



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Thursday, June 1, 2006**

—  
**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Thursday, June 1, 2006

The House met at 10 a.m.

[English]

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*Prayers*

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## ROUTINE PROCEEDINGS

● (0955)

[English]

### CRIMINAL CODE

**Hon. Stockwell Day (Minister of Public Safety, CPC):** Mr. Speaker, I have the honour to table today, in both official languages, the 2004 annual report issued pursuant to section 25.3 of the Criminal Code.

This report covers the RCMP's use of specified provisions within the law enforcement justification regime as set out in sections 25.1 to 25.4 of the Criminal Code. This report also documents the nature of the investigations in which these provisions were used.

\* \* \*

● (1000)

### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's responses to eight petitions.

\* \* \*

[Translation]

### INTERPARLIAMENTARY DELEGATIONS

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** Mr. Speaker, pursuant to Standing Order 34(1), I have the honour to present, in both official languages, the report of the parliamentary delegation of the Canadian Branch of the APF which took part in the Vietnam-Laos-Cambodia regional parliamentary seminar on budgetary control, held in Vientiane, Laos, from December 19 to 21, 2005.

## COMMITTEES OF THE HOUSE

### CANADIAN HERITAGE

**Mr. Gary Schellenberger (Perth—Wellington, CPC):** Mr. Speaker, I have the honour to present, in both official languages, the second, third and fourth report of the Standing Committee on Canadian Heritage.

The second report is on the certificate of nomination of Robert Sirman to the position of Director of the Canada Council for the Arts.

The third report is on Our Cultural Sovereignty: The Second Century of Broadcasting, presented during the 38th Parliament.

The fourth report is on The Feature Film Policy for the 21st Century, also presented during the last Parliament.

The committee requests a comprehensive response to the third and fourth reports.

\* \* \*

● (1005)

[Translation]

### BUSINESS OF THE HOUSE

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Mr. Speaker, consultations have taken place among the parties, and there is consent for the following motion. I move:

That, at the conclusion of today's debate on the opposition motion in the name of the member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, all questions necessary to dispose of the motion be deemed put, a recorded division deemed requested and deferred to the expiry of the time provided for government orders on Tuesday, June 6, 2006.

**The Speaker:** Does the hon. member for Montmorency—Charlevoix—Haute-Côte-Nord have the unanimous consent of the House to move this 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.

*Business of Supply*

(Motion agreed to)

\* \* \*

[English]

**PETITIONS**

## CITIZENSHIP AND IMMIGRATION

**Mr. Mario Silva (Davenport, Lib.):** Mr. Speaker, I rise once again in the House to present a petition that calls upon Parliament and the government to immediately halt the deportation of undocumented workers and to find a humane and logical solution to their situation.

The minister and his ministry have written back to say that they have met with several stakeholders. However two of the major stakeholders, the Greater Toronto Home Builders' Association and the Canadian Home Builders' Association, have been quite involved in this issue from the beginning.

I would ask the minister to meet with those groups as it is important in dealing with this issue.

\* \* \*

**QUESTIONS ON THE ORDER PAPER**

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I ask that all questions be allowed to stand.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

**GOVERNMENT ORDERS**

[Translation]

**BUSINESS OF SUPPLY**

## OPPOSITION MOTION—GASOLINE PRICES

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ)** moved:

That, in the opinion of the House, the government should establish a plan to counteract the negative effects of repeated increases in gas prices, specifically including: a surtax on the profits of major oil companies; the creation of a petroleum monitoring agency; and the strengthening of the Competition Act.

He said: Mr. Speaker, I am very pleased to put this issue before the House today.

We all know, in our everyday lives, that the rise in gasoline prices over the past few years has had a severe impact on the manufacturing sector. Particularly hard hit were all those who drive cars, often low-income earners, who have seen their buying power dwindle, while at the same time, oil companies were raking in staggering, excessive profits. For example, Esso Imperial's after-tax profits for 2002 were \$1.214 billion. They then rose to \$1.701 billion in 2003, \$2.052 billion in 2004, and \$2.6 billion in 2005, for a grand total of \$7.567 billion.

When we look at that total amount and at the rise in profits, from \$1.214 billion in 2002 to \$2.6 billion in 2005, we can see why there are so many losers in our economy right now, despite the fact that the economy appears to be doing very well.

The losers are consumers who are earning minimum wage and who have no choice but to drive their cars to get to work.

In my riding, in La Pocatière, a lady told me about her situation. Because of gas price increases, she was losing money by going to work. That is reality, hard reality. On the one hand, oil companies are raking in enormous profits, and on the other hand, people are between a rock and a hard place. This is true of individuals, but it is also true of groups.

At present, with the rising dollar, there is undue pressure on the manufacturing sector in Quebec and Canada. This is caused in part by this enormous increase in the price of gas. When combined with the increase in energy costs, there is upward pressure on the dollar and thus there are higher costs for our businesses. This is not merely a matter of criticizing the government, it is a fact of our daily life, and it has to be dealt with one way or another.

The Bloc introduced this motion because at present, the government's failure to act in this regard is very bad. We do not detect any desire on the part of the federal government to face up to this problem and take proactive measures.

This week, again, the Standing Committee on Industry, Science and Technology was told that at present, economic activity in Canada was on a roll because of energy prices and raw material exports.

However, when things slow down in that respect in a few years, we will have been short-sighted and imprudent by failing to ensure that the rest of the economy is sound, and we will have a less than satisfactory outcome. It is this government that will be responsible for that outcome. I reiterate this so that it is clear in the minds of my colleagues and the public as a whole.

I will give another example: Suncor Energy. In 2002, its after-tax profits came to \$749 million. And then things got better. For the period from 2002 to 2005, the total was \$4.169 billion. Those rising profits are the concrete example that shows how one sector of the economy has taken the rest of the economy hostage.

People were spending part of their purchasing power on energy, on gasoline and heating oil. Their money is now inflating the profits of these companies, and nothing is being given in return to ensure that the wealth is spread around.

I would stress that there are different aspects to the Bloc motion. It talks about a plan to counteract the negative effects of repeated increases in gas prices. We must first identify the negative effects. As I said, we can all see the negative impact of price increases, particularly when there are sudden fluctuations in the price of a product that is so important to the economy.

We have to find a way of averting these sudden and unexpected increases, these yo-yo prices. We have to find ways to regulate the situation. We are not talking about price controls, but about studying the market, understanding how it works, and trying to implement measures and do things that would enable us to take the appropriate corrective action.

In terms of an action plan, the Bloc is open to suggestions, but it hopes that any plan will include a surtax on the big oil companies' profits, in particular. In the short term, a portion of those excessive profits absolutely must go back to the people who have been the victims of these sudden increases.

• (1010)

We should even begin developing a long-term solution minimizing our dependence on oil. We must invest in technologies that will improve our environment and enable us to exploit new resources. It would only be fair for some of the funding for these programs to come directly from oil companies. But I doubt we will get this kind of result on a voluntary basis.

Again this morning, Yves Séguin, a well-known economist who was Quebec's Minister of Finance, said that at least one company had stated clearly that it was not increasing its refining capacity, but was selling as much as possible. The current refining capacity can yield such huge profits, and the company is cashing in as soon as possible. Even if the company fails to make appropriate investments later on, it will have netted maximum profits, as it is doing now.

It seems to us that this kind of situation could be balanced by a surtax on oil company profits.

We have also been suggesting other solutions for a while now, including the creation of petroleum monitoring agency. This idea came up two or three years ago during hearings before the Standing Committee on Industry that the Bloc Québécois had asked for. Oil company representatives testified, telling us that they themselves would agree to such an agency being established. This is not about controlling prices, but about having a tool that would enable us to use independent statistics to evaluate how the market works.

Yesterday, Natural Resources Canada held a briefing session. The statistics they provided came from a private company that specializes in that kind of information. I have nothing against the company, but it completely lacks the transparency we need in order to rely on these statistics.

So, we have proposed the creation of a petroleum monitoring agency. This way, the market could be monitored and its operation studied. For three years, recommendations would be made in this House regarding changes in the market in order to determine the measures to be put in place. I am not talking about creating a permanent bureaucracy, in fact we want it to have a time frame, but rather a watchdog that would let the petroleum industry know that the government and elected representatives were aware that something was not working in the market. The oil companies are entitled to profits, but not unreasonable profits as they are currently making, especially if they are harming the economy. So we will put relevant solutions in place.

Such an agency would help determine, for example, whether it might not be beneficial in the future to prevent the integration of

### *Business of Supply*

products, that is, the extraction of oil, its refining, its transportation and its retailing. Might it be possible to come up with solutions similar to those tried out in certain American states? For example, it might be proposed that a company be restricted in the degree to which it is incorporative, that is, it would not be able to act at all levels this way and would have to provide many more details on profits at each stage. This is the sort of recommendation we would like a newly created petroleum monitoring agency to be able to propose.

Last fall, it will be recalled, following a second offensive by the Bloc, the Liberals agreed to assign half the mandate sought to the petroleum monitoring agency. Yesterday, during the briefing, I learned that the new Minister of Industry, who has a very market oriented approach, does not want the government to intervene in any way. According to him, things would be even better if there were no government intervention. I do not understand why he got elected in a government if he does not want government to intervene. The minister has decided to study the matter of the petroleum monitoring agency and to let its creation drag on, despite the increase in prices we have faced and continue to face. According to recent newspaper articles, another major hike is in the works. Summer is coming. With the approach of summer, people will be getting ready to travel. We will see the impact of this on the price of gasoline.

The stakeholders in this industrial sector are entitled to the same conduct as other players in other industrial sectors. However, there is one distinguishing feature: try using firewood to make your car run and see how well that works. The automotive sector, which is the foundation of our industry, offers products that run only on gas. It is the only fuel that can be used. There is no other product to compete and the oil companies are not really making an effort to find one, either. For example, they are in no hurry to move forward with products such as ethanol.

If there were a surtax on petroleum products, it could be arranged to have a portion of the revenue go towards accelerating and catalyzing the development of renewable energies and making their use more widespread. We could thus reduce our dependency on petroleum products.

We can see that many outcomes are possible, if the government assumes its responsibilities. That is the goal of this motion: first that the government assume responsibility in this area.

• (1015)

The other feature addressed specifically in this motion involves strengthening the Competition Act. Also, last fall, if you remember, under pressure from what the Bloc had initiated and given the urgency of the situation, we succeeded in getting hearings with the Standing Committee on Industry, Natural Resources, Science and Technology before Parliament resumed its work. The government tabled some amendments to the Competition Act to grant authority to conduct general investigations and market surveys. An enormous problem had arisen with the Competition Bureau because that agency acts as a quasi-judicial body. It must be able to supply proof of collusion.

*Business of Supply*

Proof of collusion means legal proof. It requires, for example, written evidence, copies of faxes sent to service stations, to four different locations at the same time. Such documents are required. That type of thing was not found. They probably do not exist, although it is not necessary to have that.

For a number of years, the whole issue of refining has been controlled. The number of refineries in North America and around the world has been systematically reduced. As a result, today the number is down to a bare minimum. Every time a crisis occurs—a storm in Africa, a flood somewhere else, hurricane Katrina last summer—the price goes up suddenly.

If we had been smart enough to develop additional refining capacity, when hurricane Katrina struck, there would have been one or two more refineries in the northern United States, Canada or Quebec that could have augmented the capacity of existing refineries, as they are trying to do in the Lévis area. We would have had the tools we needed. But no, the refineries rake in profits and, at the same time, get huge tax cuts from the federal government.

Since 2002, the tail has been wagging the dog. We have seen the profits that the oil companies make, yet the federal government gives them tax breaks, huge tax cuts. This is clearly undesirable and inappropriate in the current situation. What we need is increased contributions from oil companies in the form of taxes or a surtax, as we are proposing.

We know that the factors contributing to the increase in the price of gas are the price of crude oil, the cost of refining, taxes and the retail profit margin. The price of crude oil is set in international negotiations. We have no day-to-day control over it, but we should certainly be concerned about it. The President of the United States has been, as have the G-7 leaders. This concern needs to grow so that fluctuations are minimized, because they have a major impact on the economy.

Then there are taxes. We know that taxes did not cause the price fluctuations. But governments need to look at what can be done about taxes. We have already talked about the excise tax on gasoline, which has been fixed for a long time. It was put in place to help reduce the deficit.

The major item that we could work on in the short term is the refining cost. Refining is the process of taking crude oil and transforming it into gasoline. At present, profits on this refining process are excessive. The additional increase of 10 or 12 cents per litre of gas hurts and is due directly to the excessive profit at that stage. In terms of cost, there is no justification for such an increase.

This week at the Standing Committee on Industry, Science and Technology, one of my Bloc colleagues indicated that, generally, when the cost of raw materials increases in an industrial sector, somewhere in the chain, a competitor usually tries to save energy and cut costs, so that at the end of the day it can remain competitive on the consumer market. The gasoline market is rather unique. When there is an increase at any stage it is passed on directly to the consumer. Everyone operates the same way and, ultimately, it is always the consumer who pays the price.

It is this type of situation that the petroleum monitoring agency could look into, examine in depth and determine if there are any measures that could be implemented to correct the problem.

The retailer's margin is more a provincial responsibility and some provinces have taken action.

● (1020)

I think our work here in the House of Commons should be more focused on the effort to examine competition and refinery profit margins.

That is where the Bloc Québécois insists the government focus its energy, as well as agreeing to have a plan and admitting in this House that there is a specific situation in our economy that can be attributed to the increase in the price of gas. It should also admit that people and the economy are being severely punished. If we do not look at this issue in greater detail then we are in for a rude awakening in the short term, economically speaking, joining the people already going through tough times right now.

As part of the solution, we must discipline the industry and send it a clear message that the government is worried about this issue and, furthermore, it is very important that the Competition Act have some teeth.

The former competition commissioner, Konrad von Finckenstein, said that:

—while the [Competition] Bureau's mandate includes the very important role of being an investigator and advocate for competition, the current legislation does not provide the Bureau with the authority to conduct an industry study.

The commissioner thus acknowledged that this authority did not exist in the legislation. It took two years to get the Liberal government to table amendments that responded to this requirement. They unfortunately were not voted on before the election. However, the commissioner who succeeded Mr. von Finckenstein reiterated, when the amendments were tabled, that it would be an important mandate to entrust to the competition commissioner. She added that this authority existed for other competition commissioners in developed countries throughout the world, and that it was an additional tool she would like to have.

There is no reason the current federal government could not go ahead and table such a motion.

I hope the Liberal Party of Canada will support our motion, which resumes in part the amendments to the Competition Act that we suggested to them and that they agreed, as a government, to advance during the last increases in summer 2005. We also need to have the other mandate for the petroleum monitoring agency because there are matters to be looked at from that angle that are not related to competition but deserve our attention.

*Business of Supply*

I would like to conclude on an important point. A fair society is important to our fellow citizens. They see the gifts given to the oil companies over the last few years. They might have been able to understand this in hard times when these gifts might have helped the companies turn a profit. But in the current situation, for example, corporate income tax is being reduced to 19% by 2010. Faster repeal of the capital tax has been suggested, and a reduction in income taxes for the shareholders of large corporations. All these measures are being discussed of course. It is not a matter in economics of focusing in order to change the balance of our entire tax system, but in view of the situation created by all this, that is to say a fabulous increase in profits, our motion contains concrete action, namely the imposition of a surtax on oil company profits.

This would be a way for the government to show all the people of Quebec and Canada that we are assuming our responsibility to distribute the wealth, that we are not just a company board of directors but a Parliament and a government that is concerned about these things. We hope very much that the federal government will take this kind of action.

I hope that we will ultimately find a long-term solution that makes us less dependent on the oil industry and able to use renewable resources. Most of all I hope that today's debate will show people that there are some members who have a sense of fairness, a sense of responsibility, and who are aware of the severe negative effects that rising gas prices are having these days in our society. I also hope that this desire, as expressed by the Bloc Québécois, will tonight become the House's desire and that the government will act as quickly as possible. If not, it will have to answer for what it does in the next election. This is the kind of decision, actually, that will have an effect on the economy—which seems to be doing well today—not just next week but in six months, in a year and in two years from now. The people will remember who defended them.

•(1025)

[*English*]

**Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC):** Mr. Speaker, no one in this House is more upset about the high gas prices across the country than the residents in my riding, but we have a difference of opinion on how we approach that. When there are four gas stations on a corner and the price goes from 98¢ to \$1.05 within five minutes of each other, I would have to agree that there certainly seems to be collusion of some type. I have never been happy with some of the reviews by the Competition Bureau.

At the same time I think that the members across the way have been perhaps sitting a little too close to the Liberals and the NDP. It bothers me that when there is a problem, they would just add another tax. That has always been the Liberal way. That does not solve everything. I have a very large rural riding, and for agriculture and truckers nothing affects the industry as much as gas prices.

I have a question for my colleague. How many oil companies are based in Quebec, if any, and how does he think they would take to adding another tax to fix the problem? There are other ways of addressing this issue. I agree that the issue needs to be addressed, but certainly not in this manner.

•(1030)

[*Translation*]

**Mr. Paul Crête:** Mr. Speaker, I thank my colleague for his comments. I have understood that he will probably vote in favour of our motion. He seems to be saying that there is indeed a major problem at the outset. So I would like to explain the logic behind this motion.

I will respond more specifically to his question.

There are refineries in Quebec, such as Ultramar in the Quebec City region. There are also some in the Montreal region, which refine petroleum for a good part of Ontario. The problem is not the existing refineries, but the lack of refineries in North America. There has in fact been a major systematic decline in the number of refineries over the last 15 years. That is the result of choices made by companies. I am not saying there has been collusion. I am saying it is due to the choices made by companies. Because of those choices, however, the entire market, including consumers and industry, is being penalized, as we can see from the situation we are facing.

For that reason, we are proposing a petroleum monitoring agency, so that we are able to see how the market is working. It is therefore necessary for the Competition Act to permit research into the market, so that ultimately we can propose corrections.

We can no longer go on telling our citizens that it is sad, that the price of a litre of gas is terrible and it is really costing us. We are elected officials. We are not spectators. We are players in political life. We have to propose measures and actions.

It is not my sitting too close to the Liberals and the NDP that leads me to speak of a surtax on petroleum products. The idea actually comes from people I have met in my riding. They told me that the action plan proposed by the Bloc last year was necessary to help people who live alone, who must travel to their work, those in the regions, farmers and forestry workers. We also need money to further upgrade public transit.

All of these measures require government funding. No petroleum company is going to spontaneously give the woman in La Pocatière \$20 to help cover the loss she incurred because of rising costs. That responsibility for redistributing wealth lies with the government, and it is a responsibility I hope it will assume.

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Mr. Speaker, I would like to congratulate my colleague for his excellent presentation on the price of oil.

I would like to add that it is a moral duty for all governments to determine how oil companies are making such enormous profits. This is nothing new. It is not something we are asking of the government and that has never been done. In 1960, OPEC began looking after the interests of its member countries. This is not a recent event. Black gold is synonymous with very large profits for certain companies.

*Business of Supply*

Do the profits of companies established in Canada remain in Canada? I would like my colleague to answer this question. Unfortunately, I am pretty certain that most of the profits do not remain in Canada and do not benefit Canadians. If these profits contributed to development, to the overall Canadian economy, they could still be acceptable. But that is not even the case.

It is vital that we examine how the government could limit these huge profits so that wealth could be redistributed, particularly among the most disadvantaged in our society who must pay. I understand that there is a world price for oil, but we must at least benefit in some way. What are my colleague's thoughts on how we could keep part of these huge oil profits in Canada?

**Mr. Paul Crête:** Mr. Speaker, I thank my colleague for his question.

Clearly we cannot ask an industry to invest in its competitors.

We have to come up with long-term solutions. Our society is enormously dependent on the oil industry. The money that we pay and that makes the profits of the large oil companies could be used to create an energy network much more in tune with sustainable development.

It is very hard to ask an oil company to invest willingly in any particular sector. The government has to play a regulatory role. So we have to make sure the companies pay enough taxes, which will then be distributed according to the common good and common sense, so that the final result is acceptable.

This in no way means denying the right to make a profit or preventing a company from being profitable. The market is very special, the product is unique and the organization of the refining market requires us to alter our approach. The President of the United States, whom I do not see eye to eye with on a great many topics, has himself realized the need for action in this sector.

Mr. Dodge, the Governor of the Bank of Canada, recently spoke to the Standing Committee on Industry, Science and Technology about the value of the dollar. According to him, the rise in the price of gas and oil has an impact on the rise in the value of the dollar.

This is the type of situation that it is essential the government try to harness, instead of letting the market operate freely. The current consequence is that a two-speed economy is developing. The energy economy, which is going well, and the manufacturing economy in Quebec and Ontario, which is going very badly. Jobs are being created in the west to study energy, but it is not the people who had jobs in Quebec and Ontario who are benefiting. You do not move someone 45 years of age from Montmagny to Edmonton in the blink of an eye. You do not turn him into an oil industry worker. There are choices of which territory to occupy and choices of which economy to develop right across Canada.

These choices require that the government play a responsible role, that it have the means to intervene, that it promote the point of view of our fellow citizens, and that the benefits of economic successes be felt across the country. I am not saying that there are not any effects right now, but in my opinion there are not enough. This is why the government should look at the suggestions we made so that this market can be controlled and really put to the use of the economy and the citizens of Canada and Quebec.

• (1035)

[English]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the motion calls for the consideration of a surtax on the profit of major oil companies. It does raise the debate and the question about whether or not this will be an effective matter, simply from the standpoint that the increase in taxes would be passed on to the consumer in any event. All we would be really doing is passing on another level of taxation to the consumer.

The same argument has been used with regard to amendments to the provincial or federal taxes, the GST, et cetera. I ask the member whether or not he has some rationale why a surtax on the profits may in fact squarely hit the target which he intends?

[Translation]

**Mr. Paul Crête:** Mr. Speaker, if the motion only called for the surtax, then we would have to be very careful about the impact mentioned by my colleague. However, our motion also calls for the creation of a petroleum monitoring agency. We must be able to look closely at how the industry works to see whether this surtax is passed on to consumers. In strengthening the act, we must ensure that the Competition Bureau can do a market study. That was one proposal that the Liberals agreed to when amendments to Bill C-19 were tabled last fall.

With these extra tools, it is clear that, in the short term, a surtax would be effective in allowing distribution of the profits that companies have been accumulating shamelessly for the last two years and a return on investment. This whole action plan, including the three proposals that are in the motion and others that could be added, would enable the government to play its role in an appropriate way and, most of all, to express the political will to take action in this area.

[English]

**Hon. Gary Lunn (Minister of Natural Resources, CPC):** Mr. Speaker, I am very pleased to rise today to address the motion by the Bloc Québécois.

The motion reads as follows:

That, in the opinion of the House, the government should establish a plan to counteract the negative effects of repeated increases in gas prices, specifically including: a surtax on the profits of major oil companies, the creation of a petroleum monitoring agency, and the strengthening of the Competition Act.

Let me start by saying that I believe the motion represents a pretty negative view. What the motion is suggesting is that the market systems are failing us and that it is time that we want to regulate or put surtaxes on one of the most productive sectors of our economy.

I would respectfully submit that the member wants command and control. Or does he believe in market driven forces? Does he believe the markets are going to find out where this should settle? Do we promote success or do we want to penalize it?



*Business of Supply*

I listened to the hon. member and I am not quite sure where the motivation for the Bloc motion is coming from. There were comments in his recent answers to questions that we do not want Parliament to become just a board of directors for oil companies or that possibly we could help through this motion to distribute the equalization of wealth. That is something I fundamentally disagree with. If the members want to have that debate, we could have that debate on another day.

I am trying to square the circle on how the Bloc has come up with this motion. I think it is fraught with problems. That said, we have seen the price of crude oil go from about \$47 U.S. a barrel just over a year ago to \$70 U.S. a barrel in the last few weeks. This amounts to roughly a 50% increase. Depending on which side of the equation one is on, obviously it presents challenges, but it also presents opportunities. I think there is an optimistic side to this. It is creating opportunities here in Canada. As the international community has challenges in ensuring an adequate energy supply that is secure, we can look at the environmental challenges and also at prosperity as well, and Canada has an opportunity to play a leading role.

The overall high commodity prices are generally good for Canada. The Canadian dollar is now sitting at 90¢ due to the strength of the Canadian economy, particularly the resource sector. Energy is one component of that. If we look at where we are benefiting from the oil and gas sector in Canada right now, we can see that it is creating literally hundreds of thousands of jobs. Tens of billions of dollars are being invested in Canada.

In Alberta alone, in the oil sands it is expected that \$100 billion will be invested in the next 10 years. That is very good for the economy. It promotes research and innovation. We are making enormous gains in technology. This has been very good for the economy.

● (1040)

I think the hon. member's motion that suggests putting a surtax on profits is fundamentally the wrong way to go. The party opposite wants to start raising taxes, but the Conservative Party believes in reducing taxes. As members know, in the most recent budget we brought in 26 separate tax reductions for the Canadian people, from the GST reduction to a reduction in personal income taxes. We reduced taxes right across the board, including those for small businesses. We have also helped Canadians in their investments, as we have seen, for various pension funds, portfolios and investments. This has been good news for them as well.

There is no question that the oil and gas sector is in a very strong position right now. The price of crude oil is very strong. There are a lot of very positive aspects, but the motion suggests creating a surtax when the sector is doing so well. I am not sure what is driving this motion. If it is to try to distribute wealth, if that is what the Bloc believes, so more money will go into the federal government and there will be more money in the federal coffers, again I think that is fundamentally the wrong approach. One has to believe in either a market driven system or in command and control, in the government regulating and controlling everything. Again, I think that is fundamentally wrong.

I know the motion has been made as a result of higher prices of gasoline at the pumps. There are things this government is doing. I

am very proud to be part of this government and the announcement in recent weeks that we want to see a 5% biofuel content by 2010. That is a way to have a positive impact on the prices at the pumps and on the environment. It also provides benefits for the farming industry across Canada, which is looking for new opportunities. It was a very positive meeting.

Again, I think there are other ways to address these higher fuel costs. I do not think we can just look at the price at the pump and say that the price of gasoline is high. I want to see stable lower prices as much as every other member does, but the issue is much larger than that. It is about the price of energy. That is why our government is investing in looking at other areas. We are working with industry to promote science and technology. We are looking at ways to become more efficient. Those are ways in which the government can ensure that we have a secure energy supply. We want to ensure that the energy is affordable.

There is no question that the people this hits the hardest are the poorest in our economy, the ones who struggle, but again, I do not see how squaring the circle through putting a surtax on the oil companies is going to solve any of that. It is something that we in the new Conservative government fundamentally disagree with.

Let us talk about the specific matter of gasoline prices. There are four principal components that make up the pump price. Of course, one of those components is crude oil, the raw material. As we have seen, the price of crude is at record levels, but that accounts for about 42% of the retail price.

● (1045)

The next components are the taxes, federal, provincial and municipal, which average about 32%.

The third component is the refining margin, which is the oil companies' cost of refining the crude into the product that we see at the pumps, which is about 20%.

The final component is the retail or the marketer margin, which is, in essence, the difference between the wholesale price and the retail price of the gasoline which has typically been around 5¢ per litre for the last three years. Since around 70% of the retailers in Canada are independent they have total discretion to set the price at the pumps and therefore the price does fluctuate.

I hear members opposite from the Liberal Party engaging in this discussion while I have the floor. I do not know whether they want to go back to a national energy program that was implemented by Pierre Trudeau, whether they think we should overly regulate or maybe they want us to come down with this big club. We have been there before and it was an unmitigated disaster. Those things simply do not work.

The government's approach is to work with the oil and gas sector, with which I have had some very productive meetings, to work with our provincial counterparts and invest in research, science and technology. We are encouraging the industry, as it is in a very strong market, to have greater participation in the research so technology can move forward, we can see greater efficiencies and we can do far better on the environmental side.

*Business of Supply*

While we are in this strong market, the opportunities to make significant gains in this area are enormous. Let me give one example on CO<sub>2</sub> capture and storage, an area in which we are making significant progress. Both the government and the industry are participating in this research. We now have the ability to capture 100% of CO<sub>2</sub> emissions from the large final emitters in the oil and gas sector and pump that back down into the ground. I believe that is where we should be pushing the industry to make major investments. I believe there is a lot of room for improvement there through technology which would have enormous benefits for the environment.

Those are some of the things the government believes in and where we want to go.

One of the issues raised in the original motion was whether there was any kind of collusion for the major oil companies—

**An hon. member:** Price-fixing.

**Hon. Gary Lunn:** Price-fixing, as the member yelled out. I think we should look at the facts on this.

They talked about the creation of a petroleum monitoring agency. The facts are that the Competition Bureau has investigated this six separate times since 1990 alone. Each and every time it found no collusion and no price fixing. The Conference Board of Canada recently investigated whether there was price fixing at the pumps or collusion and each and every time it found that there was none. Both of those agencies are independent.

Members from all sides of the House and from every party who sat on the House of Commons Standing Committee on Industry investigated this, not once but twice, and they found no price fixing and no collusion.

• (1050)

If the members opposite or anyone else in Canada want to bring forward a complaint they should bring forward evidence where they believe there is collusion or price-fixing and the Competition Bureau will investigate it because that is its job. Creating another level of bureaucracy, another monitoring agency, would only result in spending millions of dollars more of taxpayer money. How is that efficient?

I would remind members that all these investigations happened when the Liberal government was in power. It was under the Liberals' regime when there was no collusion. It was not a biased or partisan investigation.

There is no question that as consumers we will face challenges as the demand for gasoline and energy around the world increases but with those demands also come opportunities. Canada exports an enormous amount of energy and crude oil. The tax benefits that the government derives from this sector are what allow us to deliver our social programs and to have a strong economy.

Alberta alone exports something in the magnitude of \$71 billion a year in energy. Most people do not realize that more tax dollars from the oil sands in Alberta, which is an important part of our economy right now, come to Ottawa than go to Edmonton. Those are facts and every Canadian right across Canada benefits from that.

What can we do as a government? We will do everything we can to try to stabilize it but at the end of the day the price of crude oil will be driven by global market forces. We either believe in free enterprise and a market-driven system or we do not. If the members opposite want to go back to a Pierre Trudeau national energy program because they think that would be good for the country, we fundamentally disagree. That is not where this government is going.

• (1055)

Other forces, which we do not have control over, also have an impact on the price at the pumps. We all saw it last year when Hurricane Katrina, a natural disaster, had a significant impact on the refinery capacity. The market fluctuates but Canada also had opportunities to pick up the diminished capacity. Those are the forces we must deal with.

We believe that putting a surtax on major oil companies is fundamentally the wrong way to go. We do not move toward command and control. We believe in the market-driven system. We want to work with industry and with our provincial counterparts to invest in these sectors with technology to ensure all Canadians can benefit.

• (1100)

[*Translation*]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, it is the first time in my life that I hear that a refining margin represents a cost. The minister said that the refining portion of the price of gas is the cost. It is not the cost; there is the cost and the profit included in the refining margin. He told us that the only place where there is indeed a reasonable margin is in retail sales. Could he not recognize that, currently, refining margins are disproportionate and represent unacceptable profit margins? We must be able to monitor the market in order to find ways to address this situation.

I have a second question. I have figures here. Between 2002 and 2005, after-tax profits for the five Canadian oil companies went from \$4.287 billion to \$9.653 billion on \$27 billion for one of Canada's natural resources. Could the minister behave as the natural resources minister of Canada and not as the natural resources minister of Alberta?

[*English*]

**Hon. Gary Lunn:** Mr. Speaker, without question there are refining costs and they amount to about 20% of the price.

There is the price of crude oil. There is no question that the price of crude oil is driven by global market forces. The oil companies make profits on the price of crude oil that they sell.

Canada is a very large and diverse country as everyone knows. In certain regions of Canada refineries import crude oil and it is refined here in Canada. In other parts of Canada the refining is done domestically because of the size of our country.

*Business of Supply*

Canada is a net exporter of crude oil but the crude oil market price is driven by global markets. The government does not believe that it should dictate to that sector the price that it should sell, buy or place on surtaxes. We will work with that sector to ensure the industry continues to make the investments in order to continue to be a world leader in research and technology.

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Mr. Speaker, I have never, in my time here, seen a minister who is so ill-adept at handling this file as I have just heard from the minister. It is clear that he has not done his homework well. For the minister to suggest, as he has just done on the record here, that a 20% refining cost makes up the amount of cost of the petroleum product as we see it today is simply wrong.

Petroleum companies will tell us quite readily that to turn crude into gasoline it costs 3¢ to 4¢ a litre. We see profits of 11¢, 12¢, 13¢ and 14¢. Indeed, the minister's own Department of Natural Resources, in a briefing yesterday, told some of us members that it has noticed a 3¢ or 4¢ increase in the past few years, much of it as a result of a compression in the industry at the refining level.

The minister cites stuff like it is going out of style. He says that the government has no problem with 70% of the industry being independents. What is clear is that the wholesale price is fixed to the price that is given by a group of individuals who do not compete against each other.

From what the minister suggested a few minutes ago, I do not believe he spoke to what the industry committee said many years ago regarding collusion and conspiracy. The committee said that we do not need to have collusion and conspiracy in an environment where we have three players that do not compete against each other from region to region.

When we see this kind of a graph put out by the Department of Natural Resources we ask a simple question: Who is providing the information to the minister? MJ Ervin & Associates, a company that works with the major oil companies, is providing the minister with the information. So much for transparency from the Conservative Party.

When is the hon. member going to do what this hon. member has asked for and live up to the commitment, not just in terms of cancelling programs for the poor and the environment with respect to EnerGuide, but to have an independent, transparent oil price monitoring agency for the benefit of Canadians and one that would give us the truth? Canadians do not want the canned answers that are coming from the oil industry which the minister is mimicking.

• (1105)

**Hon. Gary Lunn:** Mr. Speaker, the new Conservative government is not taking its lead from the former Liberal government. We are not developing policies based on the Liberal record on energy efficiency because the facts speak for themselves. The Liberal policies simply did not work. We are developing policies that are going to be accountable. They will work and will have a real impact for Canadians.

If the member believes that the Liberals' programs on energy efficiency were so great, why is their record abysmal on greenhouse gases? Why are greenhouse gases 35% higher than the targets set by

the Liberals? Why did greenhouse gases rise each and every single year that the Liberals were in power? Because their programs did not work.

We fundamentally believe there has to be accountability. That is what we are doing and it is what Canadians will get from this new Conservative government.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I listened carefully to the natural resources minister. Only the current Conservative government could reduce this issue to a question, and this is really what he said, of whether members of Parliament want to reward the oil companies for their success in wracking up record profits or whether we want to penalize them.

What is astounding is that the natural resources minister absolutely refuses to acknowledge that there are imperfections in the market system. People are being severely penalized by the fact that there are no real regulatory constraints. He offered the increased price of crude as the reason for the hikes. That is always the explanation. He did not comment on the fact that when the price of crude drops, this perfect market system does not immediately, or even within a reasonable time, result in a decrease in the price of gas.

