consent that we see the clock as being 5.30 p.m.?

**Some hon. members:** Agreed.

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## PRIVATE MEMBERS' BUSINESS

[*Translation*]

### INTERNATIONAL ORGANIZATIONS

The House resumed from February 21 consideration of the motion.

**Mr. Jacques Saada (Parliamentary Secretary to Solicitor General of Canada, Lib.):** Mr. Speaker, the motion we are debating today calls on the government to convene a meeting of like-minded nations in order to develop a multilateral plan of

action to reform international organizations in order to encourage them to play a more effective role in the prevention of conflict.

During the earlier debate on this motion, the hon. member spoke about the importance of strengthening the ability of international organizations to prevent conflict. He presented a number of ideas, such as creating an early warning centre at the Royal Roads Military College in Victoria, the Norman Paterson School of International Affairs in Ottawa, or the International Centre for Human Rights and Democratic Development in Montreal. Another idea was the formation of a diplomatic rapid reaction force.

The hon. member also spoke about the problem of war economies in conflict zones, particularly the present situation in Angola, and the need to address the problem of the destabilizing effect of the accumulation of small arms.

These ideas are laudable and they reflect Canada's concern for the affected populations. The fact is that Canada is already working actively to equip the international community with the right tools to prevent and, if necessary, manage conflict.

I would like to speak about some of the initiatives already under way, to show that a new process aimed at increasing the number of means of conflict prevention available to the international community would really not be useful at this time.

There are several early warning mechanisms already in place to give the international community notice of potential violent conflicts. Canada has supported international efforts aimed at bolstering the international community's early warning capacity. For example, Canada has contributed \$500,000 to the training of UN personnel, through CIDA's peacebuilding fund.

• (1720)

A course on early warning and conflict prevention is given at the United Nations Staff College. UN staff involved in this field learn how to interpret available data.

We have also provided assistance to regional organizations such as the Organization of African Unity, or OAU, in order to improve its information-gathering capacity. Canada will continue to provide support to enhance the capacity of existing organizations and systems.

In order to prevent a conflict from breaking out, early warning must be followed up with early intervention. Unfortunately, the creation of additional early warning centres will not solve the problem of divergent approaches to conflict prevention. These differences sometimes make it hard to mobilize political will, and make the process of reaching a decision on where the rapid intervention will be focussed a painstaking and time consuming one.

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Before determining where early intervention will take place, the states need to reach agreement on what constitutes legitimate objectives for preventive actions by neighbouring states and on the nature of such actions.

Experience has taught us that there will be no sudden improvement in the capacity to intervene in response to an early warning; instead, it will be gradually enhanced through the creation and reinforcement of international humanitarian standards.

The role played by diplomats in prevention and conflict resolution is undeniably important. Canada supports the appointment of special representatives and other envoys by the UN Secretary General, and is very pleased to see such appointments made. These representatives can play a significant role in preventing conflict and in securing peace.

In July 1998, Canada co-sponsored a high level seminar to improve the effectiveness of the secretary general's envoys. Special representatives, past and present, met to examine and develop strategic options for their role and responsibilities.

More recently, the secretary general and the security council expressed their grave concern to Indonesian authorities over the violence that broke out following the independence vote in East Timor. We will recall how closely we followed these unfortunate developments in this part of the world.

A security council mission travelled to Jakarta and Dili in September. By acting in co-operation with the secretary general, it succeeded, and I would say succeeded well, in obtaining Indonesia's agreement to the sending of a multinational force to restore peace and security in the region and to facilitate humanitarian assistance operations.

We will continue to encourage the use of special representatives and missions like the one to East Timor, and we believe this function of envoy incorporates the member's proposal to establish a rapid diplomat intervention force.

Naturally, like the hon. member, the government is concerned about the development of war economies, which feed violent conflict. We are especially concerned by the endless conflict in Angola, fed by the illicit diamond trade.

In 1993, the security council established sanctions with the aim of stopping the UNITA rebel troops from funding its military operations in Angola. The aim of these sanctions is to prevent UNITA from attaining its objectives through military means by targeting the illicit diamond trade and other sources of financial support for the UNITA war.

This means reducing deliveries of arms to UNITA and its access to petroleum products. It also means limiting the opportunities of the UNITA leaders to travel and be represented abroad.

