

Income Tax Act

commitment to do \$5.6 billion worth of research was entirely lost because \$2.2 billion went into pockets and there was a shortage of \$3.4 billion which had been committed to do research. A good portion of those corporations took the money and left the country. They sold their commitment to do research and left the country.

I can give you examples of things which have happened. Many Members may have seen *The Fifth Estate* last week. It was about a corporation called Canada's Tomorrow which established itself to do some research. It collected \$25 million from the Government to do research in oceanography in Chile. There are now 67 students stranded in Chile because the money is gone and the Chilean Government will not allow them to go home until the costs they incurred there have been paid.

There is also a local research program which is causing a considerable amount of controversy. This is the so-called Dreamstreet program which is supposed to research the difference in productivity between red and white holsteins and black and white holsteins. The provincial Ministry of Agriculture in Ontario and the federal Ministry of Agriculture have indicated that this is absolutely useless research, but it got money through this program.

It seems incredible that any government could be so inept as to allow this kind of legal scam to be perpetrated on the people of Canada. There was no suggestion of the type of research to be done under this three-year program. Although the program was cut off last year, it is still costing us money. There is nothing in place to monitor the quality of the research to be done. The Dreamstreet program and the Canada's Tomorrow program are two examples which are producing nothing.

This also brings into focus the need for information to be given to the Cabinet for it to make its decision. Information should be available to the people of Canada and the Members of this House. In that way, when a decision is made to establish this kind of program, we can question the decision-making.

● (1120)

I questioned the quality of the advice given to the Hon. Marc Lalonde when he made the decision to put this program in place. People should have questioned that and the extent to which the effects of this program had been researched. Someone should have questioned how a so-called \$100 million program suddenly costs \$2.6 billion. Someone should have questioned how people who took part in this program could make money without any effort at all. The quick flip allowed at least 5 per cent of the money supposed to be used for research to be pocketed by someone who had no intention of doing any research in the first place. If it increased the amount of research done across Canada there might be some justification. However, StatsCan informs us that the amount of research done in Canada over the three years covered by this particular scam did not increase to any justifiable extent.

This program has cost the taxpayers of Canada \$2.6 billion plus. It will probably be closer to \$3 billion by the time we are through. The present Government, of course, took fairly quick action to eliminate the program but it was also grandfathered so that anyone who had established a program could continue. Neither was a monitoring system put in place which would allow the Government to stop the program if necessary.

It is good that we are finally doing something that will allow the Government to recover some of the money that has been fraudulently taken from the pockets of Canadian taxpayers. At present there are some 55 projects under investigation for fraud. Only 172 audits have been completed so we have a very limited understanding of the size of the program and how badly it has been used. We have taken just a small look at it. The approved value of research is over \$7 billion and the value of the quick flips was \$5.6 billion. That left a real shortage in the amount available to be spent on research.

I can only suggest from that, that when this type of program is established, the information put before Parliament should be adequate for us to judge properly. Obviously we cannot trust the quality of the advice given to the Minister. Therefore, someone or something else should have a look at it, and that should be the House of Commons. We should take a good look at the whole process involving tax credits.

The Auditor General has estimated tax expenditures at somewhere between \$30 billion and \$50 billion. That is money delivered to corporations and individuals in the form of tax credits. It is not \$32 billion or \$36 billion, but somewhere between \$30 billion and \$50 billion. That is a broad gap. It shows the inability of the Government to determine exactly how much is being delivered in the form of tax credits. As the Auditor General has suggested, we should put in place a system of reporting the tax credits being collected by people, not only in this research and development scam but in all other areas as well.

This Government has spent a lot of time, as have other Conservative Governments across the country, talking about the amount of welfare given to people out of work. They have talked about how unemployment insurance should be cut back because people will then try harder to find jobs. However, there is another kind of welfare, corporate welfare. Corporations get taxpayers' money and do not have to account for it. We do not even know if they need it. They get money through the system without having to convince anyone that they need it.

We need to look at the whole structure of tax expenditures through these credits. We need to put in place an evaluation system. During his appearance before the Standing Committee on Public Accounts the Deputy Minister of Finance, Mr. Cohen at the time, suggested they had no real system in place which evaluated the effect of tax credits. He also admitted that they had no real evaluation of the amount of research this particular program was going to provide. In fact, the Government, before it put this program in place, did not have any indication of how effective it was going to be.