The minister suggested that greater fuel efficiency in vehicles is one of the important things we could do to deal with this problem of increased gas prices. Why is it that the Conservative Party and the Liberals defeated the motion brought forward by the NDP pressing for mandatory standards with respect to fuel efficiency and instead pushed for voluntary measures which we know do not work?

Is the natural resources minister at all prepared to acknowledge that there is such a thing as excess profits that are penalizing hard-working Canadian families who either do not have public transit alternatives or are forced to use cars because of the nature of their work? The excess profits that result in higher gas prices than can be warranted are penalizing the trucking industry.

**Hon. Gary Lunn:** Mr. Speaker, it is frustrating for consumers when prices fluctuate. We all know that gas prices rise during the summer months. We are heading into that season. There is a greater demand for gas. There is no question that when demand rises, prices rise at the wholesale level and at the retail level. Would I like to see the prices stay constant year round? Yes, but I do believe in a market driven system. I do not believe it is up to the government to dictate what the price is going to be. We either believe in the market driven system, which I think works overall, or we do not. Is it perfect? No. Are there frustrations? Without question.

The member asked about efficiency. There is a lot we could do overall with respect to energy efficiency, including with respect to our automobiles and our homes. I have said that the largest amount of untapped energy we have in this country is the energy we waste. We need to change how people think. We need to get people moving in that direction. Canadians are moving in that direction. Hybrid car sales are rising every single year. They are becoming more popular as the technology moves forward.

We want to support those types of initiatives and help them move forward. That is exactly what this government is doing.

*Business of Supply*

•(1110)

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Mr. Speaker, first of all, I want to thank the members who have participated in this debate and no doubt it is an important one. This issue is an ongoing theme of concern. It is probably the biggest and most important bone of contention for Canadians as we head into the summer. Already brokerage houses and those who are whetting the appetites of shareholders across the country are suggesting that this year's hurricane season will probably see gasoline prices in the vicinity of \$1.30. That kind of speculation well in advance of any real facts is a demonstration of just how perverse the industry has become and how detrimental it is to the lives of ordinary Canadians.

We heard the hon. Minister of Natural Resources refer to the fact that he is looking for options for Canadians to conserve and to better equip themselves, yet he is the minister who cancelled the EnerGuide program, notwithstanding the fact that only 23 weeks ago, before the election and while the Conservative Party was in opposition, that party unanimously supported Bill C-66. That bill propositioned by members on this side gave rebates to people who needed to find ways to offset the cost of heating during a very difficult time during the winter. The minister cancelled the EnerGuide program. That affected thousands, if not hundreds of thousands, of Canadians across the country.

What we have heard from the Conservative side, from that minister, is an inability to understand and appreciate the dimensions of what he is talking about and he is doing it in a way that is extremely detrimental to Canadians as they try to make ends meet. This is a nation that has been blessed with resources and for which taxes over the years have gone not only to build an infrastructure in the east, north and the west but also to ensure that Canadians would have self-sufficiency.

I understand the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup who proposed the motion. I have worked with him on a number of things. Like him, and like the minister, we might actually agree that we want a market solution, but the market solution is now different because we have to understand what the market is actually doing today.

The market right now is highly concentrated. I do not just say that. The minister's own department knows it. The market right now sees the example of where at about 4 o'clock every day in every major city across the country, wholesale prices are going to be adjusted to identical wholesale prices. If the taxes are the same, the wholesale price for gasoline is the same and we hear reports about what crude prices are going to be on a 15 minute basis on every radio and television station that has a business report, the answer as to what the price of gas ought to be is very predictable, yet the government refuses to understand the information of passing that on to Canadians. A simple price monitoring agency, not to repeal or to have some kind of power of telling the business what to do, but to let Canadians know on a daily basis would be helpful.

[*Translation*]

For this reason, I have to say that the Bloc member's remarks are important and necessary. This is why the Liberal government supported the creation of such an agency in October 2005. It was to

meet the needs and standards of Canadians and to monitor price changes.

Not only did we establish the agency, but we also focused on a transparent process, initiated in an objective manner.

Unfortunately, we learn now that this government did not set the agency in motion. There may be a few people working there, but from what I learned yesterday, their information comes from a firm that works for the oil companies.

•(1115)

[*English*]

I know that the company that Natural Resources Canada and others rely on is a very good one. I have met Michael Ervin. He is a great fellow and his company is very honourable.

However, when the government talks a great deal about accountability and transparency, it cannot just stop on the political side. It has to do it in this industry in particular, because Canadians want the truth. They want objective information. If the price of gasoline tomorrow jumps 2.6¢ a litre in a given region, we need to know why.

Above all, if the hon. member's proposal were put in place it would help to explain to Canadians accurately here and now why it is that on any given day the wholesale price in Toronto, Montreal, or Vancouver is anywhere from 4¢ to 6¢ a litre above the wholesale prices in the United States.

The hon. minister may tell us to look at the reference prices. As we heard from Natural Resources Canada yesterday in a briefing, we are comparing Toronto, a market of five million people, to Buffalo, a market of 400,000 which does not even have a refinery and for which the standards of gas are completely different. That is the doublespeak that is going on in the department. It is time that the department were reined in and understood and provided for itself and for Canadians some of the information out there to make its comments more objective.

For that reason, I support the hon. member's initiative when it comes to the creation of what he calls the petroleum monitoring agency, which we, as Liberals, were putting together. Unfortunately, we were defeated by all the parties in a motion on petroleum pricing information.

Where are we today with respect to Canada's standing in the world as it relates to gasoline prices? We have seen, and this is proven, a tremendous decline in the number of refineries in Canada. This is not just something that we, as Liberals, found out was troublesome in 1998. The Progressive Conservatives in Ontario under former premier Mike Harris came to that conclusion. There is a tremendous decline that will hurt the marketplace.

When there are one or two players who do not compete against each other in a local or regional market, the price can be anything they want. Independents, as we have heard from the minister, have no play. All they have is a 4¢ a litre margin, except in the province of Quebec. That margin of 4¢ to 5¢ a litre within a few hours, which it takes for independent gasoline retailers to turn on their pumps, is completely gone.

*Business of Supply*

Is it any wonder that we have seen a tremendous decline in the true number of independents, branded or otherwise. They are simply price takers. We know full well that independents are selling gasoline with that 4¢ margin above the wholesale price that is given to them and they have to pay cash and do all these wonderful things. They are selling gasoline today in Ottawa for 92¢ a litre. The company that sold to them, PetroCan, Shell, Imperial, whatever the case may be, is selling it for 92¢ a litre, but the take home price is 96¢. How can they meet the price of the wholesaler when the wholesaler is selling gasoline at a retail level below the independents' wholesale cost?

There has not been an objective spotlight put on the practices of this industry. I do not just point this industry out as different from any other industry. We have seen concentration in the grocery industry. We have seen concentration in the drug industry.

All of those things took place, not because of what the hon. member talked about, a national energy program 26 years ago, but because we have a Competition Act that was created in 1986. Peter C. Newman put it quite well. The Competition Act was written by the very people that it was meant to police. Lawyers representing the largest companies in this country, particularly the oil companies, had an uneven hand in creating the Competition Act.

Why was the Minister of Natural Resources talking a little earlier about seven or eight investigations by the Competition Bureau, saying that it has come up with no evidence of any kind of conspiracy or collusion? Simply put, and why we needed an amendment to the Competition Act is that the test to determine something to be conspiratorial, the test to determine something to be price fixing, is that not only must one prove it has happened, but one must also prove intent. One must also prove there has been a substantial lessening of competition and that it was done on an even further test, unduly.

We do not need conspiracy and collusion when there are three or four players who do not compete against each other at the wholesale level. As I said earlier, that price is set on any given day. Members should come talk to me at 4 o'clock in the afternoon and I will tell them exactly what the wholesale price is here in the Ottawa region or any place across the country. That is what the government could do.

In the meantime, to say that the Competition Bureau has found no evidence of any wrongdoing is a little strange and it must be put in its proper perspective. Under Bill C-19, proposed by the Liberal government and opposed by Conservative members, the Competition Bureau and onlookers agreed that we needed to look at criminal provisions dealing with price discrimination, predatory pricing, discriminatory promotional allowances, geographic price discrimination and that they be turned into civil remedies.

● (1120)

I do not want to throw these people in jail, but the law was created in such a way that the test would be so high to find an error or a malpractice within the industry that it would be impossible to prove. It may happen on a prima facie basis, but what we as Liberals called for and what the industry committee called for in 2002 was to amend those particular instruments.

In 1996-97 one of the first bills I presented in the House created an uproar, but the idea was to ensure that if I had a small business I could challenge those fat 14¢, 15¢, 16¢ a litre wholesale prices and drop them down 2¢ or 3¢ and compete against the refiners. What would be the outcome of that? The fact is there is no protection under the law for an aggressive, young, new mom and pop entrants to come in and hammer those refinery margins down.

We have seen a tremendous decline in the number of refiners in Canada to the point where the price is what we see today. One litre in every province or region sets the price at a certain point at four o'clock in the afternoon and the others simply follow. Why? Not because it is collusion or conspiracy but because they share a product.

Not only do they share a product, but in my city of Toronto taxpayers pay millions of dollars for energy self-sufficiency to run crude from Alberta all the way back to Montreal, and members will remember the Ottawa Valley agreement of the 1950s. Everyone's parents and seniors have been cut off the EnerGuide program by the callous government. These people cannot make ends meet.

That infrastructure was created by the Government of Canada to help the private sector, to help the west and other areas of the country create a made at home industry. We did not disagree with that back then. It was important to ensure that the pipeline would bring crude from the west to the east, but that has now been reversed.

We have no refineries left in Toronto. From an environmental point of view, I am sure some are saying that is a good thing. However, as a result of that the price difference before tax from Montreal to Toronto is 2.1¢ a litre and 5¢ a litre above the United States price. My constituents are being hosed, but they are not being hosed by the oil industry. They are being hosed by a complicit Competition Bureau and its advocates, and defenders who will not allow new small entrants into this business either as independents at the retail level or at the wholesale level. When is the last time we saw that happen?

The hon. minister is from British Columbia where four years ago ARCO came in and said it did not matter what the price of gasoline was, it was going to drop it well below wholesale. How many people can stay in business when the price at which they buy wholesale is higher than the price from their own wholesaler who just sold them the gasoline? No one is going to stay in business. That is exactly what happened. By all intents and purposes, that is predatory pricing. Unfortunately, the test for proving predatory pricing is a criminal one and impossible to prove.

In 1998 one of the things that came back to us from the Competition Bureau then was that it had a few convictions on predatory pricing. I thought that was great, maybe we would hear about a large company it went after and charged, but no, it was a driving school in Quebec which had put its prices at a different level and basically gave up, threw up its hands and said "okay, you got me, that's fine".

*Business of Supply*

It is one thing to have effective laws in this country to promote competition, to promote small business, and to promote the enrichment of Canadians based on our resources. We can do that from a private sector perspective. We do not need to go down the road of bringing all sorts of regulation intrusion.

I do not believe in regulation because over time people tend to pay more for that and in addition, it is within a provincial jurisdiction. Where the federal government has a role or has a responsibility and where it has the ability to respond to the concerns of hard pressed Canadians is addressed in the Competition Act. I also agree with the member who proposed this motion on that front.

I would be remiss, however, if I were not to point out that some of us are trying to cash in on the tax issue. Taxes are an important part of the structure of gasoline. So it comes to me as a bit disheartening. For many years I pointed this out. I wrote a report in 1998 saying that the federal government should not be putting a tax on tax. This came from the report that my colleagues, 51 of us, did back in 1997-98. The member for Mississauga South was the vice-chair of that committee.

It comes as a bit of a shock and a disappointment when those who talk about reducing taxes, and therefore motorists will be better off for it, suddenly change their mind and say they will not go ahead with their plan, as the Prime Minister did, of reducing the GST to zero after the price of gasoline goes beyond 85¢. There is good reason for that. At \$1.10 it is a 2¢ a litre decrease. The proposal they have in terms of dropping the GST comes to about 1¢, so there is a significant difference for many people when they are buying 50 to 100 litres of gasoline at any given time.

•(1125)

The Prime Minister knows that when he did that, he did that with the full cooperation of the Canadian Taxpayers' Federation. It has never been a fan of mine and I appreciate the fact that it has copied some of my thoughts with respect to the tax on tax and removing the 1.5¢ a litre which is what I suggested at the time. It was because we could not give it back to the oil industry and let it administer the tax cut.

New Brunswick learned that. Conservative and Liberal MPs in New Brunswick on a select committee on gasoline pricing concluded in 1996 that the 2¢ a litre gasoline price drop or tax cut they gave was simply absorbed by the industry. The consumer never saw the benefit.

Therefore, what we proposed was to use that to help Canadians by investing in public transit and new technologies, particularly the Ballard fuel cell. We have used it also to ensure that we could leverage a better response from a green perspective that Canadians would receive this, particularly those who are hard pressed. Not once but twice was this party responsible for getting rebates to Canadians who needed it the most.

While there were errors in terms of how we administered this, the intent and the purpose was to ensure that Canadians would receive the benefits due to higher appreciated costs for energy that went into government for which the government had no business collecting.

That is why it is kind of strange to hear the natural resources minister talk so much about how he cares about the poor and how he

cares about the environment in the private sector, and yet, he cut the most significant program which he agreed with only 22 weeks ago. It was actually helping Canadians make ends meet, upgrade their homes, and ensure that Canadians understood that we all have a responsibility. It is not just because it is a question of how taxpayers' money is spent. The hon. member talked about the fact that 50% was going to some kind of organization for audits.

Not only is that number of 50% false, it is more like 12%. I find it passing strange, given what I recall the hon. member for St. John's East saying that we need to have such a system in place to ensure it was accountable and demanded that the government of the day in 2003, with respect to EnerGuide, should put that in place. Now the hon. minister is looking for excuses and he is flush with cash. He has plenty of money coming out not just in terms of energy resources. Therefore, I understand the frustration of the hon. member who has proposed the motion in terms of the surtax and I will discuss it in a moment, but I think he is going about it in the wrong way.

This issue has been before the House for a very long time. I hear from many in my own constituency who say "After railing against this for so many years, why do you keep doing it?" Before Bill C-19 was proposed in 2004, there were seven years of fighting everyone, including corporate Canada, and including many of those who were the defenders in the various papers across the country. I do not need to mention names, but Matthew Ingram and Terence Corcoran to name just a few come to mind.

We have proven that there is a need and that there is evidence that within the structure of the gasoline industry there remains a very dangerous, near monopoly situation that does not help Canadians and the proof is evident. We have higher prices and added taxes for gasoline that are well over the United States for similar gasoline, and of course we now see the evidence within microseconds of companies that simply follow the wholesale price because there is such a concentration in many areas. We understand this.

However, what we cannot do and what I hope we will not do is go down the road of taxing so-called profits for one particular industry. I have never agreed with that. Colleagues in my party may think it has some validity, but I think we have to be very careful.

Whatever we tax this industry with will only come back to hurt consumers in the long run. The tax can be better applied if for instance the hon. member were to look at an amendment that might consider different exchanges on royalties in terms of how much we would take and not just at the crude level. Obviously the hon. member does not distinguish that, but I think he is trying to do something at the refinery level as well.

I have spoken to many of the independent gas retailers, the few that are left, not the 70% exaggeration that we heard from the Minister of Natural Resources. He is not here to respond to that and I hope perhaps he will be. It is important for us to really understand that the Competition Act, as everyone agrees, needs to be amended in a number of substantial ways. It cannot simply be left because someone turns around and says that we are bringing back the shibboleth of the national energy program.

My party agrees with the principles that have been established by the member who has proposed this motion.

•(1130)

I can tell the hon. member that notwithstanding the fact that I tried to put forward a tiny amendment to bring back Bill C-19 that we all tend to agree with, with some exceptions, the one thing that is impossible for the Liberal Party to accept is a surtax on the industry because we think it will boomerang and hurt consumers in the long run.

If the member can somehow work that out, I believe an agreement could be reached. It pains me to say this because there are many aspects of this motion that I do agree with. I agree with two out of three of his proposals, but the third proposal that he has made is not acceptable and for that reason the Liberal Party will not be supporting this motion.

Let me be perfectly clear to every Canadian that this industry is sick, but it is not sick because of its practices. It is sick because of the behaviour that is allowed under the Competition Act, which needs to be amended. It was written by the very people it was meant to police and Canadians deserve better. We should not be receiving protection as consumers vicariously because of what happens in other jurisdictions around the world. We do not want to fight region to region.

When I was in Alberta and talked about problems at the refinery level, Albertans agreed. They know that when small businesses are not allowed an opportunity to flourish, as we see with independent retailers of gasoline, that is wrong. The government has an obligation to work with everybody here to ensure we fix the problem with respect to the Competition Act and restore the price monitoring agency.

[*Translation*]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, I listened to my colleague's speech with considerable interest. I have to say he is one of the members—if not the member—most familiar with the Competition Act. Indeed, he may be very surprised by the position of the Minister of Natural Resources, who seemed unaware of the matter of amendments to the Competition Act, for example. They were proposed following the latest rise in gas prices and were on the verge of being adopted. It would have meant the granting of a general investigative power, which would have made it possible to take another approach besides presenting proof of collusion. This then was another interesting point.

There is also the fact that the petroleum industry supported the establishment of the petroleum monitoring agency. That must be remembered. The oil industry approves this agency, because it wants to move out of the endless debate it is caught in.

On the matter of tax, I look at the oil companies' profits. This is an area that involves natural resources. The product is not invented. It is found in the ground of Canada. On after tax profits of \$27 billion for the years 2002, 2003, 2004 and 2005 would a \$500 million surtax not be the minimum to require of this industry by way of effort? At the moment, its profits are absolutely incredible and, in my opinion,

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it does not contribute enough to the distribution of wealth. The government's actions must aim for this goal.

**Hon. Dan McTeague:** Mr. Speaker, I want to commend the hon. member again on his comments and remarks. I know that this is something he has had an interest in for a very long time.

If there is any way to ensure that oil companies give back more than they take from consumers, it is through a competition tax, which is currently lacking. As far as I am concerned, the best thing to do, and I think that the member suggested it in earlier remarks, is to amend the Competition Act.

Together, NDP, Bloc and Liberal members can be a force to be reckoned with and can push legislation through. I have spoken with several Conservative members who are also interested. These are mainly members from my region, Toronto, who are very familiar with the situation. In order to give back the profits these companies are making, the refinery margin has to be cut back. The best way to do that is by amending the Competition Act. Let us adopt former Bill C-19 in spite of the objections the lawyers representing the big oils have.

I should tell the hon. member that the best approach is to have a more competitive, more productive economy. I think that a distinction has to be made between the refining sector and the crude oil sector. The member knows very well that the intention is not to pit region against region. Efforts should be made to ensure that consumers will not be negatively impacted by a simple tax. The best thing to do is to improve the Competition Act.

•(1135)

[*English*]

**Mr. Laurie Hawn (Edmonton Centre, CPC):** Mr. Speaker, I appreciate my hon. colleague's comments and sincerity. I would offer up a couple of figures for consideration and comment.

When we talk about redistributing the wealth, everybody has a different idea of what is an acceptable profit level, anywhere from the idea that corporations should not make money to they should be completely unrestrained. All positions are legitimate.

I point out that every job in Fort McMurray generates three other jobs in the rest of Alberta and three other jobs in the rest of Canada. Just from the oil sands alone, between 2000 and 2020, an additional \$885 billion in GDP and an additional 5.4 million person years of employment will be generated nationally. That will add \$123 billion to government revenues.

While I can understand, philosophically, some of the concerns of the hon. member and the mover of the motion, I would ask for comments on those kinds of figures. It is not a one-way street.

**Hon. Dan McTeague:** Mr. Speaker, the hon. member is correct and I do not for a moment underestimate the amount of productivity and economic vitality created by a burgeoning and soaring oil industry, which is good for all Canadians in general. However, I think the hon. member may fail to appreciate what I have tried to say.

*Business of Supply*

When purchasing gasoline, those same constituents are still buying wholesale gasoline. They cannot put crude in their tanks. They put gasoline in their tanks and they buy it with surcharges of 5¢, 6¢ and 7¢ a litre above international mediums.

We can argue about the standards of gasoline from state to state, but I think most people recognize this, particularly hard enterprising types in my riding, in his riding and across the country. If I could sell a million litres of gasoline in the next week and beat my competitor by having a lower price at the wholesale level, I would be in business. However, the moment I would do that, the oil industry would simply respond by dropping the price to zero, to the point where it would be impossible for me to enter the industry or get out of the industry.

More than anything else, this is a signal that we have a very sick industry, not the players, but a Competition Act which allows that.

The United States has not only the Clayton and the Sherman Antitrust acts, it has triple damages as well. All the lawyers who would defend those small companies that want to come in and compete, because their overhead is smaller and they are more enterprising, rely upon legislative tools to protect them against large companies that try to predate against them. If they do that, it is triple damages. Every lawyer worth his or her weight in gold will side with the small guy. Try to find a small company in Canada that can defend or fend off a large company that has deliberately costed below its acquisition costs and puts it out of business.

I want more competition in our country. Jobs come from more competition. We are talking about the same thing, but the hon. member, like others on that side, has to do a better job of understanding just how sick this industry has become at the wholesale level. That is why I agree with the hon. member from the Bloc in terms of amending the Competition Act. I do and this party does not agree with a surtax.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Mr. Speaker, I enjoyed the discourse the hon. member has brought to this debate.

The question I have is on a more intuitive level. Many Canadians, as they arrive at the pump every day for what has become almost a basic or essential necessity, whether it be in their work lives or just in their day to day lives, are confused. They do not understand how we can call this market competitive based on a couple of notions.

First, the government and previous governments, if we are fair to this issue, have overrelied on the Competition Bureau.

I have watched the Competition Bureau closely. In our region in northwestern British Columbia it has tried to settle forestry disputes between companies that have been purchased. What is apparent to me is it has gone off the rails. Amendments have been made to the act. Changes in the bureaucracy's direction have been made. The Competition Bureau, which is meant to increase the level of competition and competitiveness overall of the Canadian market, has taken basic things like the actual cumulative impact on a community out of its own mandate. Therefore, that can no longer be a considered fact when the Competition Bureau looks at acquisitions and purchases, which is staggering for most Canadians.

On one hand is an overreliance. Could the member comment on the misplaced trust on this topic, and others, in the Competition Bureau? The government says that the Competition Bureau has looked at this and has it well in hand.

My second question is this. The intuitive experience of Canadians, when they go to the pump, is that companies, market analysts and reports have an absolute myriad of options of reasons/excuses that they relate to the increase in the gas price such there is a disruption in Venezuela, or a fire in Nigeria or a storm in the Gulf. Any of these incidents suddenly create a justification and a legitimacy for oil companies to raise prices. To suggest, as the Minister of Natural Resources did, that we need to allow the free hand of the market, the invisible hand, Adam Smith still speaks to us from his grave, to come in and allow this free hand to operate in a market that is run by a cartel, in which prices are set artificially by a small cobble of exceptional producers, is beyond the pale.

Could the member please comment on those two points?

• (1140)

**Hon. Dan McTeague:** Mr. Speaker, I am sorry I have a bit of a smile on my face, but, yes, I do not rely on the bureau, as some do. We hear some pounding their chests and saying that the Bureau has investigated this. We heard the Minister of Natural Resources say that everything was just fine.

The bureau recognizes itself that it is in need and that it has an act that is no longer applicable to the needs and expectations of an enterprising marketplace of the 21st century. That act was written over 20 years ago now, based on the Macdonald Royal Commission. As members may recall, the idea was to bulk up against and compete internationally. I do not put a lot of faith in the Competition Act as currently written. The Competition Bureau itself recognizes that.

As for the second point, I suppose the aligning of the various planets in one perfect straight line could also be another excuse. We heard Jeff Ruben of the CIBC speculate that gas would reach \$1.30 this summer. Any excuse can now be trotted out, not only because of the strategic nature of crude. We cannot lose sight of the fact that, while there are international circumstances at play with crude, and listening to any radio station we know what the cost of crude is every 15 seconds, we do not put enough emphasis on what has happened on the refinery side of things.

We have our own little cartel here. It is a dangerous one. It is making us unproductive and hurting small business. As long as the Competition Act is not amended, will continue to have these problems without giving people the answers they need, particularly because we have no price monitoring information.

It should not be left to me. It should be left to the government to do due diligence, to provide transparency and honesty when it comes to gasoline prices, and it is not doing that right now.

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, I am pleased to be sharing my time today with the member for Skeena—Bulkley Valley. I appreciate the opportunity to engage in this debate.



*Business of Supply*

I will begin by reading the motion proposed by the Bloc:

That, in the opinion of the House, the government should establish a plan to counteract the negative effects of repeated increases in gas prices, specifically including: a surtax on the profits of major oil companies, the creation of a petroleum monitoring agency, and the strengthening of the Competition Act.

I agree with the majority of those initiatives.

I want to begin my speech by addressing a theme that has always been pushed back against those who have questioned this industry, and that is we want the free market to determine the path and the course of prices set out for consumers.

I do not know where that fantasyland exists, but it is certainly not in this market. We have everything from speculators in Chicago, New York and Toronto who determine hedge funds, as well as the splitting of stocks which can affect the price of a barrel of oil on a regular basis. In fact, more paper barrels trade per day than actual barrels pulled out of the ground.

Plenty of different examples of interventions happen in the market, not only in North America but across the world. We know that Russia recently intervened in its market. Russia is one of the biggest exporters as well as having domestic production.

There are situations for example in South America where Venezuela has begun to re-nationalize or at least put some additional accountability on its resources that are being exported and also used in Venezuela. In fact, what is interesting is the Hugo Chavez government is now providing gasoline products to the United States in different depressed areas where consumers are being hosed at the pumps.

We are talking about having a sense of balance in everything. There is nothing wrong with the oil and gas industries making profits. The reality is they are becoming increasingly obscene. One of the most explicit examples of this largesse, which is unbelievably unfair to ordinary purchasing consumers, is the example of Lee Raymond, the retired CEO of Exxon. He recently received \$400 million in compensation for his retirement. This is unacceptable. It plays on the market and affects the price of the product because the revenues have to come from somewhere. Therefore, they come from the ordinary people in countries such as Canada and the United States, who have to pay extraordinary prices.

Again, going back to market intervention, it is interesting to note that Canada and the United States have different provincial or state governments that have taken some action on this issue. For example, Hawaii has been outspoken and critical. It has been threatened by the oil cartels about its supply, which it sees as unfair intervention. Hawaii has spoken out against that.

I know the governor of Michigan expressed concern about the recent fleecing of Americans, which occurred during hurricane Katrina. This has led to an investigation in the United States. We know this from testimony at the industry committee. Industry itself admitted that its profit margin from Katrina was spectacular. That was the terminology it used to explain its profit margin off the backs of individuals who suffered during a tragic situation.

We know these situations take place on a regular basis in terms of the market. We have heard everything in the past before, from cold weather in the northeastern United States to disruptions in Venezuela

and Nigeria, a whole series of different excuses, some of which do not even take place at the end of the day. All these drum up the price of the product and we see the repercussions to consumers. The government allows a system to stay in place that does not do anything.

It is important to note that significant things are happening out there that affect this product and its price, and there is market intervention. I would argue one of the most obvious ones is the fact that the U.S. has strategic petroleum reserve. The price of crude oil and gasoline and Canadian exports are under this act and are influenced by it. The act was put in place in 1975. It allows the President of the United States to use market intervention by releasing reserves. The U.S. has barrels of oil ready to go on the market. Recently it did the same thing related to the increase in price. It has specific mandates when the oil can be released, including price.

• (1145)

I would like to read for members elements from the act about when the U.S. can actually use drawdowns. Once again, this allows the president of the United States to intervene in the free market. All those who have the free market mentality need to understand that those interventions are available.

First, an intervention can occur when “an emergency situation exists and there is a significant reduction in supply which is of significant scope and duration”. Second, an intervention can occur if “a severe increase in the price of petroleum products has resulted from such emergency situations”. Third, it can occur when “such price increase is likely to cause a major adverse impact on the national economy”.

The United States recently drew down from these reserves again. It is obvious that the United States federal government position is that the president of the United States directly can intervene in the market, on what we export to the U.S.

Interestingly enough, as we became part of NAFTA, much of the information I have received by way of reports and through questioning is that many countries have dual pricing. Some are OPEC countries and some are South American countries. They use dual pricing as an economic incentive to attract investment. A lot of developing nations do this as well when their resources are exploited. As an incentive, they lower the prices on their domestic market to attract manufacturing and development. China is another example of this.

What is happening here is that Canada is locked into a system. Under NAFTA we have been told that we need to restrict supply for ourselves before we restrict the supply to the United States or another market. Other countries with the dual pricing system have had questions about it raised by the WTO, but they are actually progressing with this. A discussion is going to be held sometime in the future about a subsidy. The reality is that many nations are doing this right now.

*Business of Supply*

My point is that market intervention is actually happening. That is why we believe there has to be greater accountability in this matter. I think that is why some provinces have addressed this issue as well. They have systems in place for checks and balances on pricing, on the east coast in particular, with agencies that have involvement in the pricing of petroleum and gasoline in their communities. I believe New Brunswick is the latest province to do this. The Conservative government in New Brunswick has created a system whereby they have market intervention because the cost of the commodity has become so difficult for people to deal with.

I come from the province of Ontario, a manufacturing province. We recently heard from the Canadian Federation of Independent Business that the price of gasoline and other oil products is the number one factor that is causing them to struggle. Businesses are concerned about this. Once again, this does not take away from the fact that the industry can make some profit and be very prosperous, but at the same time, outright exploitation is unacceptable.

We can go back to the argument with regard to free market analysis. The House of Commons industry committee held hearings after hurricane Katrina. We asked why prices varied in Toronto, Vancouver, Sudbury and Windsor, Ontario, a slew of different places. The interesting testimony that came forward was that the reason for the price difference was supply and demand. If one area has a lot of supply, then a lot will be sold and the price will decrease a bit. At the same time, we heard other testimony which indicated that this would actually create a shortage and therefore the prices would increase. They argued from the same page.

It is important that the Competition Bureau be given teeth and be provided with the proper mandate to deal with this problem. All of the studies of the past do not get to the real root of the problem. It is not collusion when there is no competition, and that is the problem with this industry.

• (1150)

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Mr. Speaker, clearly the Competition Bureau is there to make sure that everything is fair and that we have a competitive marketplace so Canadians can benefit from competitive prices. We know that gas prices go up and down depending on a number of variables.

The member suggested that the Competition Bureau did not have enough teeth. In actual fact, in the past 10 years the bureau has secured more than 40 convictions with more than \$200 million in fines for conspiracy offences in different sectors concerning this issue. It seems to me that the bureau already has teeth for it to have been able to do this. Could the member elaborate a bit more, please, on what he meant by the bureau needing more teeth?

**Mr. Brian Masse:** Mr. Speaker, in response to my Conservative colleague's question, I will note that as New Democrats we have been specifically requesting an independent monitoring agency. Currently the industry self-regulates. It polices itself. That is cold comfort for Canadians across the country who are continually being fleeced at the pumps.

What we have called for in the past is more resources for the Competition Bureau, which has acknowledged that it does not have enough resources to start with. Second, if we look at its mandate and the questions we are asking with regard to collusion, it does not have

an actual process in place to get to this particular issue. Yes, the Competition Bureau has done a lot of good work in different ways, but it does not have the necessary tools to make this a real change.

I would argue as well that it is important to say that we in this House have the opportunity and also the ability to make choices that set public policy on the use of petroleum and oil products in our communities. I would say to the Conservatives here that Bill Davis did this in Ontario. He actually froze gasoline prices and also created Sunoco because he wanted to add competition and accountability to the system.

I would suggest that the Conservatives think about their historic roots, when they actually had some progressive values and implemented public policy that was fair and that improved competition. With no competition, it is collusion by default. It does not even have to be organized because nothing happens.

[*Translation*]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, I would like to respond to my Conservative colleague's statement on this issue because I feel it is important that the Conservatives understand this issue fully.

The Standing Committee on Industry has been studying this issue for several years. We realized that we will never succeed in applying the Competition Act because we need formal proof of collusion. If we do not find any, we start over. This approach will never solve the problem.

The oil industry felt that it would be a good idea to have a petroleum monitoring agency so that the debate can be continued elsewhere. This would require amending the Competition Act.

I would like to ask my colleague to expand on his points so that our Conservative colleagues, particularly the newly elected members, can understand the importance of this amendment. We must ensure that our Competition Act is up to date vis-à-vis other competition legislation around the world. The problem is not unique to Canada. We have this problem because we have not changed the law, but many other countries are facing the same problem. The competition commissioner held consultations and reported to the committee that this is a good idea.

I would like my colleague to share his opinion on this issue, and add some more points to the debate.

• (1155)

[*English*]

**Mr. Brian Masse:** Mr. Speaker, my colleague and I have been on the industry committee for many years. He always puts forward a very principled case in any argument and, whether I agree or disagree, the arguments are always well thought out.

*Business of Supply*

He is right to acknowledge what others have done in terms of the Competition Act. In fact, my view, having been here in Parliament since 2002, is that the Competition Bureau is generally treated as a secondary feature or something that does not have the proper standing it should. I would say that underfunding is one of the issues.

Second to that, there needs to be an updating of penalties. Penalties are important, and not only to the people who are being fleeced or taken advantage of, whether it be in the gasoline industry or others. The drug industry has had cases of this as well. There are actually repercussions to this because other companies are affected as well. When other companies are affected by improper enforcement of competition, it affects employment, it affects business practices and it puts people who are doing the right thing at a disadvantage.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Mr. Speaker, I am pleased to have this opportunity to speak to my Bloc colleague's motion. This is one of those issues that is a true intersection of government and business. It speaks directly to the interests of many Canadians in their day to day lives. Many times in the House we absorb ourselves in debates about which Canadians may find themselves confused and searching for relevance, but this one clearly speaks directly to the interests of Canadians.

I would like to take the debate in a direction that is slightly different from much of what has gone on here this morning. It feels to me that this is a representation of intent and purpose in what vision the government may or may not have, both for Canadian consumers and the environment in particular.

We see a striking inequity taking place when we look to the oil and gas sector and Canadians hear of record profits. There is a responsibility that governments hold. There is a responsibility that the business community holds. Sometimes they are in alignment, but sometimes they are at cross purposes.

The business community of course is meant to represent the interests of their shareholders and to maximize profits for those who have invested in companies. I do not begrudge them that and I expect them to pursue that effort at all times. The effort might take place over a 20 year period or through the next quarter or the next shareholders' meeting, but the maximization of those profits is what shareholders demand and what they expect of their boards of directors, if the companies are constituted that way.

The responsibility of government at times is in line with this to allow for competitiveness and a strong economy, although I have heard comments about a multiplier effect of the tar sands jobs of one to 300 or more. In my experience in this place and having run businesses before, I have never heard of such a multiplier effect. It seems absolutely astronomical. I would be very much interested in the source of such job creation. It seems incredible.