Canada currently chairs the security council's committee responsible for implementing the sanctions against UNITA. Council members are united in their commitment to make current sanctions a more effective tool to restrict UNITA's ability to engage in war activities.

• (1725)

In so doing, we hope to foster the conditions necessary to resume negotiations and thus facilitate a lasting resolution of this civil war, which has been raging for 20 years, has claimed the lives of more than one million people and resulted in an even greater number of people being displaced, of course, and injured.

In addition to these energetic measures to develop public awareness, Canada also worked to strengthen the sanctions. Ambassador Fowler, who chairs the security council's Angola sanction committee, made visits to the region and to Europe to promote a stricter implementation of the sanctions.

A task force of ten was asked to recommend practical measures to improve the implementation of the sanctions and their compliance. The task force submitted its recommendations to the council on March 15, 2000.

Canada is not alone in looking for ways to strengthen the sanctions against UNITA. The European Union, the OAU and other organizations have adopted resolutions and made other public statements to promote a strict application of the sanctions.

The leading diamond mining company, De Beers, and other companies have taken measures to ensure full compliance—and I would ask the House to please listen—with the sanctions. Moreover, the international association of diamond makers promised to support the sanctions by pushing for zero tolerance for any violation of the sanctions within the industry.

I could go on and on, but I want to stress the fact that we sit on the security council—we will be chairing it—, Canada is a member of the G-8, and most G-8 members also sit on the security council, and we have great opportunities to intervene effectively to prevent conflicts.

But the best way for Canada to strengthen the international community's ability in that respect is to support existing initiatives. We intend to participate very actively. Engaging in another process at this point would not be very useful.

[English]

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, I rise on behalf of the people of Surrey Central to speak in support of Motion No. 30 introduced by my colleague, our

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former foreign affairs critic, the hon. member for Esquimalt—Juan de Fuca. I would like to move an amendment to the motion as follows:

That the motion be amended by replacing all the words after “should” with the following:

“continue and intensify efforts with other nations to further develop multilateral initiatives in order to strengthen the capacity of international organizations (e.g. International Monetary Fund, World Bank, United Nations) to enable them to identify the precursors to conflict and improve their conflict prevention capabilities”.

• (1730)

**The Deputy Speaker:** The amendment is in order. The question is on the amendment.

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, I welcome the opportunity to participate in this debate about reforming the international organizations.

I will use my time to talk about some of the reforms that I think are important with respect to the International Monetary Fund, the World Bank and the United Nations but also with respect to the WTO, which is an increasingly important international organization that has been left out of the member's motion.

First, with respect to the International Monetary Fund and the World Bank, this motion is particularly timely in the sense that in a few weeks from now there will be a meeting of the World Bank and the International Monetary Fund in Washington. I, and I am sure other members of parliament, are aware that a great many Canadians are planning to visit Washington in the same way that a great many Canadians paid a visit to Seattle at the end of November and early December. They are going to pay a visit to Washington and to the meeting of the International Monetary Fund and the World Bank in order to signify their displeasure, dissatisfaction and objection to the way in which the International Monetary Fund and the World Bank now operates, in the same way as they did with the World Trade Organization.

There is a growing feeling among a great many Canadians, and for that matter thinking people and democrats all around the world, that these international organizations are not serving the global community well, that they do need to be reformed and that they need to be made more democratic and more representative. They need to be restructured in such a way that they are more sensitive to the needs of all peoples of the world and not just the multinational corporations whose ideology and whose world view tends to infuse and take over these organizations.

I am not sure if that is what the hon. member for Esquimalt—Juan de Fuca had in mind when he was calling for the reform of these organizations but it is certainly what I have in mind when I talk about the reform of these organizations, and what a lot of other

Canadians have in mind when they talk about the reform of these organizations.

When I think about the World Bank, I am reminded of the restructuring programs that were imposed on so many third world countries by the World Bank. These restructuring programs were not restructuring programs. They were a cover for the World Bank imposing a particular ideology on these third world countries. What it often meant was that these countries had to cut back on what little social services and health care they had in their countries.

I remember, going back to when the Conservatives were in power, the person who later became a Liberal Cabinet minister was the head of CIDA at that time, Mr. Massé. I remember confronting him in committee at that time with the fact this restructuring program of the World Bank and the IMF was causing the death of hundreds of thousands of children who were being cut off from basic social services in order to satisfy the ideology of the banks with respect to debt repayment.

