

*Oral Questions*

• (1415)

During the past year, a group of volunteers in the diocese, under the able leadership of Jean Pilot, organized a variety of activities for the young and not so young. Thanks to these activities, this event was celebrated with enthusiasm and style.

The final day of the 50th anniversary celebrations will be marked by a solemn high mass at the Immaculate Conception Cathedral in Edmunston, followed by a Christmas concert.

The motto of the Diocese of Edmunston, "Son amour s'étend d'âge en âge", illustrates the optimism and sense of sharing that prevails over any differences that exist in our community.

I want to take this opportunity to wish my constituents a day filled with joy and happiness.

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## ORAL QUESTION PERIOD

[Translation]

### UNEMPLOYMENT INSURANCE FUND

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, my question is for the Minister of Finance.

In his economic update yesterday, before the finance committee, the minister finally admitted that his government is putting the unemployment insurance fund surplus into the consolidated revenue fund, along with the other federal revenues and expenditures, and will continue to do so, rather than in a distinct reserve fund as the Minister of Labour claims. This admission leads to another, that his deficit for the current year is being lowered artificially with the U.I. account surplus.

Under these circumstances, will the Minister of Finance admit that, because he is taking five billion dollars out of the U.I. account this year, the real federal deficit for the current year is therefore not \$32.7 billion but \$37.7 billion?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, the hon. member ought not to confuse annual surpluses and cumulative surpluses.

To give an example, in 1993 when we became the government, the cumulative deficit of the unemployment insurance fund was \$6 billion. In 1994, there was an annual surplus of \$2.3 billion, which brought the cumulative deficit to \$3.6 billion. In 1995, the annual surplus was approximately five billion dollars. This is the five billion the hon. member is referring to.

It will bring the cumulative surplus to only \$1.4 billion. The two things must not be confused. We now have a surplus, not of \$5 billion, but of \$1.4 billion.

Our goal was not to reduce the deficit but to bolster the U.I. fund, which we have done, being good managers.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, a good manager knows the contents of his budget.

Although I respect the minister, he is entitled to his shortcomings as much as anyone. He has certainly forgotten that next year he himself has projected taking \$5 billion from the U.I. fund during the year. He is entitled to a mistake, so we will give him another chance.

Will this minister, good manager that he is, admit that to bring his deficit, the federal deficit, down to \$17 billion in 1997–98, as he has indicated to us, he will need to keep on dipping into the U.I. fund year after year?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, I have great respect for the hon. member for Roberval. I clearly understand where the confusion lies. What he is really recommending is an accounting process which was in place prior to 1986.

I would simply like to state that prior to 1986 the government did follow the procedure recommended by the hon. member and by the Bloc finance critic. But the auditor general came out with the following opinion in 1986. "In my opinion"—I am quoting the auditor general here—"the unemployment fund operations ought to be consolidated with the government financial statements, with employer and employee contributions added on the reported receipts side, and benefits and administrative costs included with reported expenditures".

• (1420)

Since this had not been done in 1986, the auditor general expressed reservations on the government's financial statements. That year, the government changed to the accounting process we are currently using. I would therefore suggest to the hon. member, if he does not like the way the government is accounting, and if he thinks he is better at figures than the auditor general—and perhaps he is—that he talk to the auditor general.

**Mr. Michel Gauthier (Roberval, BQ):** Two strikes against him now, Mr. Speaker. The Minister of Finance has neglected to point out that, at the time the auditor general made that recommendation, the federal government was contributing to the unemployment insurance fund. That is no longer the case. Two strikes, no hits.

I will give him a third chance. Given the government's reticence to really streamline the federal machine and review all of its finances, will the Minister of Finance acknowledge that, if he does not divert the sizeable U.I. fund surpluses into his