I speak to Canadians about this issue. We see companies achieving extraordinary profits, by their own terminology. We saw that in the wake of Katrina companies came forward to acknowledge that the profits had been beyond anything they had seen before, setting record after record after record. So be it. In order to achieve that, part of what was created was a regulatory environment, a taxation environment, that in part allowed them to pursue their interests of profit maximization. I say congratulations.

At the same time, we have a government making choices year in and year out to take taxpayer dollars that Canadians earn every day in order to allow the government to follow through on its intentions. Taxpayers' dollars worth \$1.5 billion or more are arriving in direct subsidies to the tar sands at a time when those companies seem least in need of such subsidies.

One can understand this if an industry is in great distress or is at the formation stage of a new development and the market needs signals from the government of the day that it will encourage the marketplace and wishes to pursue greater profitability. But to have this continue to go on year in and year out while at the same time companies are making so much money seems, at the very basis, an inequity to Canadians. How can there be any sense of justice or fairness?

I can understand the government's reasons. We heard the Minister of Natural Resources this morning decrying any suggestion of, heaven forbid, having oversight of what happens with prices at the pump in particular. I can understand that from an ideological basis, and the boardrooms in Calgary are singing those praises, but at the same time, the government must always maintain its central principle, which is to defend the rights and interests of those they represent. Those are both social and economic rights.

In this case it is around the competitiveness of our own market, outside, if for a moment we can take a gander beyond the oil sands and the big oil companies in this country. I represent an area that does not have any such production, as do the majority of MPs in this place. The small business operators in my area of northwestern British Columbia, in particular the logging truck drivers, are almost donating their time when they work these days, because the prices they pay have risen so dramatically and the industry has been restructured to such a point that the drivers are themselves picking up any cost overruns.

● (1200)

At this point the government must look at what is happening to what has become an essential commodity for Canadian businesses. It must ask if we are doing right by these small and medium business owners in our country. I would suggest that we are not.

It is incredible, and humorous if it were not so sad, to hear the environment minister day after day in this place talk about the environmental efficiencies and energy efficiencies called for under the Kyoto protocol and climate change protocols around the world. She said that to increase and improve the efficiency of our energy sector and our energy economy would be the equivalent of taking every plane out of the sky and every car off the road. Such hyperbole would be laughable if it were not sad. To suggest that cutting a program that helps Canadians reduce their dependence on oil, gas and electricity like the EnerGuide program did, is somehow intelligent and efficient for the Canadian economy and for taxpayers is irresponsibility at its most fundamental level.

The minister stood in this House and suggested the reason for its cancellation was that half of the program dollars were going to bureaucrats. The next day the deputy minister, who obviously is somewhat familiar with the file, mentioned the figure of 12¢ on the dollar. We still have not heard an apology from the minister for that incorrect assertion.

*Business of Supply*

If the government is going to cut a program such as that one, it seems to be irresponsible not to put forward a vision for its replacement. If the government is not going to follow the Kyoto protocol, then it should put forward a replacement and encourage the competitiveness of this economy on a global scale.

When I drive around my riding in northwestern British Columbia, which admittedly is very large, within 400 kilometres and three to four hours, the price of gas can change by as much as 15¢ a litre. This is somehow held up as a competitive market.

I can recall a very interesting moment just as hurricane Katrina was hitting. In southwestern Ontario one of the marketers made a mistake at the pump and set the price at \$1.70 a litre. He had incorrectly interpreted a fax that had come through his office. What was the response of the local market? They immediately drove all their prices up to \$1.70 a litre, and when asked, they said that clearly it was because of Katrina.

We have to have an independent arm's length organization in this country that defends not the rights of the boardrooms of Calgary, but the rights of consumers on a day to day basis.

We must look toward the future and what this country must become. George Bush in the United States has said that Americans must break their addiction to oil, which is quite a striking and difficult thing for an oil man from Texas to say. Yet in this country, one of the first acts the Minister of Natural Resources did upon entering cabinet was to suggest that we need to drill for offshore oil and gas in the most environmentally contentious place in this country, off the west coast of British Columbia. He knows full well there is rampant and strong opposition to such an act. His energy vision for the future is to get that offshore oil and gas, which the vast majority of people who live in that area do not want us to do.

In order for this country to truly enter into this millennium, which I do not think it has in terms of the policies of the current government or the previous government when it comes to energy, it will require a fundamental shift. For years we have heard the auditor of this country say, and I will repeat the phrase because it is an important and fundamental one, that ecological fiscal reform allows the use of the taxation system to promote those values and ideas that we actually want to see: energy efficiency and greener energy production.

This makes sense for the very same reasons that we were able to create the tar sands and the oil sands production in the first place. The government lined up the taxation system, its policy regime and its clear intention to the marketplace in order to create what has become a boon for the tax coffers and private industry and that is what enabled the tar sands to exist in the first place. It would not have been created if government had not taken any kind of a lead.

• (1205)

If the government took a green and progressive approach to energy use in this country with the same energy and initiative that was taken into the tar sands, imagine what this country truly could become. We could stand on the international stage with pride rather than embarrassment and address the world as a progressive player on the energy file.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, earlier today the Minister of National Resources addressed the House. He indicated that the proposal to introduce 5% ethanol into gasoline was one of the items that would help with regard to gas pricing.

My understanding is that all of the scientific evidence indicates that the 5% increase will likely have no impact on reducing the price of gasoline, but may increase the cost of gasoline. With regard to the impact on greenhouse gas emissions, if we take into account the production, the transportation, et cetera, of the ethanol, on a net basis there is no impact on the climate change file.

It concerned me because that research and scientific evidence has been presented publicly. I wonder if the member is aware of that. What is his understanding about the proposal with regard to ethanol?

**Mr. Nathan Cullen:** Mr. Speaker, this has been in our party's platform for a number of years now. We are very happy that the Conservatives are borrowing some of those ideas and working with industry, but they got the number wrong. We said 10%.

The actual benefit at the pump has been shown by the government's own documents to be negligible. The actual benefit of 5% entirely depends on where we get the ethanol base. If we encourage the growth of other plants or particular varieties of plants in order to produce that ethanol, it comes out to a zero gain at best.

The United States has provided incentive to its farmers. Probably the most striking incident at the Bonn meetings was to hear from the European farmers, who have been under the same intense pressure as our farmers, singing the praises of the Kyoto protocol. It was enabling them to access more than a billion euros in carbon trading to allow them to fallow fields and to take a break on some of the soil concentrations and still earn money at the same time. They thought it was the greatest thing since sliced bread and was working very well for them and for the environment. Then our government said that maybe we should ditch the whole program altogether. Meanwhile, our farmers would absolutely sing its praises.

I met with an industry group just this morning. My colleague would be interested to know that all that group is looking for is certainty. Business thrives and depends upon certainty and knowing what the market will do, particularly for the high and exceptional investments that are required for the shifting of energy uses.

What we have had, and we must lay the blame where it is needed on both sides of the House for the last five years and this year included, is uncertainty, not knowing where we are going when it comes to greenhouse gas emissions. That has to change. We have to have certainty. We have to allow businesses to make the needed changes. Government must play a role. They cannot be voluntary measures; they must be mandatory.

*Business of Supply*

•(1210)

**Mr. Tony Martin (Sault Ste. Marie, NDP):** Mr. Speaker, this is indeed a critical and crucial issue in my riding. We are a resource based economy. People go into the bush to cut down trees. They haul the logs to the mills. Once the logs are made into boards or whatever, they are hauled to the market. A lot of people working in those industries are really under the gun now because of the high and escalating price of gasoline. With them, I organized a demonstration last year after the huge price increase over the Labour Day weekend to send the message to everybody that we all have to get involved, to talk to government, to tell industry to be more reasonable in terms of the cost of gasoline, because it affects everybody.

There is no response. It is like a vacuum; there is nothing. There is no action. There is no attempt to bring those companies to heel and to bring some sanity to the whole equation.

I am pleased that you are putting forward some suggestions. I just hope that the government will follow up on it. Maybe you could talk—

**The Acting Speaker (Mr. Andrew Scheer):** I would just remind the hon. member to address his comments through the Chair.

The hon. member for Skeena—Bulkley Valley.

**Mr. Nathan Cullen:** I am sure my colleague from Sault Ste. Marie would also like to know your thoughts on this, Mr. Speaker, as I know you have spent some time on this file.

The question is around what the market will actually bear. The northern Ontario market of which my colleague speaks with respect to the logging community is very similar to that of northern British Columbia, Alberta, Manitoba, and right across the country. The market is at the point of breaking in terms of what independent truckers are able to bear. Some of them have walked me through their books and said, “This is how much I am paying. This is what I am getting paid by the companies and this is how much gas costs. I donated \$50 yesterday to the companies because my fuel costs exceeded that”. With prices at \$1.10 or \$1.20 a litre, that market can no longer bear the costs of production.

That is something that the government will be faced with. When economists speculate prices at \$1.70 a litre, how many independent small and medium size businesses in this country can bear that price? If they cannot, what are we going to do about it? We need to do something. It would be irresponsible not to.

[*Translation*]

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, first I would like to inform you that I will be splitting my time with my colleague from Abitibi—Baie-James—Nunavik—Eeyou.

Next, I want to congratulate my colleague from Montmagny—L'Islet—Kamouraska—Rivière-du-Loup for the motion he has piloted within the Bloc Québécois and tabled here on this opposition day. This motion says that the government should establish an action plan to counteract the negative effects of repeated increases in gas prices.

He is entirely right. He provides a few examples. Notably he suggests a surtax on the profits of major oil companies, to which I

will return later, the creation of a petroleum monitoring agency, and the strengthening of the Competition Act.

If we look at the results of the hike in oil prices, we can see that there has been a misappropriation of wealth. A misappropriation of wealth on the part of the oil companies, which are making staggering profits to the disadvantage of consumers, consumers like you, me, truck drivers and taxi drivers. As a result we have to pay more for our gas, while the oil companies rake in huge profits.

We should therefore respond to this misappropriation by a re-appropriation, of which I will speak again later. This government will have to create new wealth—from the nest egg accumulated by the oil companies—which should then be shared out.

Also, if I have time, I would like to speak about our program for reducing our dependence on petroleum and its by-products. First of all, as you know, the petroleum industry must be made to contribute. We are currently witnessing an unprecedented transfer of wealth, to the benefit of the oil companies and to the detriment of the population and the federal government. This has to stop.

The first measure proposed by the Bloc Québécois is to impose a surtax on oil company profits. Whatever the reasons for oil crises, one thing is certain: it is the oil companies that profit from them.

According to Statistics Canada, American firms control 44% of the assets and 53% of the operating revenue declared by subsidiaries extracting petroleum, gas and coal. That means that the majority of profits of big oil companies goes to the United States.

What is more, the oil industry has been responsible for almost all the new greenhouse gas emissions in Canada since 1990. The oil industry, which as I said earlier is posting record profits, is the main source of growth of greenhouse gas emissions, and a good share of its profits goes directly to the United States. There is nothing to justify government support for this industry. Allow me to repeat: there is nothing to justify government support for this industry. Yet that is what the current Conservative government is doing. The federal government should be doing exactly the opposite, and imposing a surtax on the excessive profits of the oil companies. That will have the advantage of taxing the population—sorry, an understandable slip, which some might term Freudian—I meant to say taxing the pollution generated by this industry.

The Canadian tax system is very advantageous for the oil companies. According to the Finance Canada, it is even better than the one in Texas.

Since we know the oil companies are doing good business, the Bloc is proposing an increase in the present surtax applicable to corporate income tax. This surtax would apply only to oil companies and would enable the federal government to collect close to \$500 million a year. The surtax would rise from 4% to 25.5% for the large oil companies. The tax rate on their profits would therefore rise from 29.12% to 32.9%, or still less than in Texas, where it is 35%. This measure would bring in about \$500 million annually.

*Business of Supply*

We should also take back the gifts that are so blithely handed out to the oil companies. The 2006 budget does not put an end to their tax gifts. In fact, even if none of the tax measures announced in the budget apply specifically to the oil companies, they will find many of the measures of particular interest to them. I will name just three: the 2% drop in corporate income tax, making it 19% by 2010; the quicker repeal of the capital tax; and the decrease in income tax for shareholders in large corporations.

• (1215)

We have to look for solutions that will not only create new wealth for this government from a surtax on the oil corporations, but also provide ways of sharing the wealth.

There are of course several groups, such as taxi drivers and truck drivers, who definitely need a tax credit or some support to counteract rising petroleum prices.

There is also a compensatory measure, however, that should be targeted better, particularly for households. Households whose income is below \$30,000 should be compensated for the increase in energy costs. This would be better than the cheques for a few dollars that the last Liberal government handed out last January in the middle of the election campaign. This money was not always distributed very judiciously.

This tax credit was included, moreover, in the action plan developed by the Bloc Québécois and made public last August during the oil price crisis. In my opinion, it is time to look at this again so that a refundable tax credit can be introduced to help attenuate the effects of the rise in oil prices for those who need it most.

This tax credit would help households balance their budgets—households that have seen the price of oil increase and especially the price of a food basket because of the increase in transportation costs and heating costs.

Nearly 1,530,000 households in Canada use fuel oil as their main heat source, including more than 500,000 in Quebec. We just have to give these households a break, regardless of the energy source they use. The action plan proposed by the Bloc last August provided that households would receive a refundable tax credit for the 2005 fiscal year. Unfortunately, this is not possible now, but it should be done in the future.

There is also another way of looking at things. In the longer term, we could reduce our dependence on oil. All of us, all the Quebeckers and Canadians who are listening to us, should find their own individual approaches to the collective challenge of rising greenhouse gas levels. That is the real solution, but it will take a lot more time. Oil is a non-renewable resource. It will become increasingly scarce and unfortunately will be ever more expensive. I point this out because the oil companies are abusing it more and more.

The excessive use of oil and its derivatives as an energy source is one of the causes of climate change, which will prove very costly both economically and on the human level.

For all these reasons, it is more costly to do nothing than to take action. The solution is self-evident: we have to reduce our oil bill while at the same time reducing our dependence on a product that

Quebec has to import. Luckily, Quebec is on the right track because, along with Norway, it is the only society in which oil is not the leading energy source.

We should encourage the purchase of vehicles that consume less energy. In view of the soaring price of gas, it is becoming even more imperative for the federal government to do what the Bloc Québécois has long been requesting, that is to say, abolish the sales tax on purchases of environment-friendly vehicles. An environment-friendly vehicle could be defined, for example, as any vehicle that uses less than 5 litres per 100 kilometres. This would cost the federal government approximately \$90 million a year.

We should also encourage the manufacture of vehicles that consume less energy. We should invest in wind power too, and finally, encourage the use of public transit.

• (1220)

[*English*]

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Mr. Speaker, I come from a small business background and my riding has many small businesses. I hear concerns every day about how the gas prices are affecting everyone.

The member is championing raising the surtax or putting a surtax on the oil companies. How would she ensure that they will not pass on the cost of this surtax to the consumers? That is my worry because businesses need to keep their profits at a certain level. I personally feel that they will pass on this surtax to the consumers and the consumers will be in the same situation.

[*Translation*]

**Mrs. Carole Lavallée:** Mr. Speaker, I thank my hon. colleague for his question.

It seems to me that the figures in the oil companies' financial and accounting reports clearly demonstrate that they are making staggering profits. If this surtax is imposed on the oil companies, they need only dip into their surplus, their profits. I used the adjective “staggering” but a more accurate word would be “scandalous”. We are talking about billions of dollars.

Furthermore, I believe that the real solution, the long-term solution, lies in reducing our dependency on petroleum and petroleum-based products. I truly believe that each and every one of us must find our own solutions to meet this collective challenge to reduce our dependency on petroleum products.

I mentioned earlier—and I would have liked to expand on it—the tax credit for people who use transit passes that my colleague from Longueuil—Pierre-Boucher had passed in this House. It was such a good idea that the Conservative government took credit for it. This was another Bloc Québécois victory and one more way to reduce our dependency on petroleum products.

*Business of Supply*

•(1225)

[English]

**Mr. Tony Martin (Sault Ste. Marie, NDP):** Mr. Speaker, I want to share with the member my concern that we have an industry literally busting at the seams with profits. The profits of the top six oil giants for the first six months of this year will apparently exceed \$135 billion and yet the government is handing over billions of dollars in subsidies to this industry.

With the price of gas going up unbelievably fast, we have people in communities, such as seniors, who are trying to pay their fuel for the winter, truckers in the woods hauling logs are trying to pay for the gas to run their trucks, businesses are trying to pay the cost of energy, and we have industries in northern Ontario that are really dependent on energy.

When there is a problem with the price of oil we have the government throwing out some kind of a grant to people to cover the extra cost. That money goes directly into the bank accounts of the oil companies. All we are is a conduit for that to happen.

Is there a possibility that some government somewhere will begin to regulate this industry, to begin to take this industry in hand and say that this is an essential commodity for all of us, whether one is in business, in industry or just an ordinary person trying to heat one's home?

Is the Bloc in support of regulating the oil industry?

[Translation]

**Mrs. Carole Lavallée:** Mr. Speaker, I want to thank my colleague for his question.

First, let me say that the oil industry's \$135 billion profit comes directly out of every single one of our pockets. We have provided this \$135 billion. These profits should be redistributed to the people who provided them. This \$135 billion essentially means that the oil companies overcharged us for the value of the product they were selling. I realize a company has to make a profit. It is always very encouraging to hear that companies are doing so. However, these profits have to be reasonable and based on fair compensation. In the matter before us, this is a true diversion of wealth.

The best trick we can play on these oil companies is to reduce our dependence on oil products. My colleague said that this energy was essential; perhaps we could make sure it becomes less and less so.

**Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ):** Mr. Speaker, I thank my colleague for sharing her time with me. I am pleased to be back in touch with the people.

As early as 2003, the Bloc Québécois reacted to the regular increases in the price of petroleum products, which usually occurred without good reason or on some trivial pretext.

In response to a February 2003 Bloc Québécois motion that received unanimous support, the Standing Committee on Industry, Sciences and Technology, which had examined the issue, reported in November of the same year that there was a need for a petroleum monitoring agency.

The previous government, which enjoyed a huge majority at the time, rejected that recommendation, even though the committee,

which included government caucus members, was unanimously in favour of the idea.

As soon as he became leader of the Liberal Party, the former prime minister—and current member for LaSalle—Énard—granted the oil companies an irresponsible 6% cut in taxes on their profits. A few months later, his finance minister, not wanting to be outdone, gave the oil companies an additional \$1 billion to reduce their emissions. And as if that was not enough, the oil sector received \$900 million more in assistance in the wake of the government's negotiations with the NDP to obtain their support for the budget.

A person does not have to be a wise economist or an accountant to see all the benefits the oil industry received. Clearly, it only made them more profit-hungry, as excessive as those profits were.

Environmental assistance alone amounted to \$2 billion. To that must be added \$1 billion in additional net revenue just for the first quarter of 2004. If we add profits from increasing the margin at the refining stage, it becomes indecent.

Given the additional astronomical cost passed on to forestry operators, combined with the softwood lumber crisis and the fact that these operators have to go further and further away to find the resource, every region in Quebec and many regions in Canada have endured countless industry closures and consumer price hikes that could have been avoided.

On February 11, 2005, I personally tabled in this House, on behalf of the Bloc Québécois, a motion that read as follows:

That, in the opinion of the House, the government should take action with regard to gasoline prices by: (a) setting up a petroleum monitoring agency responsible for preparing an annual report on all aspects of the industry, including how prices are set and competition issues, whose director would be independent and appointed for a three-year term after consultation with sector representatives and the Standing Committee on Industry, Natural Resources, Science and Technology, and that the Committee be tasked with considering the report; and (b) by bringing forward amendments to strengthen the Competition Act, including measures to ensure that the Competition Commissioner has the power to launch investigations, summon witnesses and ensure confidentiality.

To the great misfortune of Quebec and Canadian taxpayers, this motion was defeated by just a few votes. Accordingly, the prices peaked during the most active time of the year and the tourist industry hung in the balance. Businesses continue to close because they are no longer competitive internationally and the price of transport has been the main cause of inflation for the past two years.

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This lack of leadership has put entire populations in very tough situations since incomes are not indexed to the cost of living. Average workers for example and people earning minimum wage have no choice but to quit their jobs, which deprives many companies of the only employees they can afford. Moreover this becomes an extremely heavy burden on the provincial governments, whose social responsibilities are increasing.

Whatever the Minister of the Environment might present, she would be well served to remove her blinders to see that beyond her home turf there are a great deal of communities where public transit simply does not exist and where the distances are great. These costs cannot be predicted by the worker or the company, which puts all economic sectors in serious difficulty.

● (1230)

Most importantly, let us not forget people where oil products can be shipped only during certain times of year—times when the oil companies choose to inflate their profits and their shareholders' dividends. Those people have lived with these prices since last summer, and they will certainly be living with them again until the ice melts. I did not understand why the member for Nunavut failed to give her support last summer, but I hope that she will support this motion, which affects her community more than many others.

In fact, in this case, with all the profits being raked in by the oil companies, those companies could certainly afford to cover the cost of shipping to those communities. That would be a much appreciated humanitarian gesture, regardless of the price at the pump in accessible locations. Those communities also have contributed to the economic success of the oil companies.

Who has offered aid to Nunavik, who has offered aid to Nunavut or the Northwest Territories? The government closes its eyes to these entirely inappropriate practices, the oil companies are completely irresponsible and ignore their corporate duties—no one is concerned about the price of a litre of gas, which ranges from \$1.49 a litre in places that are not accessible by road, like James Bay, to \$1.71 a litre in Nunavik and probably also in Nunavut, which uses the same shipping method.

I was in Nunavik again last week, and since there are no restaurants, we bought the food we needed to cook for ourselves. Do you know that in Ivujivik, for a meal of two sirloin steaks, very ordinary side dishes and a head of lettuce that we were able to salvage two leaves from, we had to spend \$189? The lettuce was \$6.79. What we threw out was not edible. We did not waste anything.

Like any other resource, gas should be available to the public at a price that would allow the industry to make reasonable profits. It is a resource for which the exploration and development costs have been financed, in large part, by the taxes paid by all Quebecers and Canadians on their incomes and the goods and services they buy, for the benefit of the public and of businesses in Quebec and Canada.

We need only look at the prices charged by Hydro-Québec for exports. They are very low compared to oil. And yet Quebecers have paid for the research and development put into that energy by themselves. It is this model of cooperation that probably, with due respect to all parties, could have cemented Canadian confederation.

Oil prices have a huge impact on administrative costs for the public at large, for small and large businesses, for agencies that provide services on a profit-making or non-profit basis, for governments from municipal to federal, for taxi, truck, ship and airline operators. So a responsible government must, therefore, first ensure that competition exists and then ensure it is fair and gives consideration to all intervenors, as it is a natural resource, part of the country's heritage.

Odd as it may seem, all sectors supplied by ship are also supplied with electricity by generators and all the buildings are heated with oil, which is over 70¢ a litre at the moment. This does not include transportation costs. They could drive the cost up to 80¢ a litre at destination.

The Bloc Québécois is of the opinion that part, at least, of the cost of gasoline and other petroleum products can be monitored, by, for example, ensuring that no intermediary takes advantage of its position or circumstances. At such a price, many more families, people living on their own whether young or old, will not be able to heat their homes properly next winter.

For these reasons, in all simplicity, I invite the members of this Parliament to establish a monitoring agency do a fair, impartial and equitable verification with all the powers it needs to fulfill its mandate, as recommended by this motion.

● (1235)

[*English*]

**Mr. Bruce Stanton (Simcoe North, CPC):** Mr. Speaker, as I listened to some of the members speaking this morning there has been a consistent theme with respect to the issue of supply and demand, and the rather wholesale assailment on the virtues of profit.

On the issue of supply and demand, we all know that the price of gasoline is, for the most part, governed by the commodity trading of oil, which is a world commodity and impacted by numerous world events and pressures. It seems to me that, while we need to be concerned about that and its impact on our economy, there is also a tremendous risk in bringing some interventions to bear to somewhat control that. There is a volume of information that suggests this creates other impacts that could prove to be very much a disadvantage to the economy.

I wonder if the member opposite could perhaps expand on this theme. Has he considered what the downside of this type of regulation might be on the price of gasoline?

● (1240)

[*Translation*]

**Mr. Yvon Lévesque:** Mr. Speaker, I would like to remind my colleague from Simcoe North that our neighbours to the south, in particular, pay less than we do for their oil even though Canada is the main oil supplier to the United States. Moreover, 44% of share investments are controlled by the Americans while 53% of profits come from the American side.



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We have a Canadian industry. Recently, we had the example of the softwood lumber industry where we saw how the Americans protect their industry. There is a huge difference between that and the kind of protection we give our oil industry. I think Canadians should start tightening their belts if they do not want to lose their pants.

**Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ):** Mr. Speaker, I would like to congratulate my friend, the member for Abitibi—Baie-James—Nunavik—Eeyou, on his excellent speech. Knowing that my colleague comes from the construction industry and the labour movement, I want to ask a question and make the following comments.

I also come from the construction industry. We know that petroleum-based products such as monomers are used to make PVC, credit cards and all plastic materials.

We have a problem and it also affects all manufacturers of piping for water supply and sewage systems. I am thinking about Royal Plastics and IPEX. These are Canadian manufacturers who are no longer able to manage their work or their production because they do not know from one day to the next what the price of the raw material will be—raw material they need to produce piping made of PVC, CPVC, Carnar, etc. for water supply systems, sewer systems, electrical systems and industrial plumbing.

What impact does the volatility of commodity prices, which keep changing every day, have on the construction industry?

**Mr. Yvon Lévesque:** Mr. Speaker, I thank my colleague for his question. I would also like to respond to the hon. member who posed a question earlier about the impact of this motion on future energy costs.

It is clear that oil prices, which are very volatile at the moment, are causing some instability in the markets and making it difficult for businesses to budget. Several businesses are having a hard time.

This is why the Bloc included not only the idea of monitoring, but also a petroleum monitoring agency in its motion. We must plan for the future, understand why prices are so volatile, and protect taxpayers and businesses.

[*English*]

**Mr. Colin Carrie (Parliamentary Secretary to the Minister of Industry, CPC):** Mr. Speaker, I will be sharing my time with the member for Calgary East.

Every hon. member knows that rising energy prices have impacts on Canadian consumers and our entire economy. We have all heard the same feedback from our constituents and we are all concerned. For all the easy comments from the opposition in the House that say otherwise and despite the motion that has been brought forward by the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, it is clear that the government is paying close attention to this issue.

The government addresses rising energy prices and the effects they are having on Canadian consumers in ways that makes sense, ways that are practical and that respect the laws of supply and demand. We want to take actions that will produce results that will matter and not be lost in the normal ebb and flow of prices. We need to get this right.

There should be no confusion as to whether the government recognizes that this is a serious issue. We hear the concerns of individual consumers, consumer groups and business groups. Organizations such as the Consumers' Association of Canada and Option consommateurs have been very clear in pointing out the range of ways that rising energy costs affect consumers.

Gasoline and diesel fuel prices for transportation have risen dramatically. So has oil and natural gas that heats the homes of most Canadians. Higher costs are being worked into other prices such as food that has to be shipped long distances or electricity generated from natural gas powered systems.

Rising energy costs translate into impacts that people cannot just shrug off and pay, not if they live in rural or remote areas or need to drive considerable distances for daily needs, not if they live on a low or fixed income and cannot cover added costs, and not if they are truckers or farmers who must face higher energy costs to make a living.

We have all heard many stories, but we can rely on more than anecdotes to get a sense of what consumers in Canada face. In fact, Statistics Canada has a lot of hard data that is worth drawing on and most usefully Industry Canada's Office of Consumer Affairs has added to our understanding with its *Consumer Trends Report*.

This information is important because it is the kind of evidence that will help governments to make decisions that take into account the consumer point of view. This data tells us first and foremost that consumers need help in making wise choices in the marketplace in a period of high energy prices.

This government is listening. It is giving Canadian consumers the tools they need to cope effectively in an often confusing energy marketplace. For example, the Competition Bureau has issued a very useful consumer fact sheet on gasoline prices. The Office of Petroleum Price Information allows consumers access to currently weekly consumer prices for gas in 60 Canadian cities, plus the average Canada pump price.

Natural Resources Canada Office of Energy Efficiency has a program called the personal vehicles initiative which provides Canadian motorists with helpful tips on buying, driving and maintaining their vehicles to reduce fuel consumption and greenhouse gas emissions. Reducing fuel consumption means saving money and more, it means helping the environment. All of this great information, for and about consumers, is available over the Internet.

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Moreover, the government knows that it is not sufficient in itself to simply help consumers to manage the marketplace's current high prices. Demand seems to be on a more or less continuous upward curve. According to the *National Post*, Ontario has just experienced the hottest May 30th on record, an event that sparked record energy demand. According to Environment Canada, as reported on CBC Radio, we can expect a more than ordinarily hot and humid summer this year and if this prediction comes to pass energy demand will certainly increase.

These are all factors behind the government's determination to take effective action to address energy issues. This government is aggressively supporting the use of ethanol from crops such as corn, straw and other forms of cellulose. Ethanol produced in this way and added to gasoline makes a practical contribution to reducing our dependence on conventional petroleum reserves, the cost of which can rise in the future. As the hon. Minister of the Environment announced, the government has committed to implementing a 5% biofuel content standard as a national strategy for Canada by 2010.

• (1245)

From an overall policy framework, the government is making a very significant investment in cleaner public transportation. We have made investments in transit passes to ensure people get out of their cars and into public transportation. For those people who need to drive cars, we want to ensure that they are burning cleaner gasoline so that they themselves reduce emissions.

The government is addressing the needs of consumers by giving them the tools to help them adapt in a marketplace where prices are rising and by encouraging the private sector to help reduce our dependence on evermore costly sources of energy derived from petroleum.

What is the opposition solution? The motion before the House states that we should increase taxes on oil companies, create a petroleum monitoring agency and "strengthen the Competition Act". Easy solutions, are they not? Let us take a closer look at a couple of them.

As one hon. member has said, taxing the oil companies and adding to their costs will have little or no effect on the price at the pump. As for the price of gasoline, I would maintain that the best guarantee of the lowest prices possible is an efficient and competitive marketplace driven by the laws of supply and demand.

As for strengthening the Competition Act, this is yet another red herring. The Competition Bureau has, as of now, conducted six investigations of gasoline pricing, including one carried out in the aftermath of hurricane Katrina and called for by the previous government. None found any evidence of conspiracy to fix gasoline prices.

According to the Competition Bureau, gasoline prices in Canada and American markets are highly correlated and reflect the integrated nature of the world's petroleum market. Remember that high prices and profits are not contrary to the Competition Act. That is very important. When there is a problem, the Competition Bureau strictly enforces the law, as it has done eight times since 1972.

Rather than adopt a hastily and ill-considered motion before us, the more sensible approach is to help consumers use less fuel, in the

short term by assisting them in finding more efficient ways to use energy, and in the medium term by developing alternatives that will allow consumers to become less dependent on an energy resource whose cost is only going to increase in the coming years.

The motion before the House would advance none of these goals. The government stands for a sensible approach to energy issues, a forward looking approach that will bring real and long lasting benefits to consumers by dealing realistically with a problem that will be with us for many years to come.

• (1250)

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):**

Mr. Speaker, the member for Oshawa recognizes the question of consumption and just how much of an effort the company in his riding is making toward energy efficiency in the automobile industry.

However, it does not really matter how much energy efficiency we are talking about. The hon. member seems content to view the status quo as acceptable. We on this side do not believe that. I think the hon. member would be hard pressed to point out that many of his own constituents, who I have dealt with over the years, do not like the status quo either.

There is wide evidence, including the Competition Bureau itself, that the bureau believed that there was a need for changes in the Competition Act, particularly as it deals with pricing provisions. That is why it supported Bill C-19 proposed by the government in 2004.

I do not want to keep doing this in terms of a lesson to the hon. members, certainly the newer members in the Conservative Party, but one of the reasons Canadians will never find a Competition Bureau that can actually find conspiracy or price fixing is not because of the structure of the market being highly concentrated but because the test required in the Competition Act is really set up in such a way that we will never be able to determine whether or not there has been anti-competitive activity, and not because it is a criminal burden but because the threshold of determination has to pass something called the undue test and be discussed in the House of Commons.

When the hon. member is referring to changes to the Competition Act, he only has to look at the recommendations of his own committee. Could the hon. member tell the House if he is prepared to live up to the former recommendations of the committee and recognize that the Competition Act, written by the oil industry in many respects, does need to be finished and would he square that with the position taken by the Competition Bureau itself only a year ago?

**Mr. Colin Carrie:** Mr. Speaker, I would like to thank my hon. neighbour for all the work that he has done on this issue over the last 13 or 14 years. He has been a very strong advocate, I must add, in all the work that he has done in looking at the cost of gasoline and how it is affecting consumers.

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I want him to know something. For the members of the Conservative government the status quo is not acceptable. That is why in the last budget we actually cut the GST from 7% to 6% and it will go down to 5%. This 1% tax cut will save Canadians \$220 million per year in fuel costs.

There is one thing I find a little puzzling, though. The member was part of the Liberal government that was in power for so many years, which actually did not take any action to decrease the price of gasoline. We are not in favour of an added surtax. We think it is about reducing taxes and allowing consumers better prices.

• (1255)

[Translation]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, I listened to my colleague's speech with interest. I would like to quote, for his benefit, Konrad von Finckenstein, former Commissioner of Competition, who appeared before the Standing Committee on Industry, Science and Technology on May 5, 2003:

—while the Bureau's mandate includes the very important role of being an investigator and advocate for competition, the current legislation does not provide the Bureau with the authority to conduct an industry study.

I think it would be better for an overall examination of the situation to be conducted by an independent body with the authority to summon witnesses and gather information while protecting confidential information that no one wishes disclosed but that would be essential to a factual conclusion.

That was what the former competition commissioner said. Last fall, the current commissioner testified before the committee that the Competition Act must be strengthened and that the issue of a petroleum monitoring agency should be pursued.

Not one, but two competition commissioners have told us that the current legislation did not give them the authority or the mandate they needed to conduct a real study of the market. That said, does my colleague think that the status quo is acceptable? It seems clear to me that we are not making progress, which is bad for oil companies, consumers and all industries, especially the manufacturing sector.

[English]

**Mr. Colin Carrie:** Mr. Speaker, as I said, the status quo is not acceptable to the Conservative government. We are working toward decreasing taxes. We believe that is the way to help consumers. We do not believe in taking a divisive approach such as the Bloc is doing today, trying to pit one part of the country against another by adding these huge surtaxes. That is not the route to go.

**Mr. Deepak Obhrai (Parliamentary Secretary to the Minister of Foreign Affairs, CPC):** Mr. Speaker, it is indeed an honour for me to rise to speak to the motion put forward by the Bloc in reference to oil prices and specifically, oil companies.

As I come from Alberta, it is quite important to me as to what happens to this industry. As I read the motion, I was quite surprised to find that it seemed to be playing to the fears of Canadians, a fear that high oil prices and pump prices would have a major impact. There is no question in anybody's mind that high gasoline and oil prices do have impacts on other sectors of the economy.