• (1735)

This sort of thing continues to this very day. When push comes to shove, capital must be protected. It really does not matter as long as it is indirect. It really does not matter how many people have to die, particularly children and the powerless, in order to protect the rights of capital and the rights of people who have lent money and want their interest and want it all. They had a name for this in the Bible. They used to call it usury. It used to be condemned and thought of as something that was morally reprehensible. We now have a whole financial system that depends on it, that thrives on it.

To the extent that the World Bank and the International Monetary Fund have no critical perspective on this at all, they not only need to be reformed, their basic principles need to be re-thought, particularly in this year which is the year of the jubilee being celebrated by the churches, calling upon all Canadians and their governments in the year 2000 to extend significant debt relief to the poorest countries of the world so that these countries have a chance to crawl out of the hole that they are in. Oftentimes the hole has been created by governments and regimes that are long gone, holes that have been created by fluctuations and depressions in commodity prices that are long gone, but the people of these countries are indentured to this debt forever and ever because we cannot seem to break the hold of the ideology that the IMF and the World Bank represent to the world.

I only have limited time and I would not want to spend all my time on the IMF and the World Bank.

The motion also mentions the United Nations. In that context, I think we would all like to see a strengthening of the United Nations. We would all like to see it perhaps in Canada but not everyone in the world would like to see it.



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One of the things that bothered me not so long ago, when I was at a NATO north Atlantic parliamentary assembly meeting, was the way in which Americans kept talking about how regrettable it was that NATO had to do all these things because the United Nations was too weak. This is coming from the same country that does not pay its dues to the United Nations. No wonder the United Nations is weak, when the most powerful country in the world will not pay its dues to the United Nations. They cannot have it both ways. They cannot lament the weakness of the United Nations and say "We are just going to have NATO do that because the UN is so weak" and, at the same time, be directly contributing to its weakness through their own refusal to pay their dues to that very organization.

That is something that I think needs to be said when we are talking about UN reform. One could make a whole speech about UN reform.

Of course when it comes to the World Trade Organization, this is an organization that also needs to be seriously reformed, if not completely abolished. We need to start from scratch with an organization that is not committed to entrenching the rights of the powerful while leaving the rights of the powerless to be dealt with another day, which is exactly what we have in the current WTO.

• (1740)

[Translation]

**Mr. André Harvey (Chicoutimi, PC):** Mr. Speaker, first of all, I wish to congratulate the member for Esquimalt—Juan de Fuca on his initiative.

Organizing a meeting of like-minded organizations and nations in order to reform international organizations may seem a bit utopian. Someone famous once said that our achievements are always rooted in utopian dreams.

I encourage the Canadian Alliance member to pursue his efforts in this direction. I am sure that important initiatives often begin with initiatives that do not always seem momentous. A way must be found to reform all these international organizations.

I therefore think it important that the motion by the Canadian Alliance member be given very serious consideration. I hope that the government will pay close attention and that it will do everything possible to promote the reform of international organizations.

I also wish to pay tribute to the member for Richmond—Arthabaska, who is working hard on all issues having to do with intergovernmental affairs, as well as international trade. These issues are not always very obvious.

I feel that Motion M-30 is modest, but extremely important for the future of all inhabitants of this planet. It is of the utmost

importance for us as Canadians. Even if we are considered a developed nation, the motion, with its ultimate goal of getting international organizations to devote a bit more of their energy to the service of humankind and all inhabitants of this earth, deserves to be treated seriously and with respect.

Although we belong to different political parties and are often ideologically at opposite ends of the spectrum, I think we must congratulate the member on his initiative.

Internationally, we must consider all the criticism that has accompanied meetings of international organizations such as the International Monetary Fund or the World Trade Organization. When these organizations meet, there are many demonstrations. Ordinary people, people in our communities realize that globalization, which is really being pushed by private interests, does not always fully respect the citizens of the world.

Corporate interests—just think of international mergers and ongoing negotiations—are not always consistent with the best interests of our fellow citizens, far from it.

It is obvious that the countries involved in negotiations within international organizations chose those that best serve their interests. For free trade agreements, the Americans and the Canadians may turn to the World Trade Organization if they feel they have a better chance of getting something out of that organization. They may also call on the dispute settlement panel created when the free trade agreement was signed, a treaty regarding which the Conservative government played an extremely active role. The FTA promoted trade, with the result that our exports to the U.S. market increased from \$90 billion to \$250 billion in just a few years.