The former speaker from the Bloc talked about being in the construction industry and the impacts it would have on other industries. There absolutely will be impacts on other industries. Why

would there not be? It is not only with oil prices, but any commodity prices that increase have impacts on other sectors of the economy. However, this is a band-aid solution to the situation. Applying it will hurt the economy in the longer term more than help it.

When we look at these things, as a responsible government, we want to look at long term solutions, not just the fact that because the rising economies of Asia and other emerging markets are demanding oil, the price of crude oil has gone up and therefore it reflects on the market and on the pumps. To propose a band-aid solution to this will not work.

The government has come up with a lot of approaches in the budget to address the whole economy of the country, such as lower taxes for businesses and individuals, which will put more money back into the pockets of Canadians.

This year I bought a new car. The first thing I looked at was what kind of gas mileage I would get from the car. I did not look at what the gas prices were at the time. I looked into the future to ensure that the car I bought reflected the oil prices because it would reflect on my pocket. The responsibility of taking these kinds of actions is mine, as it is for every consumer. It is not like we can play around with the market and create a situation which has devastating impacts.

I remember when the national energy policy was introduced by the Liberal government in Alberta. I was in Calgary and heard what the economy of the oil companies was. It was devastating. A person could walk in and buy a house for a dollar. People were dumping their houses. Their life savings were wiped out.

We cannot just come out say that we should put a surtax on oil companies. As the Parliamentary Secretary for the Minister of Industry said, what does a surtax on an oil company have to do with the oil prices? Bloc members say they want to tax the profits. There has to be a coalition over there.

Let us for a minute think about what is happening in Venezuela. The new president is playing with its oil heritage. He has the lowest prices of gasoline in the world. He says it is other resources and so he wants it at cheap prices. Guess what? He is playing with the money of future generations to benefit today's generation. That is the criticism. He is not benefiting from world prices that will help build the economy. The country is not only built on oil prices. There has to be investment in education, health and infrastructure to create a competitive environment that is beneficial to everybody, not just to one sector.

• (1300)

To do that, we create a business environment. We tax the oil companies as is necessary and we ensure they are in a competitive sector. The revenue derived by the government is what it reinvests into the infrastructure and everything else to create that economy.

*Business of Supply*

I am very pleased that this is what has happened in Alberta. The revenues that come in benefit everyone in Canada, including Quebec, because Alberta then pays into the equalization formula. We talk about fiscal imbalance. We need to ensure there is a level standard of living throughout Canada. If one sector is doing well temporarily, that is fine. However, again I want to remind the House what happened in 1981 in Alberta because of high oil prices. Albertans, including myself, lost our life savings because of irresponsible government economic policy. We want to ensure that does not happen today.

The government has said that we will create an environment that is beneficial to all Canadians. The budget talked about tax cuts for individuals and businesses, including small businesses, as well as a reduction of GST.

About a month ago a report came out. According to the report, there was a slight dip in consumption of oil in the North American market. That is exactly what we need to do. We do not need to put a heavy emphasis on the oil sector alone. As the Minister of the Environment has indicated, we are looking at other sources. We need to reduce the demand on oil. That is the right approach. This is what we should do as part of our educational issues.

Is there going to be an immediate change in the price of oil? No. As I said, the Asian economy is now rising. Today we see both China and India in the market looking to buy resources, including oil companies, to feed their growing economies. This puts pressure on the commodity market.

It is quite interesting that with China's rising need for resources, it is buying its resources from Canada. Canada being the richest resource country in the world, naturally our economy is doing well. They will not talk about those sectors because that is the sector that benefits only them.

We need to get out of the situation of looking at what only benefits one province. What benefits Canada as a whole is the approach members of the House of Commons should take.

Therefore, the motion is quite contradictory and it will, from my point of view, create a situation where its long term damage would be quite devastating.

The motion talks about the Competition Act. The Liberals were in power for almost 13 years. Now Liberals get up and talk about the Competition Act. Where were they? Why did they not bring anything forward, if they felt the Competition Act required strengthening? It is obvious that they did not have any desire to do it, and one would wonder why.

From my point of view, the motion is playing to the fears of Canadians, but that is not the right approach to take. The government has indicated, with its priorities and budget, the right way to go to ensure that Canada remains the number one country in the world.

● (1305)

[Translation]

**Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ):** Mr. Speaker, I must say that I am dumbfounded, although not surprised, by the comments of my colleague opposite. It

seems to me that he has no demonstrable concern for ordinary citizens. I will have the opportunity to speak of this in a few minutes.

The question I would like to ask him concerns a study prepared not by the Bloc Québécois or the government but rather by the Canadian Association of Petroleum Producers. The producers estimated the impact, over a three year period, of tax giveaways to petroleum companies. They estimated that federal tax paid by oil and gas companies will fall from \$5.148 billion in 2005 to \$2.3 billion in 2008.

Does my colleague opposite not think that it is time to act when companies that make such record and astronomical profits are being favoured? They themselves inform us of forecasts that must bring a smile to their faces every day.

[English]

**Mr. Deepak Obhrai:** Mr. Speaker, as I have said, the motion plays to the fears of Canadians. I am quite stunned when she says that I have no regard for ordinary Canadians. I am also an ordinary Canadian.

I said in my speech that when I shopped for a car, I looked for a long term objective to ensure that I used less gas and did my part. There is no point in her argument.

She made reference to the issue of record oil company profits. Not only are the oil companies making a profit because of high commodity prices, other companies are making a profit as well. However, oil companies are being taxed. They contribute their share in taxes. Also, the oil companies are employing thousands of productive Canadians across the country.

I come from a city that has the headquarters of oil companies. I see their involvement in the arts and various other sectors of our communities. I do not buy the argument of the hon. member.

● (1310)

**Mr. Daryl Kramp (Prince Edward—Hastings, CPC):** Mr. Speaker, I have a couple of areas of concern with the motion. I also am a little more comfortable with a couple of areas of the motion.

The creation of a monitoring agency, the strengthening of the Competition Act and variations thereof are areas which I believe need improvement, particularly the independence of that.

The one point I find absolutely disturbing is the surtax on the profits of major oil companies. I look at the aerospace industry, for example Bombardier, which has had enormously good times. Should we automatically put a surtax on it? Should we put a surtax on the automotive industry when it goes through a good period? Should we put a surtax on our banking and financial industry? Should we put a surtax on our insurance industry? Should we put a surtax on our pharmaceutical industries?

Where do we all of a sudden draw the line and say that is the bogeyman? I do not think that is right. It is wrong to even suggest that we should start to be playing assassin, basically cutting the hand that feeds by killing the golden goose. It does not make any sense.

*Business of Supply*

Should there be restrictions? Should there be levels of control? Absolutely. However, to take away from the incentive and the profitability and attack one particular industry sets a bad example of how a country's industry should be run. Could the member comment on that?

**Mr. Deepak Obhrai:** Mr. Speaker, I do not understand the rationale of a surtax on the oil companies because of the high prices of oil and gasoline. The motion speaks to that.

Nevertheless, I mentioned that we are taxing industries across the country, whether it is the oil industry or any other industry. Because the oil industry does not impact Quebec, that is perhaps why the Bloc has put forward the motion. To the Bloc members, it is the whole idea of grabbing the resources out there. Albertans feel they want to grab their resources.

However, the government accepts and gives its responsibility to Canada. We do not have a problem standing behind the equalization formula. Royalties, according to the Constitution, belong to the provinces and not to the federal government. Therefore, as one of my colleagues rightly pointed out, this is only one industry. It does not impact the Bloc members and their province and it is irresponsible behaviour on their part.

[*Translation*]

**Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ):** Mr. Speaker, I would first like to inform you that I will be splitting the time allotted to me with my colleague from Shefford.

On this Bloc Québécois opposition day on the subject of the price of gas, I wanted to speak on behalf of the people I represent. I know that this subject is of enormous importance to them and a matter of great concern to them, that they are expecting tangible action to be taken to counteract the negative and pernicious effects of repeated increases in the price of gas.

These negative effects are obviously felt by all members of the public. Nonetheless, I want to point out, more particularly, the impact that they have in the regions. As I often say and I will never stop saying, everything that has an impact on the important issue of land occupation is crucial to our regions and the people who live there.

The perverse effects of repeated and often staggering increases in the price of gas are felt by individuals, working people, farmers, people who work in the forestry industry, truck drivers, shipping companies and businesses, and, because we in the regions often depend on the tourism industry, this affects tourism. Let us look at these aspects one by one.

In the regions, individuals feel the effects of the increases directly, because they very often depend on oil as a source of energy and they have no choice but to travel by car, because they do not have access to public transit. They use their cars for all of what we call local travel, essential travel. They have to drive long distances to get to work, to go about their business, to look after their families. It is very important to keep this in mind.

I might even add, as an ironic aside, that they often have to travel 15 or 20 minutes by car, in rural areas, to buy a stamp or mail a letter,

now that Canada Post has closed its points of service. I have no desire to be ironic, however; the subject is too serious.

Working men and women who already have more than their share of insecurity are losing a significant percentage of their purchasing power, of their incomes, very often coming from the benefits they receive in lieu of income, because of the costs that they are unable to avoid: the cost of gas and the cost of energy derived from oil.

Farmers, and everyone who works in the forestry industry, depend on gas for their farm machinery and their infrastructure, as well as for their equipment; their expenses are climbing, and so their already slim profits are declining before their eyes.

And what about taxi drivers, truck drivers and shipping companies, who have to either pass the cost on to their customers or watch as their profit margins evaporate into thin air?

When it comes to tourism, we know that a number of regions, including the Lower St. Lawrence and my riding in particular, depend on this economic niche for a substantial segment of their economy. Tourists, whether from Canada, Quebec or the United States, travel mainly by car to get where they are going or to drive across our countryside, as pleasant as it is enormous to discover and rediscover.

What I have described in these few words are common and well-known facts of life. They call on us to give serious consideration to measures that can be taken, to a plan, to a strategy to counteract the negative effects of gas prices and repeated increases in those prices.

With the summer season about to start, some people are rightly concerned and anxious about the next gas price hikes. They know, because they have seen it happen over and over in the past, what the consequences of this scenario are, and they are afraid that the desired and desirable economic benefits will be wiped out.

Now, during the time I have left, let us look at what the Bloc Québécois is asking the Conservative government to do. We are asking for an increase in the current surtax on the corporate tax on major oil company profits only, the creation of a petroleum monitoring agency and the strengthening of the Competition Act.

The surtax on major company profits will generate roughly \$500 million in additional revenue for the government, which can be reinvested in programs to help reduce Canadians' dependence on oil.

• (1315)

We do not want to do this for no reason, we want to do it with a vision. That is what we are asking the current government. For example, we want to promote the manufacture and purchase of more energy-efficient vehicles. We must not forget that the five big oil companies in Canada—Imperial Oil, Shell Canada, Husky Energy, Petro-Canada and Suncor Energy—had net profits of \$9.65 billion last year. As I mentioned earlier, this represents an increase of \$2.45 billion over 2004 and \$3.08 billion over 2003. We are talking about a profit 46.9% higher than in 2003. The numbers speak for themselves.

*Business of Supply*

Better still, the current government does not seem to feel that the poor oil companies have enough because it plans to give them other tax gifts. The Canadian Association of Petroleum Producers has projected the value of all these gifts over three years. The result is a 54% tax cut between 2005 and 2008. What could be better?

Another portion of the revenue from this surtax could subsidize renewable energy producers. Think of wind energy, for example. Quebec has huge potential as a producer of wind energy, which is extremely cost-effective and very clean and uses a resource—wind—that is renewable and costs nothing.

Let us be clear: the revenue from increasing the current surtax must be reinvested immediately and not simply added to the current or expected surplus.

With respect to the creation of a real petroleum monitoring agency, this agency would be responsible for overseeing the industry by collecting and disseminating price data on refined petroleum products, among other things, for all relevant North American markets, and reporting on the competitive aspects.

This agency would have the power to summon witnesses, protect their confidentiality, examine every aspect of the oil industry and offer solutions.

In connection with the establishment of that agency, even the president of the Canadian Petroleum Products Institute, which represents 80% of Canada's refining capacity, made the following statement on May 7, 2004:

The members of the petroleum industry support the Committee's assertion that an independent monitoring agency could help resolve public confusion and misconceptions on gasoline pricing issues.

The Bloc's third request concerns the Competition Act. The commissioner still has no power to initiate inquiries into suspicious fluctuations. It should be noted that this shortcoming has already been denounced by a former competition commissioner. This must be corrected immediately, so that the powers of the commissioner are strengthened.

In its report on the Competition Act, the Standing Committee on Industry, Science and Technology recommended a reversal of the burden of the proof to deal with agreements among competitors and to determine whether there is a conspiracy.

To conclude, these requests by the Bloc Québécois have the advantage of being as realistic as they are easy to implement quickly. It is a matter of really wanting to act. The Conservatives' motto is change. Here is a change for the Conservative government to implement, if it is serious about wanting to be fair and acting on its so-called concern for the public, because this affects the interest of our fellow citizens. Taking the public interest into consideration means showing genuine concern for the future, which inexorably involves showing concern for the environment.

● (1320)

**Mr. Laurie Hawn (Edmonton Centre, CPC):** Mr. Speaker, I thank my colleague for her speech. In return, I would like to give her some statistics.

[English]

The oil and gas industry in Canada is the largest, single private sector investor in Canada. If we want to talk about reinvesting profits to good use, the industry is reinvesting \$41 billion in Canada in 2006. In 2005 it paid \$27 billion to governments which allowed governments like ours to reinvest in alternate fuels and advanced technologies that will help the energy situation and help the environment.

Would my hon. colleague give some consideration to what the oil and gas industry does today for Canada without proposing surtaxes that would take away their ability to do that?

[Translation]

**Ms. Louise Thibault:** Mr. Speaker, I thank my colleague for his question.

The member who spoke before me talked about the involvement of the oil industry in the arts and other sectors. I have no doubt that this industry, as any other, plays its corporate role, as it should, if I may say so.

What we are talking about here and what the Bloc Québécois is calling for is a small surtax—because, in the end, the surtax is not substantial—so we can move away from a non-renewable, polluting energy source. My colleagues opposite may very well say that they no longer want to be part of Kyoto, but people know full well what is at stake when we talk about non-renewable, polluting energy sources. The Bloc Québécois wants this surtax to be a useful environmental tool that will benefit all Canadians.

My colleague opposite knows perfectly well that the tax rate for oil companies is lower in Canada than it is in Texas. While some may say that these companies play their role and should not pay more tax, the Bloc Québécois believes in the distribution of wealth so that the entire population can benefit from it.

● (1325)

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, I would like to congratulate my colleague on her presentation. Distributing the wealth in order to help all Canadians and all Quebecers is a concern for all members of the Bloc Québécois.

The Conservative position still seems to be somewhat at odds with our position when it comes to imposing a surtax on the petroleum industry or establishing a better environmental policy with respect to Kyoto. They still seem to want to protect the petroleum industry.

I have a question for my colleague. How does she see this position that seems to persist within the Conservative Party and seems to differ from the position presented to Quebecers during the election campaign, when the Conservative Party said it was open to support for average Canadians and the underprivileged? We now see that they are here to defend the Alberta petroleum industry at the expense of the rest of the population.

**Ms. Louise Thibault:** Mr. Speaker, I thank my hon. colleague for his question.

Obviously, we will see that in time. We will see what Quebecers and Canadians decide in terms of this government's re-election.

*Business of Supply*

In Quebec, we have good reason to be concerned. The rest of the country has good reason to be concerned. We have a government that just reneged on commitments previously made in this country concerning the environment.

The Minister of the Environment regularly tells us that Canada will have a new plan and will find other ways to protect the environment. Once again, we are suggesting one such way.

We will see how seriously the Conservatives intend to consider concrete measures to distribute wealth and to help citizens while respecting the environment.

**Mr. Robert Vincent (Shefford, BQ):** Mr. Speaker, it is a pleasure for me to rise today on the subject of the price of gasoline. In my riding and probably all around Quebec, people are starting to feel fed up and even disgusted when they see the price of gas going up to \$1.08 or \$1.18 a litre. That is unthinkable for working people and young families earning the minimum wage. It has become a luxury just to drive to the service station and fill up. When it costs \$50, \$60 or \$70 to fill the gas tank and a person's gross wages are \$200, it takes almost half his earnings. It is crazy.

If my colleagues are not hearing that in their ridings, there must be a slight problem. The same problem exists in industry, which is facing serious difficulties. Most industries heat with fuel oil, which has risen 10¢ a litre. In industry, that ends up making a difference in the profits. When there is a difference in the profits, two groups of people are likely to suffer, and it sure is not the industry itself. Either the problem is shifted onto the workers, whose wages are cut to help the company deal with the price of oil, or else the consumer pays. In both cases, we are the losers, and it is because of the increase in the price of oil.

There is no desire on the part of the members of this House, especially the Conservatives, to counteract this increase. With competition, there should be some ideas for a solution. We heard some all morning long. They are the best, because no one in this House, with the exception of the Bloc Québécois, had any ideas for counteracting the increase in gas prices. Competition is one thing, but if the government supports the world price of crude, we are also colluding because we support this price.

In the Alberta oil sands, the price is now about \$13 a barrel. Albertans rely on the world price. It pays. By selling a barrel at the world price of \$73, they can make about a \$60 profit on every barrel. That is why no one is revolting against the oil companies: they are making money.

There should be a tax, a surtax for these oil companies, since they make so much money on top of all the presents we give them. Two hundred and fifty million dollars is no trifle. That is what every oil company got last year.

Has the government thought about the young families who find out the government has granted a tax rebate of \$250 million? It makes no sense. The people in my riding are incensed about paying \$1.08 to \$1.18 a litre, when the oil companies are making billions of dollars in profits and when, on top of that, the oil companies each get a little gift of \$250 million. They claim these gifts are necessary and that the oil companies will reinvest the money in Canada. That is not how it works. The oil companies are quite capable of doing

development where they come from, and they do not need us to do it. With their \$10 billion, \$15 billion or \$20 billion, I do not think they need another \$250 million from us.

• (1330)

If there is still too much money, if there are billions of dollars extra, we know where to invest that \$250 million. We proposed solutions all morning.

This money could be invested in EnerGuide, a program taken away from the public. We must suppose that the government did not think it was all that good. Still, we think it is good. In fact, this program can be a good deal for people who take advantage of it and save money.

I am going to tell you how much you can save with EnerGuide. The Conservatives forgot about that. EnerGuide makes it possible to save a lot of energy. Owners taking part in the program reduce their energy bills by about 30%. That is not negligible, it amounts to \$750, or about \$18,750 over a period of 25 years.

EnerGuide is also an effective means of reducing greenhouse gas emissions at a cost of less than \$100 a tonne. We know what the consequences of pollution are. And we know that the oil companies are the biggest polluters in Canada.

But the government does not take that into account. Albertans are so nice. They have oil. They make profits. All that time, the government does nothing and just watches the boat go by. It says it wants to try and find a plan to reduce greenhouse gases, but I think the greater part of this plan already exists.

The oil companies are the biggest polluters that exist in Canada. What is the government doing for the people in the rest of Canada against these polluters? Absolutely nothing. It leaves them alone, saying that the industry must be left to develop.

The industry must not develop in just any old way or at any cost. If public health is harmed, the situation is not much better, the problem is diverted. And then, we hear there is a pollution problem that has to be dealt with. We have a double standard.

I understand that the government is in a spot. I understand that it wants to do nothing. I understand that it does not want people to steal oil. We do not want oil. We have electricity. That is clean energy. That is what it should be considering: how to go about getting renewable energy and clean energy. I do not think that it has considered this. Its only thought is to help out the oil companies. How wonderful. A few gifts here, a few gifts there, and there you go. But the lowly consumer gets no gifts and no benefits.

The modest worker gets no tax cuts. I am not sure that the little income tax cut and the little 1% GST cut will permit small families to buy a car. I heard the government exulting: with a 1% reduction, taxpayers will be able to buy themselves a car! Does it really believe that? If you are buying a \$20,000 car, this 1% reduction amounts to \$200. Does the government really believe that a family with an average income of \$40,000 will be buying a \$20,000 to \$25,000 vehicle tomorrow morning thanks to a 1% cut in the GST? Come on! That is absurd.

*Business of Supply*

The price of gas is nothing to laugh at. Today the price of a barrel, as I was saying earlier, is hovering around \$73. At the pump, that means an average increase of about 37¢ per litre between 2002 and today. If we had pay raises equivalent to the increases in the price of oil, everyone would be happy. There would not be a single worker complaining.

It goes so fast. Here, all that we have for workers are wage freezes, wage cuts to be able to compete with other countries. And when the government has the chance to help the people, it lets it go by.

The best example is this one.

• (1335)

The government had a golden opportunity to introduce a surtax on the import of these bikes. But this is not a surtax. I am told its purpose is to help out consumers. We would have had this for only three years, not for a lifetime. It was a temporary three-year measure. After that, retailers would have been free to do as they wished.

[English]

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Mr. Speaker, I will be splitting my time with the hon. member for Etobicoke North.

As a member of Parliament coming from British Columbia, no region of this country is more concerned about the fluctuation of gas prices than our region. Last week there was more than a 20¢ price difference in a litre of gas in British Columbia than a litre in Ontario.

People involved in the trucking industry, the taxi industry, in a small business, such as a plumber, electrician or tradesperson, or in a business that relies on the imports and exports along the Pacific Rim trading corridor, as many in my riding do, gas prices are a huge issue for them and an issue that we should look into with some real diligence.

We need to look behind the rhetoric approach of the Bloc and the NDP about big government solutions which they know will not work. We need to know why they would rather get into bed with the do nothing government time and again than provide a real pragmatic solution for all Canadians.

The big problem with this motion is the surtax. I must say that it is a huge surprise coming from the Bloc because, if any party should know, the Bloc should know that the regulating of gas prices comes under provincial jurisdictions. I would simply say that the opposition cannot have it both ways. Members cannot jump up and down and then accuse the federal government of meddling in issues of provincial concern but then look to Ottawa to solve the problems when the province is clearly doing nothing.

For a province that is not exactly dependent on oil revenues, it is easy to ask for surtaxes on the gas companies, but how do we ensure the surtax is not passed on to the consumer, which would only make the problem worse? We cannot. It is a solution that attempts to punish the marketplace when the oil companies are already paying huge taxes and investing in future exploration, an investment that has meant a great deal for this country.

It is a big government solution, one that my friends in the NDP are excited about as well. I have one question for both parties and it

requires a bit of historical reflection, which is never a good idea for either of them. When has any attempt to control gas prices at the provincial level ever worked? No matter whether it was the government in Ontario or the government in British Columbia, it has never worked. It has been proven time and time again. I would suggest that if they really want answers they should call the Conservative government to account on its campaign promises.

The Conservatives said that they would cut gas taxes by capping the GST on gas prices above 85¢ a litre. They have done nothing. The hon. member might giggle here but he is well aware that the government has done nothing. It said that it would exclude the GST from the excise tax and yet it has done nothing. I wonder whether it kind of wilfully forgets or whether it has decided to show the same contempt it showed Canadians about delivering real accountable government and that no one will notice.

The Conservatives assume we will not look under the hood of those campaign promises, probably the hood of one of those new black SUVs the PMO is fond of, those gas guzzlers for which the taxpayer pays the high gas prices. They assume we will not call them on empty campaign promises.

• (1340)

A surtax will simply make the problem worse. The cost will surely be passed on to consumers.

If the hon. member for the Bloc Québécois wants to do something, he should be looking at a real solution. The real solution is to help consumers with some kind of direct tax benefit.

The Conservative members should be talking about their duty as a government. As the government, those members should have a solution. The only solution they have to this problem is their campaign promise to cut the GST on gas prices over 85¢ and to cut the tax on the tax. That is what I would like to hear and I am sure all consumers would like to hear that as well.

• (1345)

**Mr. Daryl Kramp (Prince Edward—Hastings, CPC):** Mr. Speaker, I am going to cut the member for Newton—North Delta a bit of slack with respect to his statement on accountable government as he was not here in the last session. He was not here in the last session when his party was sitting on this side of the House and all Canadians received a clear lesson on what accountable government is and what it is not.

I can quite honestly say that this party on this side of the House is the government now simply because Canadian citizens do believe in accountability. My hon. colleague's party on the other side of the House obviously suffered from a lack of Canadians' confidence. It was well illustrated that those members were totally unaccountable.

I do want to thank my colleague, however, for his assessment of the realities of the marketplace and the considerations given.



*Business of Supply*

As far as surtaxes are concerned, I mentioned to my colleague who proposed this motion that I do not know where we get off trying to decide which industry should be penalized and which industry should not be penalized. As an example, the pharmaceutical industry, by many statements and many international records, is considered to be one of the most profitable industries in the world. One of the major headquarters for the pharmaceutical industry in Canada is in the province of Quebec where enormous profits are being made by that industry. I do not see a surtax being applied there toward health care for Canadians.

I am suggesting that we do not seem to have a sense of balance here.

**Mr. Sukh Dhaliwal:** Mr. Speaker, I come from a small business background and I totally understand how business works. There cannot be one surtax after another. One business cannot be played against another just for the sake of scoring some good points here in the House and just to secure more votes in one province or another.

Even though this surtax might not be a big issue in the province that I come from, I certainly agree that we have to consider all Canadians.

I was not here in the last session but I have been here for the last 100 days and I have seen the Prime Minister's accountability record. We can look at the hon. member for Vancouver Kingsway as an example. The Prime Minister said his party did not believe in an appointed Senate, but we all know the Prime Minister appointed a member to the Senate. He is a minister and does not sit in this House. How can that minister be accountable to this House? The list goes on when it comes to accountability. The Prime Minister is shutting down the media on everything. How can Canadians know what the agenda of the government really is?

When it comes to the taxation issue, I certainly applaud that member for putting his comments on the record.

**Mr. Randy Kamp (Parliamentary Secretary to the Minister of Fisheries and Oceans, CPC):** Mr. Speaker, I am sure my hon. colleague knows that we did not talk about capping the GST in the last campaign, or he should know that.

I would like him to have an opportunity to comment on the part of the motion that he did not address. If he is not in favour of a surtax, and I agree with that, is he in favour of a monitoring agency? Would he support the price of gas being regulated in some way?

• (1350)

**Mr. Sukh Dhaliwal:** Mr. Speaker, I do not agree with the hon. member that this is not exactly what the Prime Minister said in the past. In fact I can quote exactly what he said, that he would eliminate all GST above 85¢. He also said that there would be no tax on tax. This was quite an issue in my debates with the Conservative candidate who was running in my riding.

When it comes to regulating the prices, certainly it is a provincial issue. Look at the Quebec government. It has set the minimum price for oil. Why does it have no regulation for the upper end of it? If it can set the price at the lower end, then certainly there should be a way that we should be monitoring it. The Competition Bureau has already looked at it. It investigated in the past to see if gas companies

were making a lot of money by cheating but it has found nothing so far.

**Hon. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, I am pleased to participate in the discussion on the motion by the Bloc Québécois. I find the motion to be strangely ironic for a party that is always very sensitive around provincial and federal jurisdiction. Those members know full well that it is within the jurisdiction of the province to regulate prices at the pumps. In fact there are a couple of provinces that have tried that, not with very much success. If the Parti Québécois in Quebec City wants to deal with gas prices and regulate the price at the pump, it is a matter within provincial jurisdiction.

The part that is in the federal jurisdiction has to do with the competition policy and the Competition Bureau. The bureau monitors the activities within the retail gasoline sector. There have been many investigations. The industry is an oligopoly. There are a small number of participants. Clearly they do not sit around at Tim Hortons and decide what the price of gasoline is going to be every morning. It is fair to say there is some regional pricing that is set through price leading and price following.

Our caucus, under the leadership of my colleague from Pickering—Scarborough East, did a major review of gasoline pricing some years ago. One of the things we had suggested was to change the burden of proof under the Competition Act from a standard of criminal performance test to one of civil, so if there was any collusion or price fixing, then the burden of proof would be somewhat less onerous as a civil test rather than a criminal test. That legislation was tabled by our government. I am hoping that the Conservative Party will follow through on that.

The other thing I find strangely ironic is that the Conservative Party, when it was in opposition, was making this fine distinction between what was in the last platform and the platform before, and what was said four years ago versus what was said three years ago. It is a fine point that does not really resonate with me and I do not think it really resonates with Canadians. The reality is that the Conservative Party said it would cap the GST on prices above 85¢ and it has not done that. I have not seen any legislation to launch that initiative.

The Conservatives have also said in the past that they would eliminate the 1.5¢ a litre that was brought in by our government to deal with the deficit. Of course we know that the deficit has been eliminated because of the good financial management of the Liberal government. There is an argument to eliminate the 1.5¢ a litre that was brought in to eliminate the deficit, but I have not seen any proposals from the Conservative Party to do that, even though in opposition the Conservatives thought this was a very good idea.

We in our party, on the other hand, thought that a 1.5¢ reduction would be gobbled up at the pumps in one afternoon by the oil companies. We were not convinced by any stretch of the imagination that the 1.5¢ would go back to the gasoline buying public. In lieu of that, we brought in an energy rebate that dealt with all energy products. It provided rebates to Canadians, especially low income and middle income Canadians. We know they benefited from that. As I said, we were convinced that a 1.5¢ reduction at the pumps would be gobbled up in one afternoon.

*Statements by Members*

The other thing the Conservative Party has proposed is to eliminate the tax on the tax, the GST on the GST. Unless I have missed something, I have not seen any proposals in the House along those lines either. That is something for which the Conservatives argued very strenuously in opposition.

What I am saying is that the Conservative Party has ways to respond to this motion. The Bloc Québécois is proposing solutions when the solutions actually lie right within the government in Quebec City. The Liberal government right now could do this under pressure from the Parti Québécois; it actually regulates gas prices. Personally I do not think it is a viable alternative but I have not heard in any of the Bloc members' remarks that they have looked at this in any detail.

• (1355)

Certainly the question of a surtax on the oil companies is misguided. We often hear profit numbers from the oil industry, but to be reasonable, we have to equate profits to investment and we know that the oil industry in Canada is highly capital intensive. Huge amounts of capital have been invested. The companies are right to have a return, as are their shareholders. Before implementing any surtax on oil companies, I think we need to do a little more homework on what the profits are in relation to the assets deployed. It takes a huge amount of capital to invest in refineries, to invest in exploration activities and to invest in oil extraction operations.

I think this surtax is somewhat misguided as well, so certainly I will be voting against the motion, but I believe that what we need to be doing is facing reality. While I can empathize with people paying these higher gasoline prices at the pump—and I am one of them—we need to understand that the days of low energy prices are over, regrettably. We have to look at the situation in Canada as well. We have to realize and appreciate that gasoline prices in Canada do not even come close to what one would pay at the pumps in Europe. We are blessed in that sense.

Of course the pricing is highly volatile, and I think that is what makes Canadians angry. They see the volatility and the pricing change over the long weekends. That is a function of supply and demand. Of course we know that over the long weekends there is going to be more demand for gasoline. The supply constraint is there, so prices go up. It is not exactly rocket science. It is economics 101.

We should be looking at alternative energy and alternative fuels. The government announced something with respect to methanol, biodiesel and biofuels, which is a start, but it was announced in the context of reducing greenhouse gases, and we know that the contribution to greenhouse gas reduction from biofuels is very minimal. It is true that the output from a car or a truck that uses ethanol is cleaner, but with all the technology today in cars and trucks it really is a marginal improvement in the noxious emissions. Biofuels are good in terms of agricultural policy, but in terms of greenhouse gases I think the benefit is minimal. In terms of clean air, I think the benefits are minimal as well.

We should be looking at alternative energy like hybrid fuels. I hope the government brings in an incentive to bridge the gap between the price of a hybrid vehicle and the price of a conventional vehicle. We know there is quite a spread in the prices. For many

Canadian citizens it is hard to come up with \$8,000 or \$10,000 more to get a cleaner fuel in their vehicle. That is where I think the federal government could play a role in providing either a bridging grant or a tax credit to help Canadians move to hybrids. There are many other technologies.

I see that my time is up temporarily, until after question period, and I will continue after that.

• (1400)

**The Acting Speaker (Mr. Andrew Scheer):** The hon. member will have a minute and a half after question period to finish his remarks.

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## STATEMENTS BY MEMBERS

[English]

### ABBOTSFORD HAWKS

**Mr. Ed Fast (Abbotsford, CPC):** Mr. Speaker, I wish to express congratulations to the Abbotsford Hawks, our Triple A Bantam hockey team that recently won the western Canadian championship. The Hawks defeated the Medicine Hat Hounds, the Winnipeg Sharks and the Martensville Marauders to take the gold.

Special recognition goes to three Hawks players who earned spots on the tournament all-star team. They are tournament MVP Kellan Tochkin, top goaltender Nathan Lieuwen and top scorer Riley Boychuk.

What is more amazing is that these all-stars, along with teammates Mike Cassivi, Ryan Kowalski, Scott Ramsay, Jeff Regier and Joel Rogers, have all been drafted into the Western Hockey League. What an incredible accomplishment for our young men from Abbotsford.

Of course I must give very special recognition to head coach Troy Campbell, who brought home the western championship to Abbotsford for the very first time.

Abbotsford looks forward to seeing many familiar faces in the NHL in the very near future, and we say, “Go, Hawks, go”.

\* \* \*

### GOVERNMENT POLICIES

**Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.):** Mr. Speaker, the 100 days of “harpocracy” continue.

Number 51, refusing to lower the flag in honour of our fallen soldiers.

Number 52, insulting the families of our fallen soldiers by banning media coverage of the repatriation ceremonies.

Number 53, muzzling the Chief of Defence Staff, General Hillier.

Number 54, stopping the acquisition of urgently needed tactical airlift to replace our Hercs.

Number 55, breaking promises for icebreakers for the Arctic.

*Statements by Members*

Number 56, compromising the legal protection of our soldiers by ordering them to operate in conflict outside the Geneva convention.

Number 57, cutting funding to Hamas but not allowing these funds to get to the Palestinian people.

Number 58, having foreign dignitaries greeted with latex gloves and body searches.

Number 59, playing politics with the lives of our soldiers by demanding a vote on an Afghan mission with less than two days' notice and six hours of debate.

Number 60, the Prime Minister asking for that debate and saying that it did not matter what the House decided, he was going to extend the mission anyway.

\* \* \*

[*Translation*]

**RICK GAMBINO**

**Ms. Meili Faille (Vaudreuil-Soulanges, BQ):** Mr. Speaker, I want to recognize the exemplary contribution by Rick Gambino, a boy from my riding who for months has been working to collect money for Opération Enfant Soleil, an organization that helps young patients in Quebec. I am especially proud of the values of this nine year old boy.

For everyone's pleasure, our young and talented Rick Gambino will play a piece on the piano live on TVA, June 4, at 7 a.m., on the 19th Opération Enfant Soleil telethon.

The telethon appeals to people's generosity, but it is also a message of hope for all young people in Quebec. I remind you that contributions go to the four university hospitals in Quebec and to organizations working with young patients.

Through the generosity and encouragement of Quebeckers, this adventure in sharing will be a success.

Thank you for helping us bring sunshine to the lives of children.

\* \* \*

[*English*]

**FOREST INDUSTRY**

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Mr. Speaker, my riding of Nanaimo—Cowichan has survived and thrived because of the logging industry. Generations of workers made their living from our forests, yet that is changing.

When I drive home, I pass a sign hanging high in the trees that says, "Ban Raw Log Exports". Since 2001, forest companies have exported over 19 million raw logs from British Columbia and have given pink slips to 17,000 workers. In the Cowichan Valley, the Youbou Timberless Society has counted a hundred loaded logging trucks leaving the valley daily.

Exporting raw logs exports jobs. Mills are closing all over Vancouver Island.

The workers are not going to sit back and let this happen. They are consulting with everyone the government will not talk to. First nations, environmental groups, and labour and industry representa-

tives have formed the forest solutions coalition to develop a long term plan to have the forest managed by local communities and first nations.

I support the work of the coalition and encourage the government to adopt its ideas as a solution to the crisis the logging industry faces today.

\* \* \*

[*Translation*]

**APPALACHES SCHOOL BOARD**

**Mr. Christian Paradis (Mégantic—L'Érable, CPC):** Mr. Speaker, I would like to take a few moments to tell you that the Appalaches school board, in my riding of Mégantic—L'Érable, is celebrating the centenary of its inception with the theme, "One hundred years of school, one hundred thousand projects".

To celebrate, the members of the centenary's organizing committee are offering a panoply of exciting activities for students, staff and the public at large.

In celebration of this historic moment, various competitions will be held, including one highlighting the artistic and public speaking talents of our young people, which will be held in the primary and secondary schools. It will be a project all students in the area will find both stimulating and enriching.

The Appalaches school board is a major and active player in the region's development, and I am proud to point that out. Needless to say the school board's centenary provides a wonderful opportunity to recognize all that is being done in the field of education in our region.

The major centres have nothing over our region.

A thank you to all who have contributed in any way to organizing this hundredth anniversary.

\* \* \*

● (1405)

**GOVERNMENT POLICIES**

**Mr. Marcel Proulx (Hull—Aylmer, Lib.):** Mr. Speaker, over 100 days of "harpocracy".

Number 61: show lack of respect toward the democratically elected Premier of Ontario.

Number 62: force the provinces to renegotiate workforce partnership agreements.

Number 63: provide no infrastructure funding to expand the diversion canal in Winnipeg.

Number 64: remain silent about the \$55 million required for the 2010 Olympics.

Number 65: break promise to British Columbia by spreading out over eight years the funding for the Pacific Gateway.

Number 66: breach agreement with Quebec whereby it would have received \$328 million under Kyoto.

*Statements by Members*

Number 67: take over the Liberal 10-year plan to consolidate health care, contrary to the promise to do more.

Number 68: promise to address the wait time problem, but fail to provide funding to do so.

Number 69: remain silent about the election promise to compensate hepatitis C victims immediately.

Number 70: remain silent about New Brunswick, which has stopped providing access to abortion services, contrary to the provisions of the Canada Health Act.

One hundred days of “harpocracy”. One hundred days of shame.

\* \* \*

[English]

**SCLERODERMA**

**Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC):** Mr. Speaker, during the month of June, thousands of Canadians hope to draw attention to a little known but devastating disease called scleroderma. According to some medical experts, it is now more prevalent than MS or MD.

While more has been learned about this disease during the past eight years than in the previous century, more needs to be done to end the suffering of thousands of Canadians. Almost 80% of the sufferers are women, often diagnosed before the age of 50.

Scleroderma can attack internal organs, literally shutting them down one at a time. Other symptoms include weeping ulcers and serious skin deterioration. We can imagine the torture when even the slightest contact or bump against an object can cause serious pain and suffering.

If there is a note of passion in my voice, it is because my own family has had to deal with the devastating effects of scleroderma. My mother passed away from complications of this disease and cancer.

In many communities across Canada this month, there will be walkathons to raise money for scleroderma research. I will be walking for a cure in my riding and I would invite all members to take part in similar walks planned across this country.

\* \* \*

[Translation]

**RENÉ LÉVESQUE**

**Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ):** Mr. Speaker, on May 9, Jean-Marc Labrèche left Montreal to walk 1,250 km to New Carlisle, in the Gaspé Péninsula.

The purpose of this walk is to pay tribute to René Lévesque, the father of Quebec's sovereignist movement. Every day a message is delivered at a public site boasting the merits of this man who was a patriot, a sovereignist, a unifier and builder, and above all a Quebecker.

On June 24, Quebec's national holiday, Mr. Labrèche will arrive in New Carlisle and hoist the fleur-de-lis flag in front of René Lévesque's birthplace.

All Quebeckers are invited to walk with him for a few kilometres to celebrate this renowned son of the Gaspé who said, “We must dare to take hold of Quebec's full freedom, its right to the very essence of independence, in other words, to full control over each and every one of its collective decisions. That means that Quebec must become a sovereign state as soon as possible”.

\* \* \*

[English]

**CONSERVATIVE PARTY OF CANADA**

**Mr. Norman Doyle (St. John's East, CPC):** Mr. Speaker, ours is a government of action. In the first 100 days we have introduced the federal accountability act and tough anti-crime legislation.

We brought in a budget that keeps our election promises.

We have seen the Prime Minister visit our troops in Afghanistan.

We immediately delivered \$755 million for our hard-pressed farmers, with a further \$1.5 billion to come.

We have reached a residential schools agreement and a softwood lumber agreement with the U.S.

We have cut the immigration landing fee in half and introduced a plan to reduce the GST.

We have doubled the pension income deduction for seniors and introduced a choice in child care allowance.

We have given Quebec a formal role in UNESCO.

We have announced an Air India inquiry and reinstated the Gander weather office.

Actions speak louder than words and our actions put truth in our words.

\* \* \*

●(1410)

**GOVERNMENT POLICIES**

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Mr. Speaker, I would like to continue with the government's record in the first 100 days.

Number 71, coining a new term in Canadian politics, “harpocracy”.

Number 72, keeping the public in the dark by muzzling the media.

Number 73, Americanizing Canada.

Number 74, banning government departments from communicating with MPs' offices.

Number 75, abandoning the homeless, with funding for jails but no funding for homelessness.

Number 76, abandoning research and development.

Number 77, no vision for competitiveness to move Canada forward in the global economy.

*Statements by Members*

Number 78, neglecting official language minorities by leaving official languages out of the throne speech and the budget.

Number 79, insulting Canadian judges and the justice system.

Number 80, pigeonholing the diverse needs of Canadians into five oversimplified priorities.

A hundred days of “harpocracy”, a hundred days of shame.

\* \* \*

**SENATE REFORM**

**Mr. Laurie Hawn (Edmonton Centre, CPC):** Mr. Speaker, Canadians have been waiting for Senate reform for generations. This week, instead of just talking about Senate reform, our government took steps to actually implement Senate reform. Yet, the Leader of the Opposition showed the Liberal Party's lack of commitment to fix the democratic deficit by defending its failure to do anything on Senate reform.

Alas, the opposition leader did not seem to get the memo that many in his own party disagree with him, including the Liberal leadership candidate from Saint-Laurent—Cartierville who agreed with the government's proposal for fixed terms and the member for Newmarket—Aurora who said she would appoint elected senators.

Perhaps the member for Etobicoke—Lakeshore will let us know if Senate reform is a Liberal sacred cow to be worshiped or one to be slain. I, for one, and millions of Canadians are eager to know the real Liberal position.

\* \* \*

**KOREAN COMMUNITY**

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Mr. Speaker, I wish to pay tribute today to the 60,000 strong Korean community of the lower mainland. The Korean business community has significantly contributed to economic development in greater Vancouver. Korean cultural institutions have played a major role in the diversity of the region.

The Korean community has issues it hopes this Parliament addresses, such as establishing a permanent memorial for Korean veterans in Central Park on land donated by Burnaby City Council and Mayor Derek Corrigan; providing better business support and immigration settlement services and English as a second language courses; and building a seniors care centre that would allow elderly Koreans to receive the care they so richly deserve within their own language and culture.

The Korean community is also concerned about the continuing human rights violations in North Korea and looks to the government to intervene. I hope the foreign affairs committee will hold hearings on this issue in the fall.

To all members of the Korean community in Burnaby, New Westminster, Coquitlam and elsewhere, we thank them for their rich and profound contribution to our communities and our Canada.

[Translation]

**CONSERVATIVE GOVERNMENT**

**Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, we have had 100 days of “harpocracy.”

Number 81: abolishing financing for the Canadian Unity Council.

Number 82: promising \$300 million to the Canada Council, but only allocating \$50 million.

Number 83: opposing a motion to maintain support for culture at current levels.

Number 84: withdrawing funding for the National Literacy Secretariat.

Number 85: breaking their promise to speed up the foreign credential recognition process.

Number 86: cutting \$145 million from annual funding for the immigration system.

Number 87: calling themselves the party for rural Canada, but not appointing a minister or parliamentary secretary for rural affairs.

Number 88: threatening to dismantle the Canadian Wheat Board and the supply management system.

Number 89: not announcing one cent this spring to help farmers.

Number 90: despite their promises, not having a real plan for biofuel production—

**The Speaker:** The hon. member for Longueuil—Pierre-Boucher.

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**VIEUX-LONGUEUIL RESIDENTS' ASSOCIATION**

**Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ):** Mr. Speaker, 2006 marks the 20th anniversary of the Vieux-Longueuil residents' association.

Since it was founded in 1986, this association has been working to preserve the architectural, heritage and residential character of Vieux-Longueuil's historic district, which Quebec's department of cultural property named a heritage site in 1994.

Their vigilance and energy ensured that many buildings would retain their original purpose, which has improved the quality of life for residents of this impressive district.

On the occasion of its 20th anniversary, I would like to salute the members of the association for their hard work and thank them for their efforts to preserve historical and heritage gems in an important part of the Longueuil—Pierre-Boucher riding.

Congratulations, and long live the Vieux-Longueuil residents' association.

*Oral Questions*

• (1415)

*[English]***GOVERNMENT POLICIES**

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Speaker, more “harpocracy”:

Number 91, abandoning working parents by scrapping the provincial child care agreements.

Number 92, abandoning working parents with a bogus promise to create child care spaces.

Number 93, abandoning working parents with a broken promise that he will not scale back the Canada child tax benefit to pay for his child care allowance.

Number 94, abandoning working parents by cancelling the young child supplement to pay for his child care allowance.

Number 95, abandoning a commitment to create additional child care spaces by offloading the responsibility to businesses and communities.

Number 96, misleading Canadians about our early learning and child care initiative by claiming we did not create a single space, even though he knows we did.

Number 97, abandoning Saskatchewan preschoolers by forcing their junior kindergarten program to the cutting room floor.

Number 98, abandoning Manitoba's special needs children by leaving them to languish on waiting lists.

Number 99, abandoning innovation in Canada by cutting funds to the granting councils.

And number 100, abandoning Canadian students by cancelling direct investment for post-secondary education.

One hundred days of shame.

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**THE ENVIRONMENT**

**Mr. Blaine Calkins (Wetaskiwin, CPC):** Mr. Speaker, Canadians have probably heard reports that the west wants in. Yesterday the premiers of Canada's four western provinces said they want in. They want to be part of the government's made in Canada climate change plan.

Why are they coming on side? These premiers recognize that the government is serious about a plan made in Canada for Canadians. After all, the Liberals failed to come up with a workable plan. This led to emissions rising to 35% above the Kyoto targets they negotiated.

No doubt the premiers feared that if we stuck to the old Liberal Kyoto targets we would have to shut down every car, truck, plane and train in Canada today. The C.D. Howe Institute reported that the old Liberal climate policy would cost at least \$80 million over the next 35 years, without reducing greenhouse gas emissions one iota.

The Conservative environment minister is turning a new leaf on the environment with a commitment to Canadians that money for the environment will be spent in their own backyard.

**ORAL QUESTIONS***[English]***SOFTWOOD LUMBER**

**Hon. Bill Graham (Leader of the Opposition, Lib.):** Mr. Speaker, the softwood lumber agreement is increasingly being perceived by Canadians as good for the American industry and bad for Canada.

This week the Free Trade Lumber Council said the deal guarantees that for the next seven to nine years there will not be free trade in lumber. The U.S. wants managed trade and there is no doubt who will be the manager. Others are telling us that by abandoning our hard won victories under NAFTA the government is also abandoning the very principles of free trade for all Canadian industries.

Will the Prime Minister please tell the House why he is in such a rush to craft a deal that destroys the very underpinnings of our free trade with the United States across the board?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the government concluded a historic agreement that is good for the Canadian industry, widely supported by the Canadian industry, and it gets our trade relationship with the United States back on track.

I can understand why the party opposite would like to undo that because it would like to have an excuse for its terrible decade of economic mismanagement of our relations with the United States, but we are getting those things fixed.

*[Translation]*

**Hon. Bill Graham (Leader of the Opposition, Lib.):** Mr. Speaker, the softwood lumber agreement reached by this government with the Americans is undoubtedly more advantageous for American producers than for Canadian producers. The Prime Minister may call it a historic agreement—it is historic for Americans. But Canadian producers do not see it that way. Several reports by industry experts have now shown this.

Will this government finally acknowledge that it has placed the entire forest industry, and all our exporters, in a difficult position with this ill-fated agreement?

• (1420)

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, under the Liberal government there was \$5 billion of our money in American pockets. Now, there will be \$4 billion in ours. This is why the majority of Canadian and Quebec producers support this agreement. It is a victory for Canada, but a loss for the Liberal party.

*Oral Questions*

[English]

**ABORIGINAL AFFAIRS**

**Hon. Bill Graham (Leader of the Opposition, Lib.):** Mr. Speaker, Canadians will keep asking questions about the softwood lumber deal.

However, it has been brought to my attention today that at the public accounts committee the member for Prince Albert actually stated that aboriginal Canadians live in a Marxist paradise. Members of the House will no doubt recall that Karl Marx famously said, "From each according to his abilities, to each according to his needs".

Where is the ability of this hon. member and what are the real needs of our aboriginal peoples if they are to be treated thus? Given the Prime Minister's distaste for the Kelowna accord, can he tell us what his party means by a Marxist paradise for—

**The Speaker:** The hon. Minister of Indian Affairs.

**Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC):** Mr. Speaker, the hon. member opposite knows full well the very difficult circumstances that the former Liberal government has left to Canadians and left to this administration.

He knows full well the circumstances that relate to social services on reserves: housing and education. This is a legacy of 13 years of Liberal ineptitude and mismanagement. It is something which this government intends to deal with, and we will deal with it in consultation with aboriginal peoples.

\* \* \*

[Translation]

**SOFTWOOD LUMBER**

**Hon. Jean Lapierre (Outremont, Lib.):** Mr. Speaker, the Prime Minister referred to the \$5 billion in Americans' pockets. Experts say that this money will stay in Americans' pockets for at least another year before Canadian producers see one cent of it.

Is the Minister of Industry willing to concede that, in the meantime, we need a program of loan guarantees because, otherwise, producers will go bankrupt?

**Hon. Maxime Bernier (Minister of Industry, CPC):** Mr. Speaker, I am happy to rise today to tell all Canadians that in 80 days, the new government did more than the former government had done in 13 long years. Yes, this is a historic agreement. It was approved by the majority of producers and by all consumers, and it ensures that the forestry industry will have a future under this government.

**Hon. Jean Lapierre (Outremont, Lib.):** Mr. Speaker, I hear the minister say that all is well. He just has to go into all the communities that depend on the forestry sector to see that nothing is working. This agreement has not put a single cent into company coffers and will not until a year from now.

Does the minister think that the companies can wait that long?

**Hon. Maxime Bernier (Minister of Industry, CPC):** Mr. Speaker, I would invite my hon. colleague to come to Beauce, where our forest industry is working very well and is very

productive. The people in Beauce, like all forest producers in Canada, are very happy with this agreement.

Why are they happy? Because we have guaranteed all Canadian producers access to a free market with no duties or quotas. We have guaranteed a prosperous future for all forest industry workers.

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**PRICE OF GASOLINE**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, in 2005, the oil industry as a whole made net profits of \$28 billion, which is an increase of 59% compared to 2003. Between 2005 and 2008, the oil companies will have their taxes reduced by 65% thanks to the tax benefits offered by the former government that were enhanced by the current government.

Can the Prime Minister explain why he felt the need to reduce taxes for the oil companies, like the Liberals did, when they are enjoying exorbitant surpluses and do not need such a generous gift?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, that is not accurate. This government has not approved a reduction in special subsidies for the oil industry. We have cut taxes for all Canadians and for all the industries, including consumers who have to deal with the challenge of the price of gasoline. That is why we reduced the GST.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, we are talking about a 1% cut for taxpayers and a 65% cut for the oil companies.

The government's position is rather contradictory. On one hand it refuses to help bicycle manufacturers that are being threatened by competition from China, saying consumers should benefit from the best market price. On the other hand, the government is subsidizing oil companies that do not need any help.

Since the government is so concerned about the consumer when it comes to the price of bicycles, why not be equally concerned when it comes to the price of gasoline?

● (1425)

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, let us be clear. This government established the same tax rates for all industries in Canada. There is no exception.

The Bloc Québécois is making an issue of it in order to hold a debate pitting one region against another. That is what the Bloc Québécois does here.

What we do here is govern the country in the interest of all Canadians and all Quebecers.

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, what is certain and what is hurting Canadian consumers most are the profits made by the petroleum companies thanks to the refining margins. And refining has nothing to do with international pricing; it has everything to do with the government's incompetence.

Will the government admit that the profits the petroleum companies make on the refining margins are responsible for more than 50% of the recent increases in gas prices? That is simply unacceptable.

*Oral Questions*

**Hon. Maxime Bernier (Minister of Industry, CPC):** Mr. Speaker, my hon. colleague must know that the price of gas is set on international markets and that is what is important. It is the free market that causes prices to fluctuate.

In fact, the price of gas is a little higher today than it was a few days ago. However, according to historic data, in the 1980s, the price of gas in today's dollars was even higher than it is today.

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, the petroleum companies' profits are made on refining margins, and the federal government is responsible for this because it has not amended the Competition Act.

The government must understand that its failure to act and its lenience toward petroleum companies allow them free rein to rake in billions of dollars in profits at the expense of consumers. Why are the petroleum companies not concerned? Because the government is doing nothing and does not care about consumers, leaving them hostage to the petroleum companies.

Will this government have the courage to admit this is true?

**Hon. Maxime Bernier (Minister of Industry, CPC):** Mr. Speaker, the hon. member must know that, on two occasions in 2003 and 2005, the same parliamentarians voted in committee to the effect that there was no collusion in gas pricing in Canada and that the free market was functioning well. On six occasions, the Competition Bureau also decided, upon investigation, that the free market was working well in the Canadian petroleum sector.

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[English]

**THE ENVIRONMENT**

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, a groundbreaking study released today shows that the Government of Canada is failing to protect Canadians from toxic compounds. The diseases caused include cancer, developmental disorders and respiratory disease. The most alarming thing in this study is to find that the children very often have higher levels of contamination in their bodies than their parents. We should all be concerned about this.

Will the government continue the Liberal practice of allowing our children to be poisoned or will it take strong action?

**Hon. Rona Ambrose (Minister of the Environment, CPC):** Mr. Speaker, I can assure the House that this government will not continue on with the Liberal practice.

My office has been working closely with Dr. Rick Smith from Environmental Defence. The House might be interested to know that the Minister of Health and myself have offered to participate in a study to raise the profile of the toxins in our children's blood and to take some measures to address those.

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, if the Prime Minister and his government cared so much about this issue why did they vote against an NDP motion to ban toxic pesticides just two weeks ago? Actions speak louder than words.

These parents volunteered for this study and they are horrified at the level of toxicity in their children's bodies.

The Prime Minister has an obligation to make industry accountable, to establish timelines and to regulate the toxic chemicals and eliminate them. Will he or will he not do it?

• (1430)

**Hon. Rona Ambrose (Minister of the Environment, CPC):** Mr. Speaker, it was this Prime Minister who agreed to open up the Canadian Environmental Protection Act for review by the environment committee which the Liberals held off doing for over a year. This is the act that environmental groups want to see amendments brought forward on to ensure we address these important issues. It is actually the NDP members who are collaborating with the Liberals to hold up that review in committee.

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**SOFTWOOD LUMBER**

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Mr. Speaker, the Commons standing committee heard alarming testimony from softwood lumber representatives this week regarding the softwood lumber deal with the U.S. Lumber producers and manufacturers expressed serious misgivings about the wayward deal. They say that it will put them in the wood chipper. In fact, they say that their input was ignored by the Conservatives.

My question is for the Prime Minister. Why was this deal pushed through by threats and intimidation? Why is the Conservative government selling out our softwood lumber industry?

**Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, memories are short over on that side of the House because it was not very long ago when members of that party were prepared to accept a deal that was significantly inferior to the one we established in the recent negotiations.

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Mr. Speaker, that is nonsense. The deal the government made will only protect producers for one month. At today's prices this sweetheart deal means our producers will pay a 10% duty and, if prices fall further, a 15% duty will come in along with volume caps. This is not free trade and it is not fair trade.

Will the minister consult properly with the stakeholders before the ink is dry on this bad deal for Canada?

**Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, I wonder if the hon. member, who is from Atlantic Canada, realizes that Atlantic Canada is completely exempt from any protectionist measures going forward. He will have a very good time defending his position if this deal falls through.



Consultations are ongoing. We are exchanging documents with the United States. We are consulting with industry. We are going to get this deal right. This is not a make work program for lawyers, which is what those guys seem to want.

**Mr. Blair Wilson (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.):** Mr. Speaker, when the trade minister was a Liberal he used to brag about getting tough and taking numbers. Now that he is a Conservative all he does is take dictation for the American lumber industry.

The softwood lumber deal, negotiated by the head butler for the U.S. lumber lobbyists, permanently weakens Canada's right to free trade under NAFTA. It makes a sham of our legal victories and hands Canada's sovereignty over to the U.S. Even the U.S. trade lawyers think Canada was suckered.

Why is the Conservative government so focused on signing a deal that is only good for Americans?

**Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, the hon. member might just want to sit around his cappuccino bars in West Vancouver and not go out to the communities where people are trying to make a living in the softwood lumber business. Those people are being hurt by continued litigation and continued trade wars.

This government and this Prime Minister have brought certainty, stability and some sense of a future for the softwood lumber industry.

• (1435)

**Mr. Blair Wilson (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.):** Mr. Speaker, at least I can leave Ottawa and go back to Vancouver.

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

**The Speaker:** Order, please. We are going to proceed with the question at once.

**Mr. Blair Wilson:** Mr. Speaker, Canada needs someone with the strength of a redwood on this file, not a twig. This duck and hide minister is intent on leaving our industry in turmoil.

The market conditions for this deal have drastically changed in just one month. The very future of our industry is under economic jeopardy.

Will the minister allow our industry to be fleeced by the American lumber bullies or does he not have the backbone to stand up to the Americans?

**Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, I wonder if the hon. member will be prepared to stand and shoot off his mouth when this industry falls back into turmoil, which is what will happen if we are unable to finalize this agreement. The softwood lumber industry would be back in the tank, lumber markets would decline and we would have more duties and more tariffs. He does not know enough about the business to realize what he would be doing to British Columbia.

### Oral Questions

[Translation]

#### EMPLOYMENT INSURANCE

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Mr. Speaker, even though the Parliamentary Secretary to the Minister of Human Resources and Social Development and the minister responsible for regional development both confirmed yesterday that pilot project no. 6 would be replaced, this is still all very vague. There have been no details forthcoming.

Will the government tell this House how this new project will work, which regions will be involved and for how long, and which workers will benefit?

[English]

**Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC):** Mr. Speaker, as the member remembers, I had such a loud applause yesterday that I had no time to finish what I was going to say. I would like to say that we are committed to exploring solutions to address the unique needs of the seasonal workers.

We will continue to provide up to five additional weeks of EI benefits in regions included in the original pilot where the unemployment rate continues to be relatively high. This is an interim measure.

The government's priority continues to be to help Canadians participate in the labour market.

[Translation]

**Mr. Yves Lessard (Chambly—Borduas, BQ):** We are no further ahead, Mr. Speaker. It is all very vague.

It is difficult to understand why the Minister of Human Resources and Social Development did not take advantage of this announcement to put in place at the same time an income support program for older workers who fall victim to mass layoffs.

How can the minister justify not acting on this when there is a commitment to that effect in both the Speech from the Throne and the budget?

[English]

**Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC):** Mr. Speaker, that is right, it was addressed in the throne speech, but more important, it was addressed in the budget as a feasibility study, which is the prudent thing to do.

\* \* \*

[Translation]

#### BANKRUPTCIES

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, yesterday, the Minister of Labour stated that Bill C-55, which protects the salary of workers in the event of their employer's bankruptcy, could not be brought into force because it is running into technical problems. There are two parts to this legislation: the overhaul of the Bankruptcy Act and the creation of a program to help workers.

*Oral Questions*

Could the Minister of Labour confirm for us that the technical problems are found essentially in the part on the Bankruptcy Act and tell us whether the part on assistance for workers can be brought into force now?

**Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC):** Mr. Speaker, I thank my colleague for her question.

I want to again remind this House that the vote to pass the bill protecting the salary of employees when a company goes bankrupt was unanimous. However, to adopt the legislation and to bring it into force, we must make technical changes to two acts: the Companies' Creditors Arrangements Act and the Bankruptcy and Insolvency Act. Major technical changes are required to these two acts in parallel. This is the cause of the delay. It is not due to any lack of desire on our part.

**Mr. Robert Vincent (Shefford, BQ):** Mr. Speaker, the program of help for workers is needed urgently. In Granby, in my riding, the company C-Plast has gone bankrupt, thus depriving its employees of their holiday pay.

Would the minister consider implementing this program as of the date of Royal Assent, which was November 25, so that workers in the riding of Shefford could recover their money?

• (1440)

**Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC):** Mr. Speaker, after MPs adopted this bill, it was sent to the Senate. At the time of Royal Assent, the members of the Senate asked to see, before the act came into force, the technical changes that would be made to it. This is the reason for the work we are doing now and have been doing since we arrived, which involves making technical changes to the two acts I mentioned earlier.

\* \* \*

[*English*]

**SOFTWOOD LUMBER**

**Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.):** Mr. Speaker, at recent standing committee hearings, witnesses condemned the softwood lumber deal as a sellout. Committee members heard how 20% of Canada's sawmills would close, how the deal would impede free trade and that NAFTA, along with our industry's right to control its own practices, would be undermined.

The president of the Ontario Forest Industry Association was quoted as saying, "We expect to suffer—and suffer a lot—under the terms as now written".

Will the Prime Minister please stand up for Ontario's forest companies and negotiate a commercial agreement and not a complete surrender?

**Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, I am a little surprised at the hon. member. He comes from northern Ontario and he knows that the softwood lumber industry and the forest industry generally in his part of the world have shed thousands of jobs in the last few years, much of it because of the very softwood lumber dispute to which this

government has a solution. He ought to get behind it, support it, support the workers in the softwood lumber industry, support the rejuvenation of the forest industry and get back to work instead of playing political games.

**Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.):** Mr. Speaker, I would lay off the cappuccino instead of the lumber workers.

If this is a good deal, why are the best legal and business minds in Canadian forestry condemning the agreement as a sellout? Why are they saying the agreement puts the survival of our industry at risk? It is not too late to salvage at least something of value for Canadian lumber exporters.

Will the Prime Minister gather some Canadian pride and fortitude instead of waving the white flag for his July photo op with his Republican mentor? Will he listen to the legitimate concerns put forth by our lumber industry and negotiate a deal that serves the interests of our industry? Will he finally stand up for Canada?

**Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, the major producing provinces are supportive of this agreement. The vast majority of the lumber producers in our country are supportive, albeit there are some lawyers who have made a darned good living off this trade dispute who do not support it. There are a few association heads who are in the same boat.

However, the people who have to meet a payroll in the softwood lumber business want the stability. They want the predictability. They want the recovery, the transformation and the strength of the softwood lumber industry.

\* \* \*

**FOREIGN AFFAIRS**

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Mr. Speaker, during a March 1 visit to Canada by his Mexican counterpart, our Minister of Foreign Affairs was told that the Mexican government wanted to assure Canadians that there would be a complete, transparent, open and very professional investigation into the murders of Nancy and Dominic Ianiero.

The murders occurred over three months ago. We still have no knowledge of who was responsible or if anyone has ever been brought or has been suggested to be brought to justice for this horrific crime.

Would the Minister of Foreign Affairs inform the House if he has raised any concerns with foreign minister Derbez about the lack of results in finding and prosecuting the killer or killers who were responsible for this horrific crime?

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, I have in fact had an opportunity to speak with my counterpart in Mexico on this issue on a number of occasions.

As the member opposite should know and would know, these criminal investigations take a long time. They often involve extensive investigations both inside and outside the country. There are police matters which another country cannot impose its will upon.

I would ask the hon. member to be helpful in this case rather than trying to draw publicity to himself, as is his wont.

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Mr. Speaker, the hon. member may impugn any type of motive he wants, but the reality is the minister has failed to put pressure on and to ask consistently of the minister of foreign affairs of that country the standing of that investigation. What the minister has done amounts to an abject failure.

The question has to be put to the minister. Dominic and Nancy Ianiero and their family deserve answers. Could the minister, at this time, take this matter more seriously and put pressure on the Mexican government to devote more energy in locating the person or persons responsible for these brutal murders and stop playing politics with this very important and serious issue?

• (1445)

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, the old phrase of the pot calling the kettle black certainly comes to mind when I hear that member suggesting that somehow somebody is playing politics with this matter. This is a serious matter. There are two individuals whose lives have been snuffed out senselessly in an extreme act of violence while they were in Cancun.

Standing up in the House of Commons and trying to draw attention to himself is not going to help catch the killers of the Ianiero family.

\* \* \*

#### CORRECTIONAL SERVICE OF CANADA

**Mr. James Bezan (Selkirk—Interlake, CPC):** Mr. Speaker, under the past Liberal government, Canada's corrections officers were doing their own hard time for four long years without a labour contract. The former government dithered and failed to act in good faith in the negotiations.

Former Treasury Board President Reg Alcock seemed more intent on bullying and intimidating the union members than on getting a deal done. Our corrections officers deserve better.

What has the new Treasury Board President done for our corrections officers during the four short months this Conservative government has been in power?

**Hon. John Baird (President of the Treasury Board, CPC):** Mr. Speaker, while some frontbench members of the Liberal Party were canvassing kindergarten classes, shaking down young children for campaign donations, this team was hard at work providing good government to the country.

I am pleased to announce that this team has come to an agreement with our correctional service officers to recognize the hard work that they do and reward them with a contract to ensure they continue to do the important job that they do.

#### Oral Questions

#### ABORIGINAL AFFAIRS

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Mr. Speaker, for months the people of Kashechewan have tried to work with the government to implement the agreement for a new community on safe ground. They have supplied study after study and they have jumped through hoop after hoop. Yesterday they were told that there was no money, that there was no plan and that there was no political recognition of an agreement signed by the Government of Canada.

I have one question for the minister before a single refugee flies home to that rathole on the coast. Will he stand up in the House and tell the people of Canada that he respects an agreement that was signed by the Government of Canada and the people of Kashechewan First Nation?

**Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC):** Mr. Speaker, I have met with the hon. member and we have discussed this matter.

It saddens me to say to the House that this is yet another example of a broken Liberal promise. Despite promises made by the previous Liberal administration and the previous Liberal minister, no money was set aside in the budget for the relocation of Kashechewan. It is shameful that the previous Liberal government would have resorted to misleading the people of Kashechewan with empty promises and with no money set aside in the budget.

We will deal with this situation.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Mr. Speaker, he can blame anyone he wants. He has had ample opportunity to find the money and come up with a plan. He has done nothing.

I would like to read into the record today what the member said in the House. He said Canadians were "sickened by the squalor of Kashechewan...the third world squalor, filth and poverty...their children with scabies".

The people of Kashechewan met with the Minister of Indian Affairs, they begged for his help and he did nothing. These are the man's words. These are the words by which he and his party will be judged.

**Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC):** Mr. Speaker, all Canadians have seen Kashechewan and all Canadians have been saddened by what they have seen.

I have met with the hon. member. I have met with the Chief of Kashechewan and representatives of the community. We have engaged in a discussion about a relocation of the community.

The point I simply wish the House to understand today is that the previous government promised to relocate the community and it included no money in the fiscal framework, not a dollar to relocate that community; more empty Liberal promises.

*Oral Questions***FOREIGN AFFAIRS**

**Mr. Mario Silva (Davenport, Lib.):** Mr. Speaker, Canada has yet to ratify the Optional Protocol to the Convention Against Torture. The convention needs 20 countries to ratify it. We had hoped that Canada would be one of the first to do so.

In the recent election, the Conservative Party promised in its campaign that it would ratify the convention. When will the Conservatives live up to their promise and restore Canada's reputation on the international scene?

• (1450)

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, like so many files, we are working very hard to re-establish Canada's position on the international scene. That means taking decisions at the United Nations, not acquiescing or staying neutral on a number of important cases.

We are following this issue very closely. We are working with international partners and we are forever taking positions where the previous Liberal government sat on the sidelines, carping and harping and doing nothing.

[*Translation*]

**Mr. Mario Silva (Davenport, Lib.):** Mr. Speaker, let us be clear: torture is unacceptable.

The government promised to ratify this protocol. Why is it now refusing to do so? Why is torture not a priority for the Prime Minister?

[*English*]

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, it is obvious that torture is one of a number of important issues before the United Nations. A human rights council is being set up to deal specifically with issues like torture, to deal specifically with issues like small arms proliferation. These are exactly the types of examples where Canada will be taking strong positions and making representations when that body is fully functioning.

United Nations reform is another area where Canada is playing a significant role right now.

**Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.):** Mr. Speaker, the government does not have a foreign policy. Questions on aid to Kandahar go unanswered. International treaties on the abolition of torture go unsigned. The lives of our troops are used as political pawns and cases of Canadians who have been killed overseas continue to grow and continue to be neglected.

When will the government add foreign policy to its five priorities and give Canada some direction of where the government is going on the international stage?

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, it is amazing, coming from that member, to suggest that this government has no positions on foreign policy. The problem is that the members opposite have no foreign affairs critic, if this is the approach he is going to take. He is reminding us daily, and we have seen his political record, that if we do not like his principles, if we do not like his positions, stick around, he has others.

**Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.):** Mr. Speaker, I am glad we had such a clear answer to my question.

What have we heard on UN reform? What have we heard from the government on the international arms treaty that is taking place in the very near future? We have heard absolutely nothing.

The world is more than five priorities. My question for the government is simple. When will foreign policy be a part of the government's five priorities?

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, let me give one firm example of where this government has taken a strong position. Unlike the member opposite, this government stands firmly behind the Canadian troops, working for the health, welfare and stability of people in Afghanistan, unlike that member.

\* \* \*

[*Translation*]

**CANADA POST CORPORATION**

**Ms. Christiane Gagnon (Québec, BQ):** Mr. Speaker, at committee today, Canada Post's president told us that the decision to close down the postal sorting station in Quebec City was a business decision that did not take into account any regional equity factor.