In the end, these changes did not prevent poverty from increasing world-wide. I think the hon. member's motion suggests that we look into these issues. Wealth is more and more concentrated in the hands of a corporate minority and in the hands of a minority in each of our respective countries.

• (1745)

These changes did not prevent poverty from becoming more prevalent here in Canada. If I raise the issue of poverty time and time again, it is because poverty, particularly among children, has increased by about 50% since 1993. I have asked the Minister of Finance to take a close look at the issue of guaranteed minimum income. There are 37 federal-provincial programs, yet the problem of poverty keeps growing.

The Quebec government is beginning to take an interest in the issue of guaranteed minimum income, which will be on the agenda at the Parti Québécois convention, in May. A number of European countries are also taking an interest in that option. That is why, in order to halt the rise in poverty resulting from globalization and

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internationalization, which are inescapable, the best way of ensuring that the globalization of trade is achieved a bit more humanely is to have national measures that allow us to help those in the greatest need.

It is unbelievable that poverty has risen 50% since 1993 and that the government continues to think that small, stopgap measures will eliminate the problem. Commercially, there is an enormous amount of compensation due nationally if we are to assume our responsibilities and do everything possible to stop poverty from growing at the frightening pace it has so far.

One of the organizations that is often mentioned is the United Nations. There are many who question its existence. First, from a budgetary point of view, it has some work to do; second, when there are major conflicts, very often, the United Nations are called on thanks to the leadership exercised by one political figure.

I recall former Prime Minister Brian Mulroney—to whom I pay tribute—being instrumental in ensuring that the Gulf War be conducted under the aegis of the United Nations, thanks to his relationship with members of NATO in particular. He managed to have the UN put in charge of the operations. I think this is an important step.

It is important that international organizations be reformed. We cannot continue to soft-pedal our efforts to have all countries assume their responsibilities in connection with such things as the environment. Everybody is concerned about what is happening in that area. We cannot think that we will be able to control climate deterioration through ad hoc measures in each country. I am sure our own organizations should review their practices.

I am thinking about the Canadian International Development Agency, whose mandate it is to help the poorest countries. What we hear about it is not always nice. Perhaps we should make a greater use of NGOs. For each dollar invested in poor countries, 65 cents find their way back here one way or another. We have been told that wells have been dug, but that there is no water. This is bad management.

I think the motion brought forward by our colleague from the Canadian Alliance deserves serious consideration. I hope this simple motion will bring all parliamentarians, particularly on the government side, to greater awareness of international organizations and the need for reform that will make these organizations more effective for every human being, be it in relation to international trade, environmental issues or finding a better way of resolving armed conflicts. I think we must give that very serious consideration.

I thank you, Mr. Speaker, for giving me the opportunity to say a few words on this motion, because we have a tendency to look

down on private member's motions. I think we must give this motion all the consideration it deserves. I am sure that, if we want to live in a better world in the decades to come, all these organizations need to be better co-ordinated and restructured to meet real targets.

• (1750)

[English]

**Mr. Jim Hart (Okanagan—Coquihalla, Canadian Alliance):** Mr. Speaker, I rise on behalf of the people of Okanagan—Coquihalla to speak to Motion No. 130.

The 20th century was host to two of the most costly wars mankind has ever known in terms of lives lost and material resources consumed. In the aftermath of the second world war, the international community banded together to form the United Nations. One of the prime roles of the UN was to engage in the new concept of conflict prevention. By providing the international community with a forum for debate, international players could air and resolve their differences without resorting to conflict.

During the last 50 years the United Nations has largely failed as an institution which could engage in successful conflict prevention. With the start of the cold war and the nuclear arms race the international community was divided between the east and west, both supporting a number of client states which engaged in a number of small and medium size conflicts.

With the collapse of this bipolar world over a decade ago, the number of international conflicts has actually grown with the gulf war and the recent conflict in the Balkans as two conflicts in which Canada has been actively and heavily engaged.

The international community's reaction to these conflicts has been slow and focused on conflict management, post-conflict resolution and reconstruction. This has not only proved costly in material terms but has created a major burden for the armed forces of mid-size powers like Canada.

The Liberal government has spent the last seven years slashing defence spending and cutting personnel and hardware from the Canadian armed forces. Despite cutting defence spending by 23% and over 13,000 personnel since 1993, Canada has more troops abroad than at any time since the Korean war 50 years ago. Despite having a mandate to monitor and defend Canadian territory and the territories of our allies, more and more of the resources of the Canadian armed forces are being dedicated to peacekeeping.