Do the minister responsible for Canada Post and Conservative members from the Quebec City area agree with Canada Post's president, who confirmed this morning that she could not care less about regional equity?

**Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC):** Mr. Speaker, as we know, Canada Post is responsible for delivering mail to Canadians. Equity is not the issue here. What is expected of Canada Post is timely delivery. It is expected to be an efficient organization which plays a role in the community and is, of course, sensitive to its needs, while fundamentally giving Canadians the assurance that it is doing its job.

**Ms. Christiane Gagnon (Québec, BQ):** Mr. Speaker, Canada Post's president also confirmed to us that she did not have any rationalization plan. She was unable to tell us whether or not impact analyses had been conducted, regarding the Quebec City area in particular, before closing down the sorting station in Quebec City.

Unless he has given up on this issue, could the minister responsible for Canada Post at least make sure that a moratorium is imposed while such analyses are carried out?

*Oral Questions*

**Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC):** Mr. Speaker, I find it strange that, this morning, the member have every opportunity to ask questions of Canada Post's management; yet, knowing full well that she could not get answers to these questions, she is coming here seeking other answers. The answers she is looking for rest with the people at Canada Post.

\* \* \*

● (1455)

[English]

**FEDERAL ACCOUNTABILITY ACT**

**Hon. Stephen Owen (Vancouver Quadra, Lib.):** Mr. Speaker, the Minister of Justice knows that he has the responsibility to ensure that all legislation put before this House by the government is constitutional. He also knows that the Law Clerk and Parliamentary Counsel has tabled a legal opinion that certain sections of Bill C-2, the accountability act, are unconstitutional. Some accountability.

Will the Minister of Justice please assure this House that he has a legal opinion that all sections of the accountability act are constitutional, and in particular, do not encroach upon the constitutional autonomy of this House and its members, and will he be accountable by tabling that opinion?

**Hon. Vic Toews (Minister of Justice and Attorney General of Canada, CPC):** Mr. Speaker, I understand that the Law Clerk will appear as a witness before a committee. We believe it is important that the Law Clerk provide testimony to explain the issues that he has raised in his submissions. If members have serious concerns about those issues, they are fully within their rights to bring forward amendments at committee to deal with such issues.

\* \* \*

[Translation]

**PUBLIC SAFETY**

**Mr. Steven Blaney (Lévis—Bellechasse, CPC):** Mr. Speaker, last Tuesday torrential rain caused landslides near La Tuque, Quebec. A roadway sank and a state of emergency was declared. Fortunately, things are returning to normal.

Can the Minister of Public Safety tell us what our government intends to do and if aid will be allocated?

**Hon. Stockwell Day (Minister of Public Safety, CPC):** Mr. Speaker, I appreciate my colleague's concern for his fellow citizens and the difficulties in the La Tuque area. We have a response and recovery program under the Disaster Financial Assistance Arrangements. Thus, if the government of Quebec requests federal financial assistance and program criteria are met, the federal and Quebec governments will share the costs.

\* \* \*

[English]

**POVERTY**

**Mr. Tony Martin (Sault Ste. Marie, NDP):** Mr. Speaker, the United Nations has recently condemned Canada for neglecting its poor. In its report it blames the previous Liberal government for the growing gap between the rich and the poor.

Aboriginals, young people, single mothers, new Canadians, people with disabilities and women are all at risk of falling below the poverty line.

How much longer will the government tolerate this international shame before it does something to reverse this trend that sees more and more Canadian people falling deeper and deeper into poverty?

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, I agree with my hon. friend's opening assessment of where the blame lies.

This government in 100-plus days has already taken important steps to assist Canadians with the everyday struggles they face. Certainly having more money in their pockets and making more decisions for themselves, whether it be in the area of child care, whether it be in the area of spending in their own communities, are steps that are going to help address the important issues that stem from poverty.

Trying to eradicate poverty clearly is going to be an effort in which we are all engaged within this government. We are working very hard in that area. I can assure members that the Prime Minister is taking important steps in that direction.

**Mr. Tony Martin (Sault Ste. Marie, NDP):** Mr. Speaker, as one of the richest countries, it is nothing short of shameful that the federal government can find billions of dollars to subsidize the profitable oil industry, but it cannot find a penny to eradicate poverty.

Reports out of Sault Ste. Marie and Toronto state that over one-third of low wage earners are now living in poverty. When will the government table a plan to address these scathing reports, or does the minister believe that making poverty history in Canada can just wait another generation?

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, I would suggest that the government has already in a very short time demonstrated compassion and a commitment toward eradicating poverty. We have taken important steps to put money back into people's pockets and in their communities with programs aimed specifically at helping people with the struggles that they face in their day to day lives.

Giving people back their own money is an approach the Conservatives believe very strongly will help those in this country. We will continue to move in this direction.

\* \* \*

● (1500)

[Translation]

**BILL C-2**

**Mr. Brian Murphy (Moncton—Riverview—Dieppe, Lib.):** Mr. Speaker, the Minister of Justice must warrant that every government bill is constitutional. The law clerks of the House of Commons deem that Bill C-2 is not. It is not important to have his opinion of the opinion provided by the law clerks of the House of Commons.

*Business of the House*

If the minister has done his job properly, why does he refuse to submit to this House the legal opinion which leads him to state that the bill is constitutional?

[English]

**Hon. Vic Toews (Minister of Justice and Attorney General of Canada, CPC):** Mr. Speaker, we do know one thing, and that is that party over there will do absolutely everything to stop a bill respecting accountability.

What I can say is that we received the opinion from the Law Clerk. The committee has asked the Law Clerk to come to committee. The members opposite are entitled to ask questions in that respect.

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**FIREARMS REGISTRY**

**Mr. Garry Breitkreuz (Yorkton—Melville, CPC):** Mr. Speaker, first, the Liberals incorrectly claimed that the long gun registry would cost a mere \$2 million. We now know that it is \$1 billion in direct costs only. They tried to keep the escalating costs of the registry hidden from Canadian taxpayers.

We have heard from the Auditor General and senior bureaucrats that the Liberals deliberately hid millions of dollars from Parliament.

Can the Minister of Public Safety tell us how this government will do things differently?

**Hon. Stockwell Day (Minister of Public Safety, CPC):** Mr. Speaker, it is important to recall that just a few short years ago, while the member for Yorkton—Melville was raising the issue of overruns with the long gun registry he was being scorned and ridiculed by the Liberals as being out of touch with reality. Now the Auditor General has confirmed what the member for Yorkton—Melville has said and what we have said, that while he was raising these concerns, the federal Liberals in high places were conspiring to hide those overruns from Canadians and in contempt of Parliament.

We will go after that. We do want to find out who is responsible. At the same time, we will take the savings from the long gun registry and create safer communities and protect us from gun crime.

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**TOURISM INDUSTRY**

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, yesterday the Minister of Industry finally awoke from his 100 days of slumber to participate in the debate about passport issues and the effect on tourism.

In his response he blamed the previous administration and also the former minister of industry, who is now sitting with him on his own bench. The old saying goes that if you buy the dog, you get the fleas that come with it.

I want to know from the Minister of Industry, does he consult with the former minister of industry who is now with him in caucus about the fact that they did nothing and he is doing nothing right now? Is that the strategy, to consult with his own?

[Translation]

**Hon. Maxime Bernier (Minister of Industry, CPC):** Mr. Speaker, as Minister of Industry, I am very proud and very pleased to work with the Minister of International Trade. He is an important asset to this government. The proof of this is the agreement that was reached on softwood lumber. This agreement is a tremendous success for Canada and for workers, and we owe it to the Minister of International Trade and the Prime Minister.

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**NATIONAL REVENUE**

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, the Government of Quebec has announced that it will relinquish the \$24 million in taxes owed by Vincent Lacroix and use the money to compensate the people who were defrauded in the Norbourg case. We know that Vincent Lacroix also owes the federal government \$12 million.

Does the Minister of Finance intend to follow Quebec's example, relinquish its \$12 million and use the money to compensate the people in Quebec who were defrauded by Norbourg?

[English]

**Hon. Carol Skelton (Minister of National Revenue and Minister of Western Economic Diversification, CPC):** Mr. Speaker, the hon. member has raised a question that is currently before the courts. We are looking into the situation and it would be inappropriate for me or any member of this government to comment on the issues of individuals involved in this matter.

\* \* \*

**PRESENCE IN GALLERY**

**The Speaker:** Order. I would like to draw to the attention of hon. members the presence in the gallery of the Hon. Harry Van Mulligen, Minister of Government Relations from the Legislative Assembly of Saskatchewan.

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

\* \* \*

● (1505)

**BUSINESS OF THE HOUSE**

**Hon. Ralph Goodale (Wascana, Lib.):** Mr. Speaker, I would like to ask the government House leader if he could inform the House of his plans for House business for the rest of this week and all of next week.

I would ask him specifically if he could confirm the government's agreement to our suggestion that the House should deal with Bill C-15 on agricultural cash advances by consent at all stages in no more than one hour tomorrow and then send that bill immediately to the Senate for speedy consideration there.

**Hon. Rob Nicholson (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, today the House will continue with the Bloc opposition motion and tomorrow we will be continuing with the debate on Bill C-9, an act to amend the Criminal Code regarding conditional sentence of imprisonment.

*Points of Order*

It was our intention to then begin debate on Bill C-10, an act to amend the Criminal Code requiring minimum penalties for offences involving firearms and to make consequential amendments to that act.

On Monday we will continue with the two justice bills, if necessary.

I hear the hon. member's suggestion with respect to Bill C-15. I would be glad to talk to him about that, but we are looking for the completion of Bill C-9, the justice bill. At the same time, I understand there have been discussions that have taken place between the parties and I hope that comes to some fruition.

Given that the Standing Committee on Finance has concluded its consideration of Bill C-13, an act to amend certain provisions of the budget tabled in Parliament on May 2, 2006, it is my intention to call it at report and third reading stage on Tuesday and Wednesday of next week, and Thursday, June 8 will be an allotted day.

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**PRIVILEGE**

## ORAL QUESTIONS

**The Speaker:** The Chair has notice of a question of privilege from the hon. member for Sydney—Victoria.

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Mr. Speaker, during today's question period, the Minister of International Trade stated that I, being from Atlantic Canada, have no reason to stand in the House and raise concerns about Canada's softwood lumber deal. I take great offence to this statement.

As his critic I represent all Canadians, whether it is at committee or in the House. I will continue to defend all Canadian exporters. I expect an apology from the minister and for him to remove his remarks.

**The Speaker:** The minister will take the hon. member's comments under advisement.

The hon. member for Davenport is also rising on a question of privilege.

**Mr. Mario Silva (Davenport, Lib.):** Mr. Speaker, today during question period the Minister of Environment mentioned that the CEPA legislation, the Canadian Environmental Protection Act, was not moving forward due to the Liberals and the NDP stalling it at committee. I want the minister and the House to be clear that we had in fact all party agreement at committee to move forward with our scheduled agenda to deal with the issue.

**The Speaker:** I am sure that the comments of the hon. member for Davenport are of interest, but I do not think that they constitute a question of privilege.

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**POINTS OF ORDER**

## ORAL QUESTIONS

**Hon. Maria Minna (Beaches—East York, Lib.):** Mr. Speaker, the member for Yorkton—Melville during question period misled the House intentionally as far as I am concerned. He declared that the

Liberals purposely hid money. This is totally unacceptable and not true.

There have been two standing committees. This is totally unacceptable. None of this was proven it was exactly the opposite. The questions were put to the bureaucrats over and over. The information is absolutely not accurate and the member for Yorkton—Melville purposely misled the House. I demand an apology because there are facts on paper. I dare him to read the transcripts of the committee reports, the two of them, and read what the witnesses said.

● (1510)

**The Speaker:** I am sure the hon. member for Beaches—East York has made her point and I am sure the hon. member for Yorkton—Melville, who I believe was the subject of her complaint, will have due regard to what she has said. If he feels it necessary, he will be back to the House in due course and in the interim of course the matter can be looked at.

However, it sounds to me like a matter of debate, but I will of course look at the hon. member's point of order and the comments to which she referred made by the other hon. member, and I am sure he will as well. I hope that we will get back on that one.

The hon. member for Mississauga South has also given notice of a point of order. We will hear from him next.

## PRIVATE MEMBERS' BUSINESS

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, yesterday after question period you made statements for the information of the House relating to private members' business and particularly regarding those that may possibly require a royal recommendation in order to be votable.

I took the opportunity last evening to go through the order paper and reviewed the items on the order of precedence, the first 30, and found that 10 of those bills have been identified by the Chair as possibly requiring a royal recommendation.

This is a little bit alarming. I think there is some concern here and I am certainly concerned. As a big fan of private members' business, I am attempting very hard to find a resolution to protect the opportunity for members of Parliament, particularly these 10, to have a votable item before Parliament.

Mr. Speaker, you stated yesterday and I will repeat it for those members who did not hear it, but the principle here of royal recommendation is that:

This House shall not adopt or pass any vote, resolution, address or bill for the appropriation of any part of the public revenue—

And it goes on, but it is basically spending revenue.

Interestingly enough, Mr. Speaker, you can increase a tax deduction, but you cannot introduce a new subsidy. It is an anomaly which I really think that we ought to consider.

*Points of Order*

Second, I am aware that the vote that would be taken on an item at second reading is not considered a vote for the purposes of that provision under royal recommendation. Even if we were to require a royal recommendation, there would be a second reading vote. It would go to committee. It would come back for report stage and third reading. However, if a royal recommendation is required and is not forthcoming, then the bill would die and there is no third reading vote.

I am also aware that a bill may be repaired at committee or during report stage and also that a minister at any point in the legislative process can come forward. That is not a problem and I believe the member for Scarborough—Guildwood has a bill on international development which I think can be repaired in that fashion.

My concern is that the House and committees will be spending an enormous amount of time dealing with a number of items for which there will never be a vote possible in this place.

I am concerned that some members may want to do that but, and this is the point, there are some members who, had they received earlier notice of the concern of a requirement for a royal recommendation, may have made the necessary arrangements to swap another bill in the same position to allow them at least to have a votable item in this Parliament. I am aware of at least two members who would have done so had they been given that notice.

Mr. Speaker, you also said yesterday:

Should the member decide to proceed with the bill and select it for inclusion in the order of precedence, then, at the beginning of the second reading debate, the Speaker will draw to the attention of the House concerns regarding the royal recommendation. Members may then make submissions regarding the royal recommendation and, if necessary, the Chair will return with a definitive ruling later in the legislative process.

It raises the question of whether or not once we hit private members' business and the bill is called, and the Chair rises to give formal notice that there is a concern about a royal recommendation requirement, the member would, if necessary, then make an argument why it should not be subject to a royal recommendation requirement. This is not clear.

Mr. Speaker, I understand that in the past we may have made your decision or flagged that bill earlier in the day, so that in fact members could have an opportunity to debate it fully and others could participate in the debate on the royal recommendation possibility, but not impinge either on the amount of time available for members to debate their bill or indeed time available for private members' business in total.

I have raised some questions. I have raised them with other parties and there are other members who may want to comment on this. In view of the questions that were raised yesterday by the member for Hochelaga and those that have been raised today by me and I suspect by others, I will be seeking unanimous consent for a motion which will refer these questions and concerns to the Procedure and House Affairs Standing Committee, effectively to protect the opportunity of members to have at least one votable item in a Parliament, and not to have lost it on the matter of royal recommendation.

• (1515)

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, the member for Mississauga South has made some very legitimate points. Certainly, I do not think anyone in the House wants members

to lose an opportunity to bring forward a private member's bill or motion on the basis that they would lose it because of a royal recommendation.

This information was provided yesterday. The Chair made a correct ruling and that is not being disputed. We are trying to deal with what kind of mechanism or process we can agree to, so that members who have bills in the first set of 30 basically are given an opportunity to have some discussion and make some changes.

I agree that the Standing Committee on Procedure and House Affairs would be the place to do that, to work out between the parties a way for members who are affected by the lack of royal recommendation, of which I believe there are 10. Perhaps there could be some accommodation made in the spirit of the Speaker's decision yesterday, but that would ensure that members do not lose their place.

I agree that the discussion should happen, from the point of view of my party, and we would encourage the Standing Committee on Procedure and House Affairs to actually do that and arrive at a sensible solution.

**Hon. Rob Nicholson (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, the hon. member across certainly raised a number of interesting points. However, it seems to me it is incumbent upon the individual who is putting together a private member's bill to ensure the bill itself does not require a royal recommendation. To say, Mr. Speaker, that you only just informed the House yesterday and somehow there is a problem with that, it seems to me the problem is much earlier in the process.

Hon. members can dismiss this and say that it is only a royal recommendation and we should not be worried about the expenditure of money. We are quite worried about committing the Government of Canada to the expenditure of money. That is why the rules are in place. It is incumbent upon members to check it out and ensure that their bill does not have this because those are the rules. It was perfectly appropriate for you, Mr. Speaker, to make a ruling on this as you did yesterday.

The final part of what the hon. member said is that he wants some sort of a change in the rules, so that when a bill is introduced we do not address the concern of whether it is a royal recommendation at that time. We are prepared to live by the rules that have been agreed upon by the parties over the years as they relate to private members' bills and we will raise these matters at the appropriate time. Those are the rules.

If the hon. member wants to change them, there is a process in place whereby we can discuss them and have a look at those things, but we are not going to arbitrarily start changing the rules for members who have made a mistake by including a royal recommendation in their private member's bill.

**The Speaker:** Order, please. There are three things that I think are important in this discussion.



First, this is not a case of a House of Commons rule that requires a royal recommendation. It is a constitutional requirement, and it is one that has consistently been enforced by Speakers in this House. I have no intention, as Speaker of this House, of abandoning the practice in respect of this matter. The Constitution is supported by the Standing Orders of the House that require that there be a royal recommendation before a bill that authorizes the expenditure of public funds can be adopted by this House.

In 2003, as I pointed out in my ruling yesterday, the rules were changed to allow debate on this kind of bill to start and proceed until the third reading stage in the expectation that a royal recommendation might be received by the House in respect of that bill. If one is received, then a vote can be held at third reading. Otherwise the House has had a good debate, but the bill will not be put to a vote and cannot be adopted by the House.

That was the change in the rules that was agreed to in 2003 and that is the change we are living with now, which perhaps the hon. member for Mississauga South does not like, but that is a matter that was agreed to then. If the House wishes to change the rules, that is fine, and I will enforce the rules if the House does so.

Second, members who had bills drafted should have been informed, and my understanding is that they were informed, by the drafting clerks that there would be a potential problem with their bill because it included authorization for the expenditure of public funds. That was the practice adopted in 2003. I have no reason to believe that practice was not followed in respect of the bills that I mentioned yesterday; in other words, that the member involved was informed that there could be a problem with that bill when it came to the House, in that without a royal recommendation, it could not proceed to third reading.

Third, in my ruling yesterday, I invited comments from the House, House leaders or indeed from the Standing Committee on Procedure and House Affairs on how we might review this process to improve it, because the management of this part of it, given the large number of bills that seem to be causing a problem here, may result in some need for address.

I respect the hon. member for Mississauga South's suggestion that the matter be brought up. I urge him to go the procedure and House affairs committee, as I urged yesterday in my ruling, and that the matter be considered there with a view to looking at the practice to see if there could be improvements made. The Chair is always willing to live with changes in the rules. I do so on a regular basis.

I am not in any way suggesting that the point of order the hon. member has raised is out of order, but I think that what we are doing, and what I sought to do in the ruling yesterday, is conform in every respect with the rules we now have in place. The House is free to change those at its whim and fancy, aside from the requirement that this not override the Constitution.

The hon. member for Ajax—Pickering is rising on another point.

### *Privilege*

● (1520)

### PRIVILEGE

MEMBER FOR AJAX—PICKERING

**Mr. Mark Holland (Ajax—Pickering, Lib.):** Mr. Speaker, I rise on a question of privilege that was raised by the Minister of Finance yesterday. Yesterday the finance minister had a question of privilege about a statement I made in the House suggesting that an environmental measure in the budget may benefit his brother's company, Dorset Industrial Chemicals.

My statement was based on an article in the May 12 *Ottawa Citizen*, which noted the company supplies chemicals to the pulp and paper industry that are used in the process of cogeneration. This budgetary measure accelerates the capital cost allowance for equipment using a pulp and paper chemical byproduct called "black liquor" in the cogeneration process.

As a result of this article, I asked the Ethics Commissioner to look into the actions of the minister to see if the code might have been violated. In light of these serious allegations, my enquiry was appropriate.

I have seen the letter from the Ethics Commissioner and the news release issued by the minister and I do not believe they properly address the allegations contained in the *Ottawa Citizen* article. There was never any suggestion that Dorset would itself claim the capital cost allowance, so this was in fact never the issue.

In fact, the Ethics Commissioner's letter states:

Based on the information you have thus far provided my Office, and on condition that your Department can confirm to you that a company such as Dorset would not be eligible to avail itself of this particular budgetary measure, I am of the opinion that you are not in a conflict—

Clearly the Ethics Commissioner's statement is conditional and it is premised on an assumption that was in fact never the issue. The issue is whether or not—

**The Speaker:** Order. I have grave concerns about this matter being raised in this way. When matters are referred to the Ethics Commissioner, members are not to comment on those matters.

This matter was referred to the Ethics Commissioner. The hon. member apparently, from what I have heard so far, is dissatisfied with the answer that came back. It seems to me that the proper course for him at this point is not to raise this matter on the floor of the House but to raise the matter with the Ethics Commissioner.

Getting into debate here is contrary to the practice, as he knows. When a matter is referred to the Ethics Commissioner, it is not to be raised on the floor of the House. In fact, I usually get a letter from the Ethics Commissioner telling me that the matter has been raised with him and therefore I should not permit discussion of that matter here.

I think if the member is dissatisfied with the answer he has received, his argument is with the Ethics Commissioner. It is not here with the minister on the floor. He is free to point out to the Ethics Commissioner facts that he thinks are relevant.

*Business of Supply*

It seems to me that he ought to make sure that avenue is fully exhausted before we are having debates about these kinds of matters on the floor of the House. I know that the question can be asked. It clearly was in this case. I assumed it was asked before the matter was referred to the Ethics Commissioner and the reference was then made. The minister has come back with an answer and tabled it in the House because of the allegation that was made.

I do not know the exact order of all these things, but I am concerned that getting into this kind of debate about members' personal financial affairs, when there is an avenue for doing this outside the House and that is by an independent person who makes these adjudications, is only going to get us into severe difficulty. I urge the hon. member to take the matter up with the Ethics Commissioner.

I know that the minister yesterday asked for an apology. It is clear that he is not going to get it today from what I am hearing so far, but I would rather have the matter resolved properly there than have endless debate about it on questions of privilege in the House which the House cannot resolve and is unlikely to resolve in the circumstances.

The hon. member for Ajax—Pickering.

• (1525)

**Mr. Mark Holland:** Mr. Speaker, in fact the question was raised by the finance minister. He quoted specifically from a letter that had been sent out from the Ethics Commissioner and asked for an apology from me. That is why I was answering in that way. What I will say, and what I will leave it at, is that at this point I stand by my original statement and would encourage the finance minister to furnish the additional information that has been requested of him.

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## GOVERNMENT ORDERS

[English]

### BUSINESS OF SUPPLY

#### OPPOSITION MOTION—GASOLINE PRICES

The House resumed consideration of the motion.

**The Speaker:** When the matter was before the House a short time ago, the hon. member for Etobicoke North had the floor. He has a minute and 30 seconds remaining in the time allotted for his remarks, followed, of course, by five minutes of questions and comments. I call on the hon. member for Etobicoke North.

**Hon. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, in the short time remaining I will summarize what I said earlier and perhaps add a point or two. The motion before the House is flawed. There are resolutions to this issue through the provincial governments by regulating prices at the pumps, and there are solutions available from the Conservative Party based on its own pledges and its own position while it was in opposition.

I was getting to the point of talking about how I think energy costs are inexorably on the rise. It is a matter of supply and demand. There are some who are saying that we are entering a point of what we call peak oil. In other words, the oil supply has peaked. There are other

professionals who debate that. Nonetheless, we know that more demand and less supply moves the price upward.

I think that what we need to do, as I was mentioning earlier, is look at alternatives to conventional petroleum products. We need to look at biofuels, hybrids and fuel cells. That is why the Liberal government supported the research and development being undertaken by Ballard fuel systems. We need to look at solutions like hydrogen and a whole range of other technologies to help bring forward different types of fuels that will reduce the demand for the typical hydrocarbon solutions.

Finally, in conclusion, I would like to point out that with respect to a monitoring agency, in October 2005 our Liberal government introduced measures to strengthen transparency by announcing an office of energy price information to monitor energy price fluctuations and to provide clear information to the Canadian public. Also, funds were allocated to Industry Canada to beef up the Competition Bureau in its examination of questions that come up from time to time with respect to gasoline pricing.

I hope the government follows through with those initiatives because I think they will help, but I think the motion before the House today is flawed and I certainly will be voting against it.

[Translation]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, before oral question period when my colleague started his speech he asked why we were debating this issue here, in the House of Commons, when this is a provincial responsibility. However, in his conclusion, he said the exact opposite.

Under pressure from the Bloc Québécois, the Liberal Party of Canada asked, before the last election, for the creation of a petroleum industry information bureau, which was a recommendation from the Standing Committee on Industry, Natural Resources, Science and Technology. This bureau has not been operational under the current government since the current Minister of Industry decided to put it on ice and think about it. That decision is not operational.

That is one of the reasons why we are taking this up today. Furthermore, we want to strengthen the Competition Act. There is nothing more federal than the Competition Act.

The hon. member's own government did indeed table amendments last fall, following hearings of the Standing Committee on Industry, Natural Resources, Science and Technology that I had asked for and were held before Parliament resumed sitting. Again, this is a federal jurisdiction.

The last point I want to make concerns the surtax on oil products. As far as I know, taxation can be federal or provincial. The hon. member's argument does not hold in any way.

*Business of Supply*

In this case, the Liberals are hiding behind their inability to put in motion what was needed to act appropriately when they formed the government. Today, the public is calling for concrete measures to harness the sector. It is not a question of having a price regulation agency. It is a question of monitoring this industry, making recommendations to the House and being able to change things. The current fluctuations in price, this yo-yo game, have very negative effects on consumers and have significant consequences for industry.

For all these reasons, I would like my colleague to explain how he can justify that this was not a federal responsibility. We took our responsibilities in this matter. We are speaking on behalf of our constituents, of consumers, businesses, the manufacturing and transport sectors, of all those who want export to work in North America. Is that not reason enough for us to get support from this House?

• (1530)

**Hon. Roy Cullen:** Mr. Speaker, I greatly appreciate the comment of the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup.

As I said previously, some aspects of the motion before the House today fall within the jurisdiction of the federal government. However, the motion also contains aspects that provincial governments can do something about, for instance when it comes to setting gasoline prices at the retail outlets.

As I have also said, our government has set up an agency to track gas prices and ensure a follow-up, so as to keep the public informed.  
[English]

I come back to the point that the Conservative government has options it can exercise, which I would agree with, but I think the motion is fundamentally flawed the way it is presented to the House today.

[Translation]

**Mr. Robert Vincent (Shefford, BQ):** Mr. Speaker, in his remarks, the member suggested that we had come up with our motion sitting around at Tim Hortons. He should know that not all caucuses meet at Tim Hortons to draft their motions and bills, as is now the practice of the Liberal caucus. If he drafted Bill C-19 while snacking on Timbits, that was not consistent with House usages, especially since we had to give the Liberals a hand.

With respect to Bill C-19, I should point out that this bill had to be strengthened in 2005 by raising the maximum fine for conspiracy from \$10 million to \$25 million and broadening the competition bureau's power to investigate, allowing it to investigate industries within its jurisdiction.

We had to give the Liberals a hand; otherwise, they would not have been able to do a thing.

I would like to say this to my hon. colleague. Even his own constituents should tell him that \$1.08 a litre is still too high a price. In addition, taking position against allowing healthy competition is totally distressing for this member.

**Hon. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, I would say to the member for Shefford that I agree that gas prices are an

important issue for all Canadians. However, we must compare gas prices in Canada with those in Europe, for example.

• (1535)

[English]

What members of our caucus said was that we wanted some additional teeth put into the competition act. The government responded and tabled the legislation to change the burden of proof from a criminal one to a civil one. I hope the Conservative government moves forward with that initiative.

We need to protect consumers but we also need to understand that there is a real world out there and we can only protect citizens from things that are logically under our control.

[Translation]

**Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ):** Mr. Speaker, I must inform you that I will be sharing my time with my colleague, the member for Sherbrooke.

In bringing forward this motion, the Bloc Québécois is saying today that the government must establish an effective plan that will give Quebec consumers some relief from repeated increases in the price of fuel, be it gas or diesel.

We are now witnessing a highly predictable scenario that, unfortunately, becomes a reality every year as summer approaches. Indeed, the vast majority of Quebecers know that the closer we get to the summer holiday season, the higher gas prices get. We are at the point where we practically know in advance when oil companies will increase gas prices at the pump.

On top of that, people know for sure that after repeated increases the prices will come down slightly, but never to the level they were initially, even though the price of crude does drop to its initial level. It is like going up five steps and coming down three. But we never do come down from the other two. A few weeks later, it is the same scenario all over again.

It is examples such as these that are making Quebecers very cynical about the oil companies and this government, which is stubbornly not taking any effective action to help them.

Many people in my riding have written recently to tell me that the increase in the price of fuel has become intolerable and that it is affecting all sectors of the economy, every class of society and all age groups. Workers have to devote more and more of their budget to earning a living. Young people at the post-secondary level have often to travel long distances to their training. Seniors are seeing their purchasing power and their plans stifled by these dramatic increases in gasoline costs.

I will quote a few of these people to show you just how serious a crisis we are facing, a crisis that is dramatic in some cases. A resident of Sainte-Geneviève-de-Batiscan in my riding wrote the following:

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When the barrel price goes up, increases at the pump follow immediately. It should be noted that when the opposite occurs, that is, when the barrel price drops, the price at the pump takes a long time to drop, sometimes nothing happens. Who benefits?

She concludes, cynically:

Oh, yes, I forgot. It is true these companies do not make big profits.

This woman in my riding no doubt learned that the combined net profits of the five major integrated oil companies in Canada were \$9.65 billion in 2005, 34% higher than in 2004 and 46.9% higher than in 2003.

The people of Quebec are not fooled. They feel they are being manipulated and are at the mercy of these companies, whose hunger for profits is absolutely scandalous, especially when a refining margin of between 4¢ and 6¢ a litre is a very good figure for the oil companies, according to the Association québécoise des indépendants du pétrole. The refining margins were at 7.2¢ a litre between 1998 and 2003—and so already extremely attractive—and reached 19.5¢ a litre in early April this year.

So people's feelings about being swindled by this industry are not based solely on perceptions. Facts show clearly that the oil companies are mistreating consumers, including those whose employment is linked directly to the use of oil.

A resident of Saint-Stanislas wrote me this:

I am so fed up with the rising price of gas. My spouse has to drive to get to work; he has no choice. It is heart-wrenching to have to pay nearly \$100 a week, just to get to work. And this does not include what he puts in his chain saws, since he is a logger. He spends a total of \$150 to \$200 a week in gas, since prices have continued to rise.

The increase in gas prices is always the source of a series of successive increases for practically all of the products we use, beginning with the food we eat, which often has to be transported long distances.

A citizen of Sainte-Thècle wrote to me about this:

We see that all market prices are going up too quickly: first gas, then everything else goes up, too. The rising price of gas must be stopped immediately.

This is urgent. The price of gas has become the starting point for an inflationary spiral that could undermine Quebec's economy.

A citizen of Shawinigan, Mr. Émilien Bergeron, is currently starting a petition that will be presented here in the House, asking the Canadian government to take action to bring down the price of gas significantly. The Service d'aide au consommateur is supporting his action. The SAC—or Consumer Aid Services—is well known throughout Quebec and across Canada, in part thanks to its founder, Senator Madeleine Plamondon.

● (1540)

It is therefore time to act, and this government must demonstrate through concrete measures that it is assuming not only its economic but also its social responsibilities, by introducing measures to reduce fuel prices and bring about more fairness, particularly for those citizens who are dependent on fuel in their jobs.

The paradigm of this inflationary spiral has to be replaced by a new vision of things. Citizens expect this government to introduce specific measures to counter the appetite of the oil companies, and therein lies the full significance of the Bloc Québécois' proposals.

First of all, there is no question that the time has come to discipline this industry by passing a Competition Act that assigns real powers to an independent agency, an agency that could call witnesses, gather information and above all protect witnesses and other sources of information. Bill C-19, which had the support of the Bloc Québécois, was moving in that very direction, but it died on the order paper.

In the same vein, the Bloc Québécois is also proposing the creation of a genuine petroleum monitoring agency.

In this time when access to information, transparency and accountability are becoming more than ever essential tools for the protection of our democracy, it is vital that the government move in the direction of this proposal by the Bloc Québécois, which would provide citizens with the real information on the prices of petroleum products.

So the main purpose of this agency would be to monitor the industry by collecting and disseminating data on the prices of petroleum products refined in North American markets, and to report annually on various aspects of competition. This monitoring agency would also require the capacity to summon witnesses, ensure the protection of their confidentiality, study all the aspects of the petroleum industry, and above all propose solutions to restore order to it.

It seems to me undeniable that the creation of a petroleum monitoring agency would be extremely beneficial for all consumers, because they would then have access to information to which they presently have no access at all.

Another major element of the Bloc Québécois' proposal is that the petroleum industry must also play a role in restoring a better financial balance between consumers on the one hand and producers, refiners, distributors and retailers on the other.

Oil is a natural resource that generates economic activity and wealth to a degree incomprehensible to mere mortals. But this wealth must be shared and distributed differently than it is now. This is why the Bloc Québécois is proposing a surtax on the astronomical profits of oil companies, most of which are controlled by American groups.

A surtax on oil companies' revenues would net the government \$500 million per year, which it could then spend on finding new ways to reduce our dependence on oil products.

The Bloc Québécois is also proposing taking away the tax breaks granted to the oil industry, which would force the industry to pull its fair share of the weight.

Currently, the oil industry is a real boon for Alberta, but Quebec's economy is paying the price. The oil industry is responsible for a significant portion of the increase in greenhouse gases since 1990. Growing oil exports are driving the dollar up, which is wreaking havoc on Quebec's manufacturing sector. Huge increases in the price of fuel are affecting all sectors of Quebec's economy.

The Bloc Québécois is proposing a review of natural resources tax policy so we can put an end to these gifts for the oil industry.

The final solution the Bloc Québécois is proposing is to act now to find alternatives to oil.

We must focus on this if we really want to ensure a balance between developing our society and protecting our planet.

Starting now, we must make it easier for people to manufacture and purchase vehicles that pollute less.

In closing, I would like to emphasize how proud I am to have participated in this debate, whose main goal has been to let the citizens of Quebec know that the Bloc Québécois is by their side in fighting unjustified fuel price hikes. We are with them and we will not give up.