Figures from the Department of National Defence claim that direct peacekeeping duties cost the department \$1.45 billion during the 1999-2000 fiscal year. Almost \$1 billion is forecast to be spent next year on peacekeeping. That is over 10% of the armed forces

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budget which has shrunk so small that urgent acquisitions of equipment such as the replacement for the Sea King helicopter has been postponed a decade and counting.

The cost of peacekeeping has more than doubled from the \$465 million spent by DND during the 1997-98 fiscal year. The status quo has become unsustainable. With the number of conflicts around the world escalating and Canada's defence budget dwindling, the international community must finally act and move from a focus on conflict management and post-war reconstruction to one of conflict prevention. International financial institutions must play a role if we are to succeed, with the World Bank and the international monetary fund being two key examples.

On the other hand, however, soft power initiatives must be accompanied by hard power military assets because without hard power there will be little incentive for some nations to respond to purely economic levers.

This is where Canada is letting down the international community. The problem is that the idea of influencing other nations using soft power initiatives does not always work. Look how influential our Minister of Foreign Affairs was with the military junta which took over Pakistan recently.

Does the Minister of Foreign Affairs really think that Saddam Hussein or Slobodan Milosevic will really mend their ways? Both have already experienced punitive economic blockades with little effect on their inherent aggressiveness. Ironically, even the creator of the soft power concept, Joseph Nye, understood that soft power meant absolutely nothing without hard power to back it up.

As mentioned, the Liberal government has slashed defence spending by a whopping 23% from \$11.28 billion to a low of just \$9 billion last year.

• (1755)

The modest defence spending increase in this year's budget barely maintains the status quo with only \$60 million in additional funding to purchase badly needed equipment. This has literally gutted the Canadian armed forces.

I believe many of my Liberal colleagues on the defence committee would agree with what I am saying here today. Both the Liberal members and the Canadian Alliance members supported the defence committee's first report to the House of Commons calling for significant increases in defence spending as a percentage of GDP over the next five years.

The finance committee has also realized the urgency of this situation and recommended a five year budget increase for national defence. The result of the massive cuts to defence spending was predictable. Personnel levels had to be cut to 60,000, far below that

recommended by the special joint committee of 1994 and a dramatic drop from the 87,000 troops we had in 1987.

According to the Conference of Defence Associations which appeared before the defence committee last December, the number has even fallen below the 60,000 level to 57,000 because national defence cannot afford to replace those who have left the Canadian forces.

As we know, manpower is an essential aspect of combat capability. The army is particularly hard hit with personnel at only 65% of what is needed. The Conference of Defence Associations told the defence committee that the Canadian armed forces would be hard pressed to fulfil the Liberal government's 1994 white paper commitment to build a combat capable brigade size force. This is important because the 1994 defence white paper is the government's policy on national defence and the government cannot ensure that the commitment it made to Canadians can be enforced.

The Conference of Defence Association argued the Canadian army was really only combat capable at the company level, which is a group of about 150 troops. Here is Canada, a nation of 30 million people, only capable of fielding company size combat capable forces. We have seen how stretched our two battalions are in Kosovo and Bosnia. We have to bring home our battalion of 1,300 troops from Kosovo because we cannot effectively sustain two battalions in the region.

The army is getting so desperate that recently Colonel Howie Marsh advised the government, contrary to the government's own defence policy, to cut the army to 10,000 from the current 20,000 and make up the difference using high technology. What a ludicrous argument. The idea is unworkable.

The Conference of Defence Association stated to the defence committee that our army at 20,000 was far too small. High technology, as crucial as it is, will not make up for the role played by highly trained individuals. Soldiers on the ground are what the army needs. It is just as important as the massive deterioration and rust out of our Canadian forces equipment.

Last year the auditor general determined that equipment requirements of the Canadian forces exceeded the planned budget by \$4.5 billion. With a capital budget increase of only \$60 million, Canadians are wondering how DND will replace the aging Sea King helicopters and enter the revolution of military affairs, and how our armed forces with the latest technology will be able to put up any combat capability whatsoever.