• (1545)

[English]

**Mrs. Patricia Davidson (Sarnia—Lambton, CPC):** Mr. Speaker, I listened with great interest to the member opposite and I have a couple of comments.

Canadians certainly have seen the up and down cycle of gas prices many times and I think we will continue to see it. The one thing that happens is that high prices occur during volatile market conditions and those high prices are not contrary to the Competition Act.

The one question I have for the member concerns the creation of a petroleum monitoring agency. We already have the Competition Bureau which is an independent agency responsible for the administration of the Competition Act. In my estimation, the bureau is doing the job that it is supposed to be doing but it sounds as though the member opposite thinks the petroleum monitoring agency should be doing that job.

Since 1990 the Competition Bureau has conducted six investigations into allegations of collusion in the gasoline industry and it has consistently found no evidence of a national conspiracy. It has also undertaken eight successful prosecutions since 1972 for resale price maintenance in local gasoline markets.

What does the member feel the monitoring agency could do that the Competition Bureau is not doing?

[Translation]

**Mr. Jean-Yves Laforest:** Mr. Speaker, I will reply to my honourable colleague with the figures provided earlier, including those which apply to the matter raised by independent oil companies in Quebec. Petroleum companies reap fairly good profits when refining margins are in the neighbourhood of 5¢ to 6¢ a litre. This margin is highly attractive and has been for several years. Currently, petroleum companies have a refining margin of 19.5¢.

There are questions to be raised about the roles that the organizations could have played. The Bloc Québécois' motion would create a price monitoring agency that would be completely independent from the House and that would provide much better protection for citizens than they now have.

[English]

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I applaud the Bloc member for the motion today and for acknowledging the hard-working Canadians who are penalized by inflated gas prices,

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particularly those in rural areas who do not have the alternative of public transit, for example, and low income Canadians who simply cannot absorb the increased costs.

We know perfectly well that the oil companies cannot move fast enough to increase prices if they can justify it on the basis of the increased price of crude, but never do they turn around when the price of crude drops down and immediately reduce the price when it would seem to be indicated. It is a pretty selective process.

If I understood the previous question, if the Competition Act were strengthened, which is one of the provisions in the motion, I do not think there would be the need for a petroleum monitoring agency. However, the reason the oil companies are never found to be in violation of the Competition Act is that the act is so pathetically weak that the companies can do almost anything and get away with it.

I have two brief questions arising around the first provision in this three part motion which reads:

—the government should establish a plan to counteract the negative effects of repeated increases in gas prices, specifically including: a surtax on the profits of major oil companies....

Is it really the intention for such a surtax to be imposed on any profits or is the real intent to acknowledge that it is excessive profits or exorbitant profits—

• (1550)

**The Acting Speaker (Mr. Andrew Scheer):** The hon. member for Saint-Maurice—Champlain.

[Translation]

**Mr. Jean-Yves Laforest:** Mr. Speaker, I would reply to the hon. member that the purpose of the motion is to better control gas prices, which have fluctuated significantly—and sometimes outrageously—in recent years.

The different types of measures proposed will have to be examined in more detail. We are proposing a surtax. At the end of the day it is the objective that counts—\$500 million. This measure will allow the government to further tax oil companies and to raise additional moneys in order to diversify into alternative energy sources. That is one of the motion's objectives.

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, when we talk with people about the price of oil, gasoline or heating fuel, their eyes widen. In one there is a big dollar sign, and in the other a big question mark. At the same time, we can see smoke coming out of their ears. Do not worry, it is not greenhouse gases but steam from the rising pressure that the oil companies are putting on their daily lives.

For several years now, the price of petroleum products has been trending upward. The factors behind this increase are well-known: some are understandable, others less so, and some not at all. These increases have effects that cost the world economy, the Quebec and Canadian economy, the regional economy and also family economies dearly.

During this time, the oil companies have benefited shamelessly. They have record sales, and their net profits are therefore rising. In addition, the government is lavishing gifts on them.

*Business of Supply*

Fortunately, we have the Bloc Québécois. It is there to tell the government what to do, as we did with the Liberal government, although the Liberals failed miserably, unfortunately, and wasted billions of dollars without having any effect on the price of oil and missing its target when it came to assistance for the most disadvantaged.

The price of oil has increased 13% since the beginning of the year, and observers tend to think that it will reach new highs in the weeks to come.

Despite the insistent attempts of the big oil companies to convince consumers that they are well served by the current market, there is still a problem: the lack of transparency.

As we all know, millions of Quebeckers and Canadians rely on transportation, whether public or private. Whether for work, leisure or family reasons, we need gas for our daily travels. But fuel is blowing everyone's budget these days, especially low-income families.

There are frequent changes in the prices of gas and fuel oil. Media attention and the visibility of these prices make consumers especially aware of the fluctuations; especially aware, to be sure, but mostly especially worried. Every day millions of Quebeckers and Canadians see their travel costs rise. Every day they have to deprive themselves, make their calculations, without knowing what tomorrow will bring. It is even worse in winter.

In my riding, in Sherbrooke, people have joined forces and signed petitions in the hope that the government would come to their assistance. The government must do what it can to ease their burden.

How can we remain insensitive to this situation? How can we close our eyes, as the government seems to be doing, to the worry and distress of citizens who must sometimes deprive themselves of the basics so that they can keep on going to work every morning.

Some will say that the growing economy of the Asian countries has increased demand to such a point that oil inventories are down and that the small amount available is worth its weight in gold. Others will say that innovation and development in the Asian countries have markedly reduced the working inventory of crude oil and products needed to meet a given level of demand.

The demand is increasing. Drivers are unfortunately not trading in their cars quickly enough for less energy-consuming vehicles, though often simply because they cannot afford to.

To the Bloc Québécois it is clear that the development of clean energy is the best way for the future. Our dependence on oil has to be reduced. That is the real solution, but it requires time, collective awareness and real political will.

We have often raised this issue in this House, the use of oil and oil products as a source of energy is one of the major causes of the climate changes so harmful to the planet. We have to reduce our oil bill by reducing our dependence on this product.

• (1555)

Quebec is on the right track since, except for Norway, it is the only society in which oil is not the primary source of energy consumed.

The increase in the price of oil has also had some very harmful effects on the economy. One effect is to artificially increase exports from Quebec and Canada, causing a rise in the worth of the dollar, and causing problems for the entire manufacturing sector, which is already suffering badly.

All this time, the oil companies are making profits like never before. In 2005, sales for Canadian oil and gas companies rose by 333.2% over 1995. But the taxes paid by these businesses to the government will fall. They will fall because the Income Tax Act allows them to deduct the mining and oil royalties they pay to the provinces. On top of that, their income tax has been decreased.

The Bloc Québécois is asking the government to impose a surtax on oil company profits by increasing the current surtax applicable to corporate tax from 4% to 25.5%. That would represent additional revenues of \$500 million, which could be invested in such things as clean energy.

And finally, they are entitled to a very special tax gift: the accelerated capital cost allowance for oil sands investments. The Bloc Québécois has denounced these tax gifts on a number of occasions and will continue to do so, because what we are seeing at present is an unprecedented transfer of wealth to the oil companies at the expense of the public. This must stop.

The price increases are being met with vigorous protests and widespread discontent. The government must take the necessary measures to control the situation, and in particular must ensure that no middlemen are exploiting their position or the circumstances.

The Bloc Québécois is asking that the government bring back an improved Bill C-19 to amend the Competition Act and give the Competition Bureau the power to undertake investigations on its own initiative, among other things.

The Bloc Québécois is also calling for a real petroleum monitoring agency to be created, as we proposed in our motion back in February 2003.

I am deeply concerned about the fate of the planet, particularly in view of the inertia—not to say backtracking—that this government seems to be encouraging when it comes to environmental issues.

I am deeply concerned about the fate of industries in Quebec that do not have enough leverage from the government to help them deal with today's global issues, and that are also having to deal with the rising costs of transportation.

Most importantly, I am deeply concerned about the people who are struggling to make ends meet because the cost of gas and oil is cutting into their meagre incomes. I am talking about people in my riding—Sherbrooke—and people in all the regions of Quebec.

I would reiterate that the government has to establish a plan to counteract the negative effects of repeated increases in gas prices and reduce our dependence on oil.

*Business of Supply*

•(1600)

[English]

**Mr. James Rajotte (Edmonton—Leduc, CPC):** Mr. Speaker, I want to point out a couple of facts and then pose a question.

First of all, with respect to the oil and gas sector, people try to contrast it with the manufacturing sector and say that if one does well, the other does poorly. In fact, a great percentage of the projects that the oil sands is now causing is actually benefiting Ontario manufacturers, central Canadian manufacturers in particular. The fact is as the price of oil goes up, the activity goes up, as well as the demand for labour, but the manufacturing sector in Ontario certainly benefits.

We can certainly do something in a strategic sense to ensure that the energy is actually a strategic asset in Canada, which is what the manufacturing sector is asking for.

With respect to the Competition Act, the member should know that six people in Canada can actually launch a complaint with the Competition Bureau and it will be investigated. Our party's position is obviously those powers are in place currently. If people feel there is a concern at a retail or a wholesale level, they should put their names on a paper and write a letter to the Competition Bureau and instigate that investigation.

With respect to the oil sands regime that was put in place by the former government in 1995 and 1996, and I think it did a good job in doing so, the revenues that the federal government will recoup at the end of that time will actually be far greater than anything that was forgone in the short term period. That fact should be known.

With respect to the price of crude oil, does the member not acknowledge that Canada, despite its large reserves of crude oil, is in fact a price taker on the international stage? Being a price taker we can only influence the price of crude oil to a very minimal extent.

[Translation]

**Mr. Serge Cardin:** Mr. Speaker, I must give a number of answers to my colleague across the floor, because he asked a number of questions.

When looking closely at the price of oil, we note that several factors come into play, including the price of crude. More and more, we must be aware of the fact that, around the world, people are becoming owners of the oil sector. They have more and more power to intervene in the fluctuating price of a barrel of oil. Naturally, more and more external factors are being used to make it fluctuate.

Of course, we do not have the tools to do this on a global level. However, we have certain options here in relation to the Competition Act and, above all, with the monitoring agency.

The hon. member seems to forget the following, and he should observe this at home: on four street corners, imagine there are four different oil companies represented and, in one minute, the price goes up. The next day, at the same time, the price goes down. This means that there is no competition between the retailers, between the oil companies. Therefore, there is no competition in this area.

With an organization that can be as flexible as a monitoring agency, which can follow market developments daily, if not almost

hourly, we can determine who is putting money in their pockets at the expense of consumers.

•(1605)

**Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ):** Mr. Speaker, it is somewhat amazing and ironic to see the Conservative government fail to act on this issue; after all, this is the government which sings the praises of free markets at all cost. Recently, the minister of Industry was even heard refusing to provide assistance to the bicycle industry, arguing that competition always serves consumers best.

In that context, it is rather ironic that the government would not support a Bloc Québécois proposal to increase competition between oil companies. It is hardly surprising, mind you, when we hear the comments of the industry minister on gasoline prices. As we know, this minister once blamed high gasoline prices on the environmentalists. In my economics classes, however, I learned that reducing demand generally brings prices down.

Today, the Prime Minister told us that the Bloc Québécois was too keen on defending the interests of Quebec. It is true that the Bloc Québécois is the only party defending the interests of Quebec in this House.

I would like to ask my hon. colleague what alternative Quebeckers have, given that none of the federalist parties are defending their interests.

**Mr. Serge Cardin:** Mr. Speaker, the ultimate solution, which has never been tried or adopted, is really for Quebec to achieve sovereignty. As for the so-called defenders of Quebec on the government side, who come from Quebec, they are far from working for the interests of that province.

In every issue the Bloc Québécois gets involved in, developing programs to implement ways to improve efficiency, it always works for Canadians as well because, in most cases, what is good for Quebec is also good for Canada, and also for sovereignty in this instance.

**Hon. Maxime Bernier (Minister of Industry, CPC):** Mr. Speaker, before I begin, I would like to inform you that I will share my allotted time with my colleague, the hon. member for Crowfoot.

I am pleased to have the opportunity to respond to the motion introduced by the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup.

This motion suggests a number of measures apparently devised to counteract the effects of recent fuel price increases on consumers.

The hon. members of this House know that very few of the issues that come up for debate are of such great interest or have such a clear and direct impact on the lives of Canadians.

Every one of us has personally grappled with this issue. We have seen and felt the fluctuation of fuel prices at the pump.

Every one of our ridings has felt the impact of the current situation in its own way. We know that businesses and agricultural producers are facing increased pressure on their costs because of the worldwide increase in the price of energy. In some cases, this pressure leads to very specific challenges.

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Quebeckers who have no choice but to drive long distances to get to work and elsewhere are also acutely aware of the situation.

Any one of us can cite specific examples, and I think that this is what many of my colleagues are doing today, the people who have been addressing the House today. Because there are millions of examples like this all over Canada.

However, I would suggest that we must keep this truly important question in mind: what is the real situation in terms of energy prices, whether we are talking about gas, diesel fuel, oil, propane gas, natural gas or other sources of energy?

After all, we are talking about energy, and we all know that the recent fluctuation in energy prices is not a phenomenon that is exclusive to Canada. It has also been felt everywhere in the world.

I would like to answer the question by starting with the real situation. If we leave rhetoric aside, what can we say about energy prices? Just two words: supply and demand.

In other words, there is strong demand everywhere in the world for this product, which is marketed worldwide, and this is coupled, more than ever, with uncertain supply.

The significant energy price increases we have experienced here in Canada, and everywhere in the world, are dictated by international energy market conditions, which have had obvious consequences for Canadians.

The most obvious of those consequences, of course, was Hurricane Katrina in the United States, which left devastation in its wake. Apart from the human tragedy caused by the hurricane, it also caused considerable ravages to oil refining capacity in the Gulf of Mexico, and as we know, this led to energy shortages in North America and worldwide.

It is worth asking why and how prices go up. Global demand for energy and petroleum products has reached unparalleled heights at present. China and India are rapidly climbing the ranks of the global economic powers. This is good news for the world economy, because the result is an increase in their demand for energy.

Sources of oil worldwide are finding it increasingly difficult to meet demand, and this affects Canadians.

How does it affect Canadians? As we know, we are all affected when these prices go up. After all, is Canada not also energy self-sufficient? Canada is indeed a net exporter of oil. Canada is also affected by global oil prices.

While Canada does produce a lot of oil, as I have noted, it produces only a fraction of the world's crude oil. For all practical purposes, then, Canada has no influence on the world price of crude oil.

So, when the American production infrastructure was hit by hurricane Katrina, American companies bought crude abroad to compensate and this raised the price everywhere, including here in Canada.

●(1610)

Let us talk a little about the Competition Bureau.

The price Canadians pay at the pump is the result of many factors, as we know. Price setting by market forces that influence supply and demand is very instructive for producers and consumers. Price increases indicate supply restrictions. They send a clear message to producers to produce more and to consumers to consume less. Regulating prices or setting other restrictions would cloud these indicators and thus lead to poor resource allocation, which ends up hurting all consumers.

This is why businesses are usually free to set their price based on what the market will bear. The Competition Bureau is concerned about high prices only when they are the result of anti-competitive activities contrary to the Competition Act.

As we know and as all of my colleagues know, since 1990, the Competition Bureau has conducted six major investigations of the gasoline industry. In each instance it found no evidence that the periodic increases in gasoline prices were the result of national collusion intended to limit competition in Canada. No, in each case, the Competition Bureau confirmed that supply and demand, that the free market in energy was working.

It is important to note that, taxes aside, gas prices in Canada still compare favourably with those in other industrialized countries.

The motion before us expressly demands that a surtax on oil company profits be created. However, I do not see how increasing these companies' operating costs by imposing a surtax would alleviate the rise in prices at the pump, because as I explained earlier, these prices depend on global supply and demand.

It is easy to cry out for a tax on profits, but we have to consider the actual situation people are in.

Suppose we have to drive long distances every day. Would imposing a tax on the oil companies reduce our travel expenses and the cost of gas? Would it mean a lower price per litre at the pump? Would it improve our vehicle's energy efficiency?

We can only conclude that a tax increase like the one proposed in this morning's motion will not produce results, especially the expected results.

We will hear people in this House call on the federal government to impose controls or regulate prices. Apart from the economic arguments, there is also a constitutional argument against this. By virtue of the property rights and civil rights enshrined in the Constitution, which come under provincial jurisdiction, the federal government has no authority to regulate prices. However, regulating prices would not solve the problem. Because of other economic factors, regulating prices will not reduce the price at the pump.

I repeat, regulating prices will not have any effect on prices at the pump.



*Points of Order*

I will conclude with a comment. A lot of ideas are being floated these days about how to relieve the pressure that the prices of gas, heating oil and energy in general put on Canadians. But we need to talk about what we can do, and we need to talk in full knowledge of the facts, keeping in mind the actual impact on Canadians and our economy. The answers do not lie in the motion put forward by my opposition colleague.

\* \* \*

• (1615)

[*English*]

**POINTS OF ORDER**

PRIVATE MEMBERS' BUSINESS—BILL C-292

**Hon. Rob Nicholson (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, on Wednesday, May 31 you indicated that there was some question in your mind as to whether Bill C-292 required a royal recommendation and indicated that you would welcome an intervention to this effect.

As I realize that today is one of the opposition parties' allotted days, I would be more than willing to support prolonging government orders to compensate for the time taken up with my intervention.

I would state at the outset that no government is more committed to improving the living conditions of aboriginal peoples. However, this bill raises important constitutional and procedural issues, which I will outline in my remarks.

Had the right hon. member for LaSalle—Émard introduced a private member's motion calling on the House to express its opinion on the Kelowna accord, we would have had no procedural objections and it would have been at significantly less cost to the taxpayer.

I also noted that the right hon. member, as a long-time parliamentarian, a former minister of finance and a former prime minister, would know the constitutional and procedural restrictions on financial legislation and the law-making process. Yet he has chosen to proceed by way of this bill.

I would like to make three points on this bill.

First, how can Parliament be asked to legislate on the basis of a document which has not been brought before it and which cannot be conclusively identified, particularly on an important issue which has major financial implications.

The bill refers to something "known as" the Kelowna accord. Therefore, what does the bill refer to? Is it a press release which announces commitments made by the previous government of "more than \$5 billion" or other papers issued on that date?

I refer you, Mr. Speaker, to the Journals of November 28, 2005, the first sitting day following the conclusion of the Kelowna first ministers meeting. You will note that although the member for LaSalle—Émard was present in the House that day, no document was tabled with respect to the Kelowna meeting on November 25. On this day, the government, then led by the right hon. member, lost the confidence of the House on a vote of 171 to 133 and Parliament was dissolved the following day.

I would further note that the member for LaSalle—Émard knew that this vote was pending when he issued his press release on Kelowna on November 25.

I would ask you, Mr. Speaker, to consider whether the bill is procedurally acceptable in light of the fact that parliamentarians cannot be expected to vote on something which is clearly not before them and which is neither part of the record of Parliament nor included in the bill and which cannot be exclusively identified.

I would therefore ask you, Mr. Speaker, whether it is an imperfect bill and if so, I would invite you to strike it down immediately.

Second, if the member opposite alleges that the bill seeks to implement the commitments of "more than \$5 billion" in the press release issued by the former prime minister, this would clearly require a royal recommendation.

Indeed the press release, which I will table before this House, was full of statements about the expenditure of money, including significant commitments beyond those authorized by Parliament for the 2005 budget and estimates. Clearly, if the bill requires the implementation of that announcement, the bill would impose a new expenditure.

While Bill C-292 does not refer to any specific dollar amounts, I would point to page 711 of Marleau and Montpetit, which indicates that there are two cases where such a bill requires a royal recommendation, namely: appropriation bills and bills which authorize new charges for purposes not anticipated in the estimates.

The previous government's main estimates and budget did not cover the spending in the November 25 press release and the main estimates tabled in the House on April 25 did not provide for the "more than \$5 billion" announced on November 25. To implement the former prime minister's press release would oblige new expenditures not authorized by Parliament.

The press release issued yesterday by the member for Winnipeg South Centre stated that there was money set aside for the Kelowna accord. However, the former prime minister's November 25 press release recognized that the Kelowna accord included commitments beyond those authorized by Parliament for the 2005 budget. The fact remains that the new funding was not authorized by Parliament and, therefore, the bill requires a royal recommendation.

Hon. members across the way may argue that the funding to implement Kelowna was booked in the economic and fiscal update presented in November 2005. However, this cannot be the case, as the economic and fiscal update was presented on November 14, 2005, 11 days before the Kelowna meeting.

• (1620)

Although the previous government may have intended to request this funding from Parliament, this does not change the fact that it did not. Booking funds in a fiscal framework does not constitute parliamentary authorization for such expenditures.

I would emphasize that as Erskine May indicates, at page 763 of the 22nd edition:

*Points of Order*

If there is any doubt on the matter and it appears that the new proposal may entail an extension of previously enacted purposes of expenditure or an increase in the expenditure potentially liable to be incurred in pursuit of such [money], a money resolution will be required.

On the other hand, if the members opposite wish to argue that the bill does not require a royal recommendation, this would mean the bill carries no financial implications for the government, which brings me to my third and final point.

If by the “Kelowna accord” this bill refers to a document entitled, “First Ministers and National Aboriginal Leaders—Strengthening Relationships and Closing the Gap,” which I will table, I would note that this document contains no dollar amounts, not even signatures, and that the bill does not refer to this document specifically. If it is argued that this document contains no spending, then the logical extension of that argument is that the bill does not in fact require any financial expenditures and the government would not be under any statutory obligation to make the specific expenditures to implement the money identified in the former prime minister’s press release. In fact, it could be argued that it is just another example of empty rhetoric.

If this bill were to pass, the custody of the consolidated revenue fund will move to the courts. To prevent that from happening, both the constitution and the Standing Orders require the Speaker to be vigilant in upholding the financial initiative of the Crown. I want members opposite to be clear on the government’s position.

If you find, Mr. Speaker, that the bill does not require a royal recommendation, should Parliament adopt this bill, the government would be under no legal obligation to make any of the specific funding commitments made by the former prime minister’s press release. Further, it could not oblige the government “to take all means necessary to implement the terms of the accord” in a manner that would require the expenditure of funds.

If this is the case, exactly what kind of bill would the House be considering? Would it not be a bill filled with empty promises? It would be a meaningless shell bill created for partisan purposes, which ignores the choices that Canadians made on January 23? Would it not result in a bad law and set a dangerous precedent where Parliament is asked to give statutory meaning to documents not before the House?

The government is acting to improve the lives of aboriginal peoples in the country, but with real money and not with meaningless bills. This matter goes to the heart of the principle of responsible government and the financial initiative of the crown and the legislative role of the House.

I am prepared to table those documents.

● (1625)

**Hon. Ralph Goodale (Wascana, Lib.):** Mr. Speaker, this is an extraordinarily serious topic and I am glad the House has an opportunity to discuss it.

I must say that I am surprised by the intervention of the government House leader, first, because the government’s argument today shows profound disrespect toward Canada’s aboriginal peoples, and second, because it shows amazing disrespect for the office of the Speaker of this Parliament.

Mr. Speaker, you have already ruled on this issue many times, including barely one hour ago. The Speaker’s ruling on that occasion earlier today and on many other occasions is quite clear. It reflects the view that is reported in Marleau and Montpetit at pages 711 and 712. Let me put those words on the record:

...since the rule change of 1994, private Members’ bills involving the spending of public money have been allowed to be introduced and to proceed through the legislative process, on the assumption that a royal recommendation would be submitted by a Minister of the Crown before the bill was to be read a third time and passed. If a royal recommendation were not produced by the time the House was ready to decide on the motion for third reading of the bill, the Speaker would have to stop the proceedings and rule the bill out of order.

Assuming the argument that the government House leader is putting forward has some validity to it, which I do not accept but deny, it would seem to me, in the words of Marleau and Montpetit, that the normal process would be to allow the House to debate this matter in the ordinary course of events until it came to third reading. We would then see if by that time the government has brought forward the appropriate royal recommendations. If so, the matter can proceed to a conclusion but if not, that is the time when this item could be dealt with, but certainly not now and not in this way.

The government House leader’s point, it seems to me, is not justified. The procedures of this House are not being infringed by Bill C-292 standing in the name of the right hon. member for LaSalle—Énard.

I want to make another point that relates to the rest of the argument advanced by the government House leader. Royal recommendations are required to accompany new proposals for new spending. The money required to implement the Kelowna accords is not new. Let me just take about two or three minutes to clarify these particular points.

As the federal minister of finance at the time of the Kelowna first ministers’ meeting involving the then prime minister, provincial and territorial premiers and the leaders of five national aboriginal organizations, I can confirm that as of that meeting, specifically November 24, 2005, the fiscal framework of the Government of Canada included a total of \$5.096 billion to address obligations arising from what became known as the Kelowna accord.

The Kelowna meeting was the culmination of more than 18 months of hard work led by the former prime minister, in collaboration with aboriginal organizations and all provincial and territorial governments, to put together a serious plan to bridge unacceptable socio-economic gaps between aboriginal and non-aboriginal Canadians. The resulting accords focused on issues related to health, education, housing and water, economic development and governance.

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In the government's 2005 economic and fiscal update, which was issued on November 14, the importance of the then upcoming Kelowna meeting was specifically mentioned, together with an undertaking to provide the needed funding. I would point out, with respect to the fiscal update, that there was more than enough unused fiscal room in the framework at that time to accommodate the expected sum. When the Kelowna meeting actually took place about 10 days later, the money was booked in the amount of \$5.096 billion.

It is interesting that the fiscal treatment of the Kelowna accords was quite similar to how we handled another important issue at that time which was the special federal funding of \$755 million to help the grain and oilseed producers in the farm sector. In both cases, formal announcements were not ready to be made at the time of the November 14 fiscal update but both were signalled specifically in that update and flexibility was built into our framework to cover the anticipated expenses.

• (1630)

By November 24, both initiatives were ready to go, both announcements were made and the money for both was booked.

I am very pleased that the government has proceeded with our \$755 million commitment to help farmers. That is the right thing to do. In that same spirit, it is also important for the government to follow through on the parallel commitment to aboriginal peoples and deliver the funding that was most certainly set aside for this compelling purpose on November 24 of last year.

It is interesting to note that at Kelowna the now Minister of Indian Affairs was personally present in the room and applauded the result that was arrived at by the discussions in Kelowna. It seems to me terribly unfortunate that the government continues to devote extraordinary time, effort and energy to denigrating the efforts of previous governments and previous parliaments.

Since all of that there has been an election, a Speech from the Throne, a surplus of \$12 billion and a budget. It seems to me that it is time for the government to quit blaming the past and to start governing for the future for a change.

**The Speaker:** The Chair thanks the hon. government House leader for taking this matter up before the House and the hon. member for Wascana for his comments in assisting the Chair on the matter. I will take the matter under advisement and return to the House with a decision in due course.

I note that if the decision is one that relates to the requirement for a royal recommendation, the Chair may make a decision about that at any time prior to the third reading of the bill, so there is obviously a matter of months.

The concern I have in making a decision on the other points raised by the government House leader as to what the bill means is whether I can produce a decision on that matter, given the research I think will be necessary to examine the documents he has tabled and the bill, before tomorrow at 1:30 p.m. when I believe the debate begins on this particular item. The worst that could happen is we would have one hour of debate on it and then if there were a problem it would become apparent before the second hour of debate, which will not happen for some time.

If that ends up being the case, I hope hon. members will be understanding of the Chair's inability to render a decision forthwith on this subject.

[*Translation*]

It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Hull—Aylmer, the federal public service; the hon. member for Thunder Bay—Rainy River, border security.

\* \* \*

**BUSINESS OF SUPPLY**

## OPPOSITION MOTION—GASOLINE PRICES

The House resumed consideration of the motion.

**The Speaker:** Before the point of order, the Minister of Industry had the floor and finished his speech; however, there are five minutes remaining for questions and comments.

The hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup.

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, after this I would like to return to the debate as such. The minister recognized the importance of the issue and that it affects Canada as a whole. We share this point of view. However, we do not agree with the minister when he states at the same time that it is a North American market. He stated that Canada produces more oil than it consumes and exports it.

The problem is not with the world price. We know how things work at that level. Perhaps something can be done by the G-7. We take issue with the fact that the federal government is not shouldering its responsibilities under the Competition Act and in terms of monitoring the economy in general. It should go and find out specifically how refining margins are realized.

There has been something happening in the oil industry that has led to a very significant decrease in the number of refineries in North America. People talk about hurricane Katrina, but that is only a manifestation of the problem. There is a problem as a result of hurricane Katrina, but the organization of North American refineries has made any substitution impossible. The market is organized that way because petroleum is a very unique product. We cannot compare it to any other product in competition. No one can run their car on firewood. It takes gasoline to run a car.

Why does the federal government not follow through on our suggestion to create a petroleum monitoring agency and give more teeth to the Competition Act? This last item was requested by the last two competition commissioners. That way, we could get to the bottom of this. We will not resolve the problem by avoiding it. We have to face it.

As far as the tax is concerned, we are being asked whether this could help. If the money generated by this tax could be used to help us diversify the energy sources we have already and move toward renewable sources that are more environmentally friendly, this would be a big step forward.

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From 2002 to 2005, the five Canadian oil companies made \$27 billion in profits through taxpayer funded investment programs by claiming accelerated depreciation. Our constituents are paying the price. And it is not just individuals who are suffering, manufacturing companies are too. We hear the minister from Quebec say he cannot do anything about it.

When will the minister decide to take his responsibilities and get to the bottom of this issue of refinery margins so that our constituents can finally stop paying 10¢ more than they should for gasoline?

• (1635)

**Hon. Maxime Bernier (Minister of Industry, CPC):** Mr. Speaker, I am pleased to answer my honourable colleague's question.

Earlier, we finally spoke of refinery capacity in Canada. In my speech, I never said that refinery capacity in Canada had decreased. On the contrary, since 1990 it has risen by 23%. Refineries in Montreal and elsewhere in Canada have been modernized and thus the supply of refinery products is greater than in the 1990s. This can affect price at the pump.

There is a great deal of talk about taxing oil companies so that the price at the pump is as low as possible. You will see that there is no relationship between a tax on oil company profits and the price of gas at the pump.

However, there is a clear relationship between the world price of crude oil and the price of gas at the pump. The January 2006 study by the Cato Institute, covering the period between January 1984 and January 2005, clearly showed the obvious relationship between world crude oil prices and pump prices. The study concluded that 85% of changes in gas prices can be attributed to the world crude oil price. This shows us that the market is competitive.

What is rather more surprising is the Bloc Québécois assertion that the true solution may be to control or regulate prices. My colleague knows quite well that setting gas prices falls within provincial jurisdiction.

[English]

**Mr. Kevin Sorenson (Crowfoot, CPC):** Mr. Speaker, I want to thank the minister, the member for Beauce, for an excellent speech. I also want to thank Quebecers for sending individuals like the minister we just heard, a new member of Parliament and a cabinet minister, to this House. His constituents should be very proud of him. People across the country are recognizing the minister. He has a very bright future as he continues to represent his constituents, his province and his country.

I appreciate the opportunity to speak to the motion which calls for action to be taken in response to the negative effects of gas price increases. This is an issue Canadians are dealing with. Canada is a very large country geographically and we do a great deal of travelling. Many people depend on their vehicles. We need fuel for our businesses. We need it for our families. Sudden increases in the cost of fuel and energy make our lives more difficult.

Many of the constituents in Crowfoot make their living in the agricultural sector. I am also involved in that sector. Our input costs are high. The input cost of fuel is high. The cost of fertilizer is high. For example the cost of fertilizer which was \$10 to \$15 an acre 10

years ago is now \$30 to \$35 an acre and a lot of it goes back to the cost of energy.

There are many different factors that affect gas prices. Our government is concerned about higher gas prices. We know that hard-working Canadian taxpayers who are trying to raise their families are being challenged by these prices. The retail price of gasoline reflects the record cost of crude oil on the global markets. There is strong demand growth not only here in Canada and the United States but in developing Asian countries. That combined with tight supply conditions has led to significantly higher prices of energy commodities and also industrial metals over recent years.

On the one hand higher commodity prices boost incomes and ultimately lead to higher investment, higher levels of employment and higher levels of output in the commodity sector. The commodity sector is a very significant and important contributor to Canada's strong economy.

On the other hand, petroleum and its derivative products are also primary inputs in Canada's sizeable manufacturing, chemical and pharmaceutical industries, for example. As a primary input, fuel costs force an increase in the cost of production and reduce margins and exacerbate competitive pressures.

These are challenges that all governments in every part of the world must come to grips with. In Canada we are a net exporter of these valuable commodities. The point is that in considering all of the foregoing factors, the effects of oil markets are wide ranging and have a profound impact on many fronts.

We have some of the lowest levels of taxes on gasoline prices compared with our major industrialized competitors.

What has our new government done to help Canadians with the recent jump in gas prices? All Canadians recognize that we are reducing taxes. Competitive business taxes are a cornerstone of a strong economy which is necessary to generate the revenues the government needs to fund the social programs that Canadians need and want.

• (1640)

As a government, we know that an efficient and competitive business tax system is critical to encourage investment that improves productivity, that generates economic activity and that creates well paying jobs for young Canadians, for Canadian families, for all Canadians. Countries around the world recognize the importance of competitive business taxes and have been reducing their taxes, as our country has tried to do as well.

*Business of Supply*

Our recent budget creates an environment for jobs and growth by doing a number of things. It reduces the general corporate income tax rate. Our budget creates an environment for jobs and growth by eliminating the federal capital tax. Our recent budget creates an environment for growth and jobs by eliminating the corporate surtax. Our budget even commits to establishing a meaningful advantage over the United States in the overall business tax burden on investment, which brings me back to the motion we are discussing today.

The motion suggests that as part of a plan to counteract the effects of increases in gas prices, the government should implement a surtax on the profits of major oil companies. I cannot support that. I do not think Canadians want that, and here is why.

Canada's oil companies are significant contributors to the strength of the Canadian economy. They provide jobs to tens of thousands of Canadians. As a proud Albertan, I can say that this is evident not only in Fort McMurray and Calgary but in places like Stettler, Hanna, Oyen, Camrose and Three Hills, all throughout the riding of Crowfoot.

Those companies contribute significantly to provincial and, to a lesser degree, federal revenues. These revenues support the health and social services that Canadians expect from their governments. Unlike the provinces, the federal government receives virtually no resource royalties for oil and gas. For production in the provinces these revenues are off limits to the federal government under the Canadian Constitution.

Corporate income tax revenues from the oil and gas sector are higher, reflecting rising profits. They pay higher taxes when profitability goes up. That is how our income tax system works. That is how our income tax system is intended to operate.

A recent study by ARC Financial Corporation estimates that the oil and gas industry will pay some \$5.1 billion in federal corporate income tax for 2005. What is important to note is that the study estimates that provinces will be the major benefactor. They are expected to receive some \$21.5 billion in income taxes, royalties and exploration fees.

It seems odd to me that the Bloc's motion would work toward reducing the tax revenues for the provinces and for Quebec. Yet, according to the study of tax revenues, that would be one of the major results of this Bloc motion. Good luck selling that one at home. Good luck selling that in Quebec, in Alberta, anywhere.