In conclusion, preventing conflict before it begins must become an international priority. I congratulate my colleague from Esquimalt—Juan de Fuca for bringing to the House such an innovative and worthwhile international plan of action. He has my support, and I suspect he should have the support of all members of the House on this initiative.

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[Translation]

**Mr. Robert Bertrand (Parliamentary Secretary to Minister of National Defence, Lib.):** Mr. Speaker, I am pleased to speak to the amendment proposed by the hon. member for Surrey Central. We on this side of the House look most favourably on this hon. member's amendment.

There is no doubt whatsoever that economic inequalities and crises lie behind the great majority of the conflicts taking place just about everywhere in the world at this time.

- (1800)

It is not mere happenstance that the Bretton Woods institutions—the International Monetary Fund and the World Bank—came into being in the wake of the war.

Their founders realized in 1944 that solid economic foundations were needed if there was to be any solid peace.

The International Monetary Fund was created in order to prevent balance of payment crises by encouraging the harmonious operation of the international monetary system and world trade and supporting high levels of sustainable economic growth.

Similarly, the World Bank was given the task of reducing poverty and inequality by raising standards of living and promoting sustainable development in developing countries.

While the architects of Bretton Woods could not foresee the changes that would come about, the institutions they designed have nevertheless proven surprisingly adaptable to a changing economic environment.

These changes continue today. The recent wave of financial crises in the emerging markets is forcing the two institutions to reassess their respective policies and roles in order to reduce the risk and the impact of future crises and to intensify the fight against poverty and inequality.

Through the G-7, the G-20 and its membership in the two institutions, Canada contributes to the achievement of these objectives along with like-minded nations.

For example, the G-20, chaired by Canada's Minister of Finance, was set up in the fall of 1999 to give countries whose size or strategic importance confers on them an especially crucial role in the world economy greater voice in discussion on international financial matters.

The G-20 comprises the ministers of finance and governors of the central banks of 19 industrialized countries and emerging economies, representatives of the European Union, the central

European bank, the International Monetary Fund and the World Bank and their policy committees.

The objective of the G-20 is to promote co-operation in order to achieve stable and lasting international economic growth for everyone's benefit.

[English]

The IMF has taken a number of important steps to better foresee, prevent and respond to crises of the type that have recently affected a number of emerging market countries. For example, in its surveillance activities the IMF is paying greater attention to issues such as external debt and liquidity management and the appropriateness of exchange rate regimes. The IMF has a key role to play in encouraging best practices and monitoring compliance in these areas.

The IMF is also contributing to the development of international codes and standards, particularly in the financial sector, and developing frameworks for monitoring and encouraging compliance through financial sector stability assessments and reports on the observance of standards and codes. These will help identify and address vulnerabilities in a country's financial and economic systems.

The IMF has also developed two new financing facilities to help countries and the international community respond to large scale financial crises: the supplemental reserve facility, which would be available to countries in crisis situations that could spill over to other countries, and contingent credit lines, which would be a precautionary line of defence that would be available to countries which are pursuing sound policies but are nonetheless vulnerable to contagion.

IMF programs and the sorts of adjustments they call for can only succeed if the poor and the most vulnerable in society are protected. The IMF is therefore placing a higher priority on the social aspects of adjustments.

- (1805)

In conjunction with the enhanced debt reduction scheme for heavily indebted poor countries and as part of its contribution to the global anti-poverty effort, the IMF replaced its concessional facility, the enhanced structural adjustment facility, with the more focused poverty reduction and growth facility. As a consequence, direct anti-poverty measures will play a central role in programs supported by the IMF, the World Bank and other lenders.

The World Bank, which has recently intensified its fight against poverty, is also helping countries to eliminate some of the root causes of war and conflict. In this respect the bank has proposed that country-specific poverty frameworks should be developed by national authorities in broad consultation with the private sector, NGOs, academics and other civil society organizations.

The key principles of the underlying framework are that poverty reduction strategies should be country-driven, oriented to achieving concrete results in terms of poverty reduction, comprehensive in looking at cross-sectoral determinants of poverty outcomes, and provide the context for action by various developing partners.

The wider involvement of stakeholders may lead to more open discussions on the causes of poverty, such as socio-economic inequalities, corruption and poor governance. It is hoped that such discussions may help bridge the differences between various groups that are divided along ethnic, religious and political grounds.

The bank also has a long history in post-conflict assistance. Indeed, it was established to support the reconstruction of Europe after World War II. Since then the bank has assisted countries all over the world in their post-conflict reconstruction efforts. More recently the bank has played a key role in co-ordinating international aid to Kosovo, Bosnia, the Democratic Republic of the Congo, the West Bank and Gaza.

In recent years operations in countries emerging from war have become a considerable proportion of the bank's portfolio. Excluding India and China, nearly a quarter of the International Development Association's—the bank's concessional lending facility—support is going to countries which have undergone or are emerging from conflict.

In the past much of the bank's post-conflict reconstruction work was concentrated on rebuilding physical infrastructure. However, the bank has increasingly broadened its focus to address wider needs in rebuilding social infrastructure, reconstructing institutional capacity and putting in place key economic reforms. In general, the bank's support is designated to facilitate a country's transition from conflict to peace.

The bank has also been involved in unique post-conflict elements, including de-mining, demobilization and reintegration of ex-combatants, and reintegration of displaced populations. For instance, the bank has supported demobilization and reintegration of ex-combatants in countries such as Cambodia, Chad, Mozambique and Uganda, and reintegration of displaced populations in Azerbaijan, Liberia, Rwanda and Sierra Leone. It has been involved in post-conflict community development programs in Angola, Cambodia and Rwanda, and de-mining programs in Bosnia and Croatia.

I have much more to say, but I see that my time has expired.

• (1810)

**Mr. Art Hanger (Calgary Northeast, Canadian Alliance):** Mr. Speaker, I am pleased to address the motion submitted initially by the member for Esquimalt—Juan de Fuca and amended by the

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member for Surrey Central. To refresh everyone's memory, I will read the amendment:

—should continue and intensify efforts with other nations to develop multilateral initiatives in order to strengthen the capacity of international organizations (e.g. International Monetary Fund, World Bank and United Nations) to enable them to identify the precursors to conflict and improve their conflict prevention capabilities.

I want to reflect on the comments of the mover of the motion about the road map to conflict prevention. I will reiterate the three main points and elaborate a bit on them.

The first was to establish an early warning centre, a spot somewhere in the world where information could be gathered and analyzed and then a conclusion reached. He suggested a spot in Canada.

This would lead to the second point, the need to have a series of responses. Those responses would be integrated and involve diplomatic, economic and military initiatives.

The third point the member for Esquimalt—Juan de Fuca raised on this road map to conflict prevention was the economic issues. The economic issues involved the IMF, the World Bank and multilateral foreign aid agreements. They would be co-ordinated in some effort so that pressure would come to bear on those individuals or groups of individuals who were placing undue abuse on their fellow countrymen.

I will go back again to the first point on the early warning centre. When we think about the need in society, this is quite an initiative. There are something like 33 conflicts raging right now in the world which fit into the category of need of some sort of analysis and response. There are 33 conflicts where human rights are being abused and violence is being meted out to individuals and groups of individuals. Torture is taking place and polarization between different ethnic groups within areas of conflict.

If a conflict is raging it would require a co-ordinated response. Certainly there have been co-ordinated responses in the past. Unfortunately sometimes they are not as rapid as they should be. Canada, in particular, could very well play a significant role in bringing some co-ordinated efforts together to deal with conflicts where hundreds of thousands of people have been killed or where there is potential for hundreds of thousands of people being killed.

We do not have to reflect too far to look at areas like Ethiopia, Liberia and Sierra Leone. There is a conflict raging right now in Sudan. No one is involved but it is being monitored. I can see Canada playing a role in the diplomatic, economic and military initiatives.

• (1815)

I am going to touch on the military initiative. To look after a military initiative where a conflict is raging, one would need a

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rapid response combat capable force, not one that will take weeks and months to put into the field but one that will take a few days. A ground force would be ready to act, if necessary, but it would be combat capable. It would be capable of being in a medium intensity environment with fire power that goes beyond hand held weapons.

Canada should build its military up to that point. However we do not fall into that category at this point in time. We have some heavy armament but not nearly enough to respond quickly. It is really unfortunate that we do not have heavy lift or rapid reaction capability at this point.

The third point is economic clout, a co-ordinated effort that the IMF and the World Bank could use against groups of individuals who are bent on human rights abuses.

**The Acting Speaker (Mr. McClelland):** The time provided for the consideration of Private Members' Business has now expired and the order is dropped to the bottom of the order of precedence on the order paper.

It being 6.17 p.m. the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 6.17 p.m.)

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