Our government has a different approach. Unlike our predecessors, our approach is to promote growth. Our approach is to create jobs. Our approach is to reduce taxes, not introduce new ones. We need a system that encourages investment, not one that discourages it. Our government is encouraging investment and growth in all sectors, traditional sectors like oil and gas, as well as emerging sectors like renewable and alternative energies. Therefore, our tax system encourages investment in energy efficiency and renewable energy projects.

● (1645)

We even have an excise tax exemption for ethanol and methanol in blended automotive fuel and for biodiesel. In fact, to further promote alternative fuels, the Minister of the Environment and the

Minister of Natural Resources have recently launched a new process for a national biofuels strategy. They have initiated discussions with their provincial and territorial colleagues to establish a minimum of 5% biofuels content by 2010. This will reduce emissions from an environmental perspective and ensure that the agricultural producers participate in this growing economy.

I thank the Bloc for bringing forward this motion, because it shows that the Bloc is missing the mark on how fuel prices are adjusted or how Canadians are affected by—

**The Acting Speaker (Mr. Royal Galipeau):** Questions and comments.

The hon. member for Pickering—Scarborough East.

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Mr. Speaker, it is a privilege to ask a question of my good friend and colleague from Crowfoot. We have worked on a couple of other files in the past and dare I say, with some success.

I agree with the hon. member with respect to the proposition about the surtax. As he now knows, our party will not be supporting the motion unless it is amended. There are two other important areas within that suggestion by the Bloc that require further study.

I know that his constituents including many others in his province would agree with some of the concerns that have been raised by his own premier, that there is a lower refining capacity.

As of about 50 minutes ago, we learned that the wholesale price in my region in Toronto is about 17¢ wholesale margin for refined product. It costs 3¢ or 4¢ a litre to turn crude into refined product. The American average for similar gasoline is about 13¢. In Toronto it is 17¢.

I am wondering if the hon. member could enlighten the House as to whether he believes what many people in Alberta certainly do when they see the gas prices are a little higher with less tax than they are in Toronto in some locations. Could he indicate whether or not the premier of Alberta is correct that attempts have to be made to restore not only competition in the industry but more importantly, as he quite readily recognized, that we have to build more capacity in order to serve the domestic market more adequately?

● (1650)

**Mr. Kevin Sorenson:** Mr. Speaker, certainly the ability to refine more, to bring on more refineries is a very important part of the pricing of fuel. When refineries go down because of hurricanes or other natural disasters, we automatically see a rise in the price of fuel. I think it is frustrating to all Canadians.

*Business of Supply*

One of the things that dismays me is the amount of facilities that can refine oil here in Canada. We have seen very little growth in refining capacity over the last number of years. For one reason or another, in the last 13 years we have not seen a lot more refinery capacity. This is why it is so important to put in place a corporate tax structure that would encourage this kind of activity in Canada. I want the fuel, energy, gas and oil that comes out of Alberta or Saskatchewan or all of Canada refined here. I do not want it shipped somewhere else to be refined. That is why we want to make sure that the tax structure is such that there will be incentives to refine here.

I keep on saying that this motion talks about adding a surtax. We are lowering taxes. The record of this government is not one of sitting back looking for new taxes to add. There are some parties and some governments in the past that never saw a tax they did not like. They never saw a tax they did not hike. We are looking to lower taxes. We are looking at bringing more competition to the sector. The more that happens, the more young people in my constituency will be working. Right now there is a labour shortage in Alberta and in Canada because we have a booming economy.

A tax like what is being proposed would stifle that. I would really question why anyone would bring forward an idea that would say that things are going too well and it is time we slowed them down. I thank the member for signifying that he will not be supporting this motion.

[Translation]

**The Acting Speaker (Mr. Royal Galipeau):** The hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup on a point of order.

**Mr. Paul Crête:** Mr. Speaker, is the question and comment period over?

**The Acting Speaker (Mr. Royal Galipeau):** There is one minute remaining in the question and comment period.

The hon. member for Gatineau. May I remind the hon. member that he has one minute to ask his question and get his answer.

**Mr. Richard Nadeau (Gatineau, BQ):** Mr. Speaker, I will be brief. I would like to ask my colleague what he thinks of a statement made by the Minister of Industry during the election campaign. He said that oil prices were rising because of environmentalists.

I would like to hear his thoughts on this.

[English]

**Mr. Kevin Sorenson:** Mr. Speaker, I will tell the House what most people are saying about the industry minister. He is the minister who steps up to the plate and gets the job done. The minister comes to Parliament as a new member of Parliament and learns his file extremely quickly. The minister sits down with the softwood lumber issue and, with other ministers, works toward the solution of the problem that has taken the prior government years. The minister travels across the country with the same kind of message that Canadians are ready to hear. The minister is an incredible minister with a very bright future.

● (1655)

[Translation]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, I rise on a point of order. I believe that you will find unanimous consent for the following motion. I move that, notwithstanding any Standing Order or usual practice of the House, government orders be extended today by 16 minutes.

[English]

**The Acting Speaker (Mr. Royal Galipeau):** Is it agreed?

**Some hon. members:** Agreed.

[Translation]

**The Acting Speaker (Mr. Royal Galipeau):** Resuming debate. The hon. member for Argenteuil—Papineau—Mirabel.

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, first I want to point out that I will have the pleasure of sharing my time with my excellent colleague from Laval.

I am pleased to speak to the Bloc Québécois motion that was introduced today by my colleague, a motion that I will read for the benefit of all hon. members of this House:

That, in the opinion of the House, the government should establish a plan to counteract the negative effects of repeated increases in gas prices, specifically including: a surtax on the profits of major oil companies, the creation of a petroleum monitoring agency, and the strengthening of the Competition Act.

I am always pleased to rise in this House, but it is always very surprising to so do after hon. members of the government.

As hon. members know, during the last Parliament we discussed the problem of increasing gasoline prices. We had a Liberal government at the time; now we have a Conservative government. It is quite amazing to see what power can do to distance us from the public.

I am trying to understand. All day long I have been listening to hon. members from the Conservative party try to convince us of the merits of the oil companies' profits, when the public is fed up with being exploited by the oil companies.

Nonetheless, the Conservatives have yet to successfully explain to the public why, when there is a disaster that will affect the delivery of gasoline three weeks or a month in the future, we immediately see an increase at the pump. The Conservatives can say what they like here, in this House, but they will have to face the harsh reality eventually. The public does not understand them, and rightfully so.

That is why the members of the Bloc Québécois, men and women, are working in the interest of Quebeckers. That is the only reason why we are here, in this House. We are here to defend the interests of the public, of Quebeckers. No need to look any further than that. In the meantime, we are defending the interests of Quebeckers.

*Business of Supply*

One of the worst interests that all federal governments currently defend, whether Liberal or Conservative, is the price of gasoline and the profits of the oil companies. We can understand that there are increases in the price of crude. As a result of all the analysts saying so on television, people know very well now that there are four factors behind fluctuations in the price of a litre of gas. First, there is the crude oil. We can understand that the oil companies have to pay for crude. It is like the stock market. It may go up that morning. We can understand that. The second factor that makes gas prices fluctuate at the pump is refining; the third is the profit of the people who sell gas at the pump; and the fourth is taxes.

Since the very beginning, the Conservatives have been trying to tell us that they are reducing the GST by 1% and that is where there will be big savings in lower prices for a litre of gasoline. Forget that. The oil companies have understood and will increase their refining profits by 1% before July 1, an increase that has already started. I can announce it without any chance of being wrong.

The statistics come from the industry itself. There are experts who follow this and watch how the oil companies make their profits. Their raw material goes up and they immediately increase their prices by about the same amount. That is what experts tell us. In this way, their profits never stop rising.

Their profits have increased by more than 300% since 1995. That is apparently not because of the price of crude because when its price goes up, the oil companies pay that amount the same day. They are therefore not supposed to be making any profit on it. When their profit goes up, it apparently comes from somewhere else. It is simple, it is on the refining. It is not on the tax because they all pay the same amount. We all agree on that. This tax, the GST, will be reduced by 1% on July 1.

Therefore profits are not generated on the retailers' margin. Retailers have to sell hamburgers and hotdogs to try to make ends meet. That is the reality these days. That is why they are opening variety stores in service stations. Retailers are not making any money. If the oil companies are not making their profits on the crude, where are they making it? It is on the refining.

I hope that my Conservative colleagues understood this. If not, they should go and meet with people at the pumps this afternoon. They should go and talk with people at the pumps. These people will tell them where the oil companies are making their money. It is on the refining.

This is where the Bloc Québécois wants to take action. It does not make any sense. Competition laws have to prevent these companies from talking with one another. On average, they all take the same amount.

• (1700)

These figures are provided by experts, not by the Bloc Québécois. In 1999, the average refining margin was 5.5¢ per litre. In 2003, it was 9¢ per litre, in 2004 11¢ per litre and in 2005 9¢ per litre. How do they make their profits? Every day they play tricks on us. Recently, April 18 for example, they took 18.7¢ a litre for refining. On April 19 it was 19¢. On April 20 it was 19.5¢. When, for any number of reasons, there is a fluctuation in the price of crude, what do our little pals in the industry do? They call each other.

It is true that the number of refineries has been reduced. But you can increase their number as much as you want, these people will continue to talk to each other and sell each other petroleum. In fact, they sell it and trade it amongst themselves. They buy it from the industry, from their competitors, as close as possible to their distribution network. They have an agreement among themselves: everyone knows this. I hope my colleagues know it as well. They reach agreements and buy each others' products, from the nearest refinery. Even if the refinery is owned by a competitor, no matter, because agreements are in place. That is how they come to their daily arrangements on the refining profit. That is where the problem is.

Why does the Bloc Québécois want to create a petroleum monitoring agency? To compel them to officially disclose all of these prices, everything they are taking in refining and the profits they are taking from the pockets of the consumers and citizens who elect my hon. colleagues. They come for that money every day, and every three months they pay dividends to shareholders. Perhaps the oil company shareholders are all your clients, but I would be surprised if they all elected you. Usually it is the elite who own stock. Perhaps you own stock? Personally, I do not have such luck, and neither do I want it. Let them carry on with their money. I want none of it, because to me, that money is not well earned.

They manipulate the market and they make their arrangements. The Competition Bureau talks about the Competition Act and says it does not have the power to impose certain things on them. Every time a complaint is filed under the Competition Act, the bureau says it cannot prove there was real collusion. In the end, the citizens who complain must pay a little more for their litre of gas, even though the bureau has studied the problem, run the legislative maze and exhausted recourse under the Competition Act.

What the members of the Bloc Québécois are asking of the government is simple: stop the oil companies from making fools of us. Stop oil company CEOs from giving themselves bonuses because they have increased corporate profits. All shareholders have increased their profits every three months. This is not why we were elected. We were elected to serve the people. So it is the people we have to serve. If we are in a position to get them a daily reduction of 10¢ a litre for gas, it is our responsibility as members to do so. At least that is the responsibility of Bloc Québécois members. We are proud to defend Quebecers. We are proud to be here and to tell the government that it is mistaken. We have to sit down and create a real petroleum monitoring agency with a Competition Act that has teeth.

*Business of Supply*

In the meantime, because oil companies are making so much money working the system, we should impose a special tax on them. That is what the Bloc Québécois is proposing. Once we have cleaned house and the oil companies are making a reasonable contribution, if the member and the minister do not like the special tax, we will abolish it. Everyone will be happy. The Bloc Québécois is asking the members to work for the people, for once, and to stop working for oil company owners. We have to vote for this motion. The Bloc Québécois would be very pleased if all members of the House sent a unanimous, heartfelt message to the oil companies telling them to stop taking advantage of the system. Enough is enough. The people can no longer take it. We understand how it works and we will not take it any more. That is the clear and simple message I am sending. We hope that our Conservative colleagues, who claim they were elected to defend the interests of the people, will prove it by no longer defending private interests and using their votes in this House to defend the interests of the people.

• (1705)

[English]

**Mr. Brian Storseth (Westlock—St. Paul, CPC):** Mr. Speaker, I want to comment on this issue and how there is no way that I could possibly support a motion that increases taxes rather than actually decreasing taxes as the government is trying to do. We have talked about a reduction in the GST and that party laughs at us. It is \$5.2 billion in the pockets of everyday Canadians. That is the way that the government makes the standard of living for Canadians better.

My question for the hon. member is with regard to some of the biodiesel and ethanol strategies that the government is actually putting forward. We listened for years on how the former government would do things, the approaches it would take, and the promises that were made. The previous government never came through on any of its promises.

In the first 100 days of government the Conservative government has already moved forward on a national strategy to lower taxes. This is what I think the member should be supporting. This is what I think his party should be addressing.

[Translation]

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, have I correctly understood my colleague? Is he trying to tell me that the Conservatives did something good for the environment in their first 100 days? Is that really what he is saying?

I think that to ask the question is to answer it. At any rate, the newspapers have not fallen for the Conservatives' rhetoric.

**Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC):** Mr. Speaker, I am always fascinated when I hear my Bloc Québécois colleagues shout from the rooftops, as they are doing now and did during the election, that they are defending Quebec's higher interests, as if their way of thinking is clearly unique and must reflect what Quebeckers are thinking.

My colleague just indicated that, after running an election campaign, cutting taxes and the GST and listening to what Quebeckers asked us to do, we on this side of the House delivered the goods.

So I am always surprised when I hear my Bloc colleagues say that they are defending the interests of Quebeckers. To my way of thinking, if they are defending Quebeckers' interests, they should be able to deliver the goods too. The fact is, they have never been able to deliver the goods.

My question is this: can my colleague explain how his actions and his positions have helped get things done for Quebec?

**Mr. Mario Laframboise:** Mr. Speaker, I am learning something from my colleague today. During his election campaign, I did not see him defend the oil companies' profits as he is doing today. I did not see that, and I do not think the people saw the transport minister and all his Conservative colleagues do what they are doing today: defending the oil companies' record profits at Canadians' expense. I did not hear them talk about this issue. They were very careful not to do that and not to say that.

Once again, I am proud today to defend the position of the Bloc Québécois, which is asking the government to revise its laws. In the meantime, the government must introduce a surtax on the profits of the oil companies that are shamelessly bending the law to make bigger profits at the expense of Canadians.

• (1710)

[English]

**Mr. Bradley Trost (Saskatoon—Humboldt, CPC):** Mr. Speaker, I appreciate that this issue has been brought before the House. We had a full day of hearings on this issue last year at the industry committee. One thing kept coming back despite all the talk of refining margins, marketing and so forth, and that was that the price of gasoline is predominantly controlled by two major factors: first, the price of crude is internationally set and we really cannot do much about it except maybe explore some more; and second, taxes. The government in its wisdom has cut the GST, cut income tax, et cetera to help consumers.

Does my hon. friend support more tax cuts by the government to help consumers across the board? This year it may be the higher price of fuel and next year it may be the higher cost of something else, so maybe we should just cut taxes in general to help people out. Does he support the government in its approach that tax cuts should be general?

One thing I have heard from Bloc members is their continual cry about carbon dioxide et cetera. They know that the most effective way to cut it is by implementing a carbon tax which would be a tax on gasoline. Does his party support generalized tax cuts as a major priority and does his party support a carbon tax on gasoline?

[Translation]

**The Acting Speaker (Mr. Royal Galipeau):** I would ask the hon. member for Argenteuil—Papineau—Mirabel to give a very brief answer.

**Mr. Mario Laframboise:** Mr. Speaker, I will answer very quickly.



*Business of Supply*

The premise of my colleague's question is false because one element was forgotten. The refining cost helps determine the price. In my opinion, that is the problem with all the Conservative members. They forget that the money made by the oil companies is found in the profit made on refining. Also I realize that no one wants to talk about that on that side of the House.

**Ms. Nicole Demers (Laval, BQ):** Mr. Speaker, for the edification of the Minister of Industry and my colleagues across the floor, I would like to begin my address by reading to you a few excerpts from an article that appeared in the *Journal de Montréal* this morning, written by Yves Séguin.

Producers, refiners, distributors, traders, all of them, nearly every day now, give us countless reasons explaining the rise in the price of oil.

If the price of oil increases, so do profits. The world demand for oil is rising and production is not sufficient to meet consumer demand. That is the basic explanation given by the industry to justify the skyrocketing prices. But is that what really explains this extraordinary rise in prices?

Rex Tillerson, president of Exxon Mobile, the world leader in oil production, recently gave an interview to *The Economist* in which he shed some interesting light on the issue, completely contrary to the official line. Mr. Tillerson maintains that the high price of oil does not have anything to do with the feared shortage of oil.

In 1998, the barrel of oil was \$10; today it is about \$75. Exxon's profits have risen in the latest financial statements to the colossal amount of U.S. \$36 billion, or almost the equivalent of all the revenue collected by the Government of Quebec.

...

Mr. Tillerson even affirms that the current skyrocketing prices do not have anything to do with an oil shortage. The traders speculate and want to make the price of oil rise by having us believe in a future shortage. Mr. Tillerson explained that Exxon has never been short of oil in its entire history and is now refining more oil than it is pumping. It does not expect any shortages either now or for many decades.

...

Exxon currently continues to drill in Qatar and in the United Arab Emirates. This, added to its present reserves, give it a pump capacity of 73 billion barrels of oil. This is a guarantee of 50 years of raw material. If Exxon has such substantial reserves, and its president, Mr. Tillerson, affirms that outright, why then is the industry letting on that there is a shortage of oil? Are we to believe the financial experts, interested in speculation, or the president of the largest oil-producing company? At least Exxon is frank and does not hide the fact that it is making a lot of money. And its president, Mr. Tillerson, does not waste his time telling us stories like the one about the hurricanes that will supposedly soon cause a shortage of oil—

Reading this article highlights how essential it is that we show the oil companies that we cannot be fooled anymore. It is essential that we pass the motion put forward by the Bloc Québécois.

You know, Mr. Speaker, how fond I am of seniors. My remarks will now focus on the problems faced by seniors because of these price hikes. As you know, 40% of seniors in Canada live in poverty. All those who live alone are poor. Yet, the maximum yearly payment in old age benefits is \$5,815, plus \$7,127 for the guaranteed income supplement, for a total of \$12,942. With an average gasoline price of \$1.08 a litre, a senior who fills up once a week has to spend \$43.20 per week; that is \$2,246 a year for someone whose annual income is only \$12,942. But these seniors need transportation to go to medical appointments, get food, have prescriptions filled and do volunteer work. Seniors often have to cut back on their food and medicine in order to make ends meet at the end of the month.

And yet the oil companies made \$17.6 billion in profits in 2005. In comparison, our 391,876 seniors living in poverty are receiving \$5.072 billion. That is just over one-third of the profits of all the oil companies put together.

● (1715)

It is shameful.

How do you think low income seniors will manage? They have to use soup kitchens and more and more of them are doing so. In 2004, 800,000 people a month made use of soup kitchens. And the government is concerned about imposing a surtax on the oil companies, which make huge profits? What about these 800,000 people a month? These are people in my riding and the ridings of everyone here.

It is really sad. Seniors often visit food banks and discount stores. Many of them must spend their food money on medication instead.

According to the United Nations' human development index, Canada has dropped from being in first place in 1992 to being in eighth place today in terms of its quality of life in general.

In addition, the government owes \$3.2 billion to seniors in retroactive guaranteed income supplement payments. Their volunteer work represents \$60 billion for the economy annually to the various governments. In the meantime, the government gives the oil companies a tax cut.

It was mentioned earlier that in 2005 the oil companies paid \$5.148 billion in taxes. That is true, but in 2007, they will pay only \$2.362 billion, because each year their tax rate drops. This means a loss of \$2.8 billion annually for three years.

The government feels it can do without \$2.8 billion in taxes from businesses that make profits of \$17 billion, but it refuses to return \$3.2 billion to seniors, money it owes them. This is unacceptable.

Mr. Robert Pelletier, the chair of the 16th funding drive of a food bank, le Comptoir alimentaire Drummond, said:

New poor have arrived, people who work for minimum wage, but who, for all sorts of reasons, often related to increased costs of energy, including electricity and gasoline, suddenly find themselves in difficulty... A simple increase in the cost of gasoline pushes some people from self sufficiency into need.

To ensure money is better redistributed, the first step is to make sure that those who make the money pay their fair share. At this point, the oil companies do not pay their fair share. Only by supporting the Bloc Québécois motion can we hope for greater social justice for Quebecers and Canadians.

This government can change the situation, but does not want to. Its close ties to the oil companies in the west cloud its judgment and colour its neutrality.

● (1720)

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Mr. Speaker, I thank the hon. member for her address. She made some very relevant comments.

*Business of Supply*

[English]

She spoke of the profound impact that these high prices have, often on old stock, on low income families, people who deliver into rural regions, taxi drivers, and others who are affected by the high price of energy.

It is literally a catastrophe, when we know that from 1989 through to 2004, the latest figures from Statistics Canada, 60% of Canadian families are poorer now than they were then. What we have seen are repeated failures on economic policy and money that is continually being sucked to the wealthy. As well, while we see these record levels of profits from the petroleum companies, we are seeing lower corporate taxes.

My question for the member is the following. She has spoken very eloquently about the impact. We know this week that those who have been perhaps most profoundly impacted by this are from Alberta. The income of Alberta farmers has plunged 50% in the past year, in fact more steeply than any other province. Yet, not a single one of the 28 Alberta members of the Conservative Party has stood up to defend Alberta farmers, even though many of those farmers have supported Alberta Conservatives in the past.

When Alberta farmers have been most dramatically impacted by this, why is the government doing nothing? Why is it ignoring Alberta farmers? Why is it leaving those Alberta farmers to hang by themselves?

[Translation]

**Ms. Nicole Demers:** Mr. Speaker, I thank my hon. colleague for his question.

Unfortunately, I must inform him that it is not only western farmers, farmers from Alberta, who have been abandoned, but farmers from across the country. People having a hard time making two ends meet have also been abandoned. We have seen, with the bicycle industry, the textile industry and all manufacturing industries, that it is not only western farmers who are being abandoned, but everyone.

[English]

**Mr. Daryl Kramp (Prince Edward—Hastings, CPC):** Mr. Speaker, in my riding I share many social injustices. We have over 10% unemployment in a large section of my riding. We have homelessness. We have many people crying out for aid, assistance and support. It is not as though I do not share a concern or a thought along with my colleague from across the House but we have social injustices across the country. How can we single out one industry and sort of throw on its back that it is the only reason for all of the social injustices? I do not think so.

As an example, the pharmaceutical industry, notoriously or famously, is one of the most profitable industries in the world and in my colleague's province it is a very profitable industry. Should we put a surcharge on that industry to help pay for the social injustices that occur in her province or in Nova Scotia or in British Columbia?

I am not suggesting there are not imbalances but our taxation system is not just there to spread the wealth but also to create the wealth. We cannot kill the golden goose that lays the golden egg. Every sort of dog has its turn. The industry has been severely

threatened on occasion and dollars were poured into the western industry to help get it off the ground and make it through. The industry is now contributing back to the GDP, a lot of tax revenue is coming back and a lot of that tax revenue is being distributed across the country.

Let us look at the aerospace industry in my colleague's province. Hundreds of millions of dollars went into that industry every year for many years to help promote the industry. Could that money have gone toward social injustices? Possibly, yes, but that industry has created many jobs and has created quite a tax return for the province and for the country.

Where do we draw the line on the balance with targeting specific industries that are maybe strong today but in five years, two years or six months down the road are not? I do not think it is fair to put a surcharge on a particular industry and target just that industry at a particular time.

I can see it in an overall policy, in an overall platform, in an overall tax structure or tax regime where we have a corporate structure of taxes, where the finance minister, with the input of my colleagues on all sides of the House, negotiate the levels of taxation for corporations, for private people, for individuals and for non-charities. I think that is a reasonable argument. However, I think it is wrong to suggest that we can target one particular area.

Could I have the member's response to that?

• (1725)

[Translation]

**Ms. Nicole Demers:** Mr. Speaker, I am glad my hon. colleague has asked me this question.

In my opinion, all businesses, all financial institutions and all companies have a social responsibility.

We are talking today about the fact that a company is not assuming its social responsibilities. I am not against making a profit; I am against making unconscionable profits. I am against making a profit at the expense of those less fortunate, because such profits only make the rich richer and the poor poorer. Certainly, it creates many jobs. However, it also makes the rich even richer and the poor even poorer, since it has a global impact on all services provided to the public. When we have to pay more for gas, all services—

**The Acting Speaker (Mr. Royal Galipeau):** Resuming debate, the hon. member for Western Arctic has the floor.

[English]

**Mr. Dennis Bevington (Western Arctic, NDP):** Mr. Speaker, I am supportive of the need to do something to counteract the negative impact that increasing gas prices are having on Canadians. Increasing fuel prices are a drag on our economy which, if allowed to continue, will show itself through increased prices in all sectors and possibly increased unemployment.

While all Canadians suffer from increasing energy prices, some feel the effects more than others. In the north, where energy costs are so high already, these things impact us more than others.

The other concern Canadians in northern and rural municipalities across the country have is with heating oil. As the price of oil goes up the price of heating oil goes up and that has a detrimental impact on Canadians.

However, these price increases are a symptom of a much larger disease. The disease is the fact that inexpensive, easy to access fossil fuels are beginning to run out at a time when demand continues to increase. While the Bloc's motion is a start, we must address the twin facts that new sources of energy need to be developed now and the demand for fossil fuels needs to be reduced.

What is needed is a national energy strategy that is based on the twin pillars of conservation and the development of new energy sources. I realize that some members of the House are frightened at the thought of this strategy as it brings back visions of the Liberals' failed national energy program. Even the CEOs of the large pipeline companies in Canada are calling for a national energy strategy.

Now is not the time to be timid. We must not let the failures of the past prevent us from effectively dealing with the fact that action is needed now.

What we have had is timid action. For example, a New Democratic initiative to require fuel efficiency in vehicles was defeated when both the Conservatives and the Liberals voted for voluntary standards which have failed to address energy costs, climate change and smog.

We have seen no action from the Conservative government because it has not realized that this issue is a priority with Canadians.

Before my time runs out I would like to put forward an amendment to the motion which would perhaps bring it in line so it can move forward. The amendment reads, that the motion be amended by adding the word "extraordinary" immediately before the word "profit" so that the section of the motion would read "a surtax on the extraordinary profits of".

\* \* \*

• (1730)

#### POINTS OF ORDER

PRIVATE MEMBERS' BUSINESS—BILL C-292

**Hon. Ralph Goodale (Wascana, Lib.):** Mr. Speaker, with the House's indulgence, a point of order was raised earlier this afternoon concerning the tabling of some documents.

I have had the opportunity to consult with the government House leader and I believe I have his consent and an invitation from the Speaker to table some documents further in reference to Bill C-292, the private member's bill standing in the name of the right hon. member for LaSalle—Émard.

With the consent of all hon. members and for the information of the House, I am happy now to table, courtesy of the website of the Government of Canada and the Library of Parliament, the documents pertaining to the Kelowna accords, which were referred to earlier today in this House, and I am prepared to now lay them on the table, in both official languages.

#### Private Members' Business

**The Acting Speaker (Mr. Royal Galipeau):** Does the hon. member have the unanimous consent of the House to table the documents?

**Some hon. members:** Agreed.

\* \* \*

#### BUSINESS OF SUPPLY

OPPOSITION MOTION—GASOLINE PRICES

The House resumed consideration of the motion.

**The Acting Speaker (Mr. Royal Galipeau):** I will now deal with the amendment moved by the hon. member for Western Arctic.

[*Translation*]

I must inform the hon. members that, pursuant to Standing Order 85, an amendment to an opposition motion may only be moved with the consent of the sponsor of the motion. Accordingly, I ask the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup if he consents to the proposal of this amendment.

**Mr. Paul Crête:** Mr. Speaker, I do not accept this amendment because we cannot define what constitutes extraordinary profits.

**The Acting Speaker (Mr. Royal Galipeau):** There is no consent. Accordingly, pursuant to Standing Order 85, the amendment cannot be moved.

• (1735)

[*English*]

Four minutes ago I tried to say that it being 5:31 p.m., pursuant to the order made earlier today, all questions necessary to dispose of the opposition motion are deemed to have been put and a recorded division is deemed to have been demanded and deferred until Tuesday, June 6, at the expiry of the time provided for government orders.

Shall we see the clock at 5:46?

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. Royal Galipeau):** The House will now proceed to the consideration of private members' business as listed on today's order paper.

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#### PRIVATE MEMBERS' BUSINESS

[*English*]

#### INCOME TAX ACT

**Mr. Brian Fitzpatrick (Prince Albert, CPC)** moved that Bill C-294, An Act to amend the Income Tax Act (sports and recreation programs), be read the second time and referred to a committee.

He said: Mr. Speaker, I want to point out that my colleague, the member for Saskatoon—Humboldt, will be making a friendly amendment, which I have no objection to when he speaks later on today.

*Private Members' Business*

I will start with a rhetorical question to get everybody's attention in the House. What if the Canada Revenue Agency decided tomorrow that the housing allowance, which members of Parliament receive while in Ottawa, would now be considered a taxable benefit and it would have to be brought into our income tax returns? We would be looking at full taxation on that. How many members in the House would applaud that move?

This is precisely what happened a number of years ago with amateur junior hockey in Saskatchewan. The tax department told tier two junior teams, struggling to keep their heads above water and keep their teams alive in their communities, that the room and board being provided to the players was a taxable benefit and that it was subject to Canada pension and income tax deductions. These are 17, 18 and 19 year old kids who generally attend school and board hundreds of miles away from these communities.

This brought a real hardship to the teams. Some of them were looking at \$20,000 to \$25,000 assessments on their operations and they were already in debt. They were selling lottery, raffle tickets, et cetera, to keep their teams alive and then along came the ruling by the Canada Revenue Agency.

The amendment to the Income Tax Act would have the effect of providing a small exemption to amateur athletic teams of \$300 per month per player for the duration of the season. That would be exempt from the reaches of the income tax department. It would extend to all amateur sports teams in which the membership would be 21 years or under. It also would be limited to teams that were non-profit, community-based organizations trying to operate a junior team, or a midget triple A team, or a skate team, or gymnastics team or whatever it may be.

There are restrictions on the amendment to avoid abuses by people who are not legitimately amateur and who try to find loopholes to get around this. I think it is well crafted to ensure that it meets the test of helping amateur athletic development in all provinces of Canada.

I will give a bit of history on this matter. About four or five years ago, the tax department descended upon the 11 teams of the Saskatchewan junior hockey league, audited their books and came to the determination that they should have been reporting the room and board being provided to the players on the teams as a taxable benefit.

It is like a person who has a garden in the backyard and grows potatoes, carrots, peas. The tax department tells the person that is a taxable benefit, saying that normally people buy potatoes and carrots at the grocery store with after tax money and this person is getting the vegetables without having to pay for them.

The rationale was very questionable. The rationale was that this was an employer-employee relationship. This is not an employer and employee relationship. That is a questionable determination. In the fall, 70 or 80 kids will show up in these communities to compete to be on these teams. What are they trying to do? They are trying to enhance their skills as hockey players. It is like a school for hockey players.

Parents entrust their kids to those teams, to put them in good homes, to attend school and to develop their hockey skills. For a lot of parents, the end game of going to tier two hockey is to obtain an athletic scholarship to the United States.

●(1740)

Every year in Saskatchewan two or three players on a team receive a full four-year scholarship to major American universities to pursue their hockey careers and also to receive an education. This ruling quite seriously casts some doubt over their continued eligibility on this matter.

However, 80 players show up in the fall and they compete to get on these teams. Twenty to twenty-four players make the team. The other ones take the bus ride home. There is no payment to these players. There is no employer-employee relationship. The parents basically entrust their kids to the guardianship of these junior hockey teams. They attend high school or if they are over the age of 18, they attend a community college. They are expected to behave themselves and conduct themselves in a responsible manner in those communities.

That was the criteria for imposing this case. I know a junior team is taking on the Canada Revenue Agency and fighting it in court on such an issue. This is not the same as the softwood lumber dispute where millions of dollars are spent fighting something big for many years, hoping to get somewhere. Junior hockey teams do not have that kind of money. These teams are selling raffle tickets to pay the room and board for players. They do not have the money to spend on lawyers to go to court to fight our tax department.

This is some of the background of the bill. It is more than just the Saskatchewan tier two junior hockey league. This year the Prince Albert Mintos won the AAA midget Canadian hockey championship. It is the third time in the last five that Saskatchewan has won the premier Canadian championship for the best midget hockey players in the country. Tisdale, a town of 3,700 people, won it in 2002. Since 1978, Saskatchewan has won the AAA midget championship something like 35% of the time. This is from a province with less than a million people.

There is definitely a culture of hockey history in Saskatchewan. We should be encouraging this part of our heritage. Saskatchewan is the home of Gordie Howe and Johnny Bower. A whole list of players have come through the Saskatchewan junior hockey league. We should encourage our young people to be involved in this type of program. Our tax department should not be there with assessments that almost have the effect, in some cases, of virtually putting these teams out of existence.

This is a major cultural event in the community. I come from Nipawin, Saskatchewan, which has a population of 5,000 people. When winter sets in, it is long. Hockey brings the community together.

If I go down to that hockey rink, professional people, business people, retired people, first nations people, people from all income perspectives in that community all come together. They are united in that community for one thing, and that is to cheer on their team and hope that it will advance through the hockey process. This happens in 11 communities throughout Saskatchewan. It has been going on for well over 60 years. It has been going on as long as Gordie Howe laced up his first set of skates in Saskatchewan.

*Private Members' Business*

Dave King is a product of that league. He has received the Order of Canada. He coached our Canadian team at the Olympics many times. He has coached in the NHL. I talked with Dave King and he could not believe the tax department would do something like this. He thought it was outrageous.

At that time, five NHL coaches had cut their teeth in the Saskatchewan junior hockey league. I believe four players on the team won the Olympic gold medal. They came from that league. They had developed their skills and worked their way through that league. Our policies should encourage the sport of hockey.

Too many Canadians sit at home watching TV, especially our young people. Young Canadians have a problem with obesity and diabetes and all kinds of problems. Why in the world does the government not encourage our young people to be active and to get involved in different activities, whether it is hockey, gymnastics or any other sport? The whole point of the amendment is to give these teams a bit of a break and some leeway.

• (1745)

There are 130 tier two junior hockey teams across the country. It is not just something for Saskatchewan. It would benefit other teams as well. Ontario has a whole pile of Junior B teams, maybe more of them than tier two teams. This would benefit them. The AAA midget teams would benefit as well. I am not an expert on other sports programs throughout the country, but if the tax department wanted to take its policy approach and extend it to gymnastic clubs, swim clubs, or junior football clubs, which have players under 21 years old, it would have a negative effect.

I want to also bring home a point with respect to the \$300 amount. Some people would say that the income tax on \$300 would not be a lot, but that is not the issue. The issue is the Canada pension assessment, which is very high when one is either at the beginning or the end of the income scale. It is basically 10%. The assessment for EI benefits, especially under the Liberal administration, was more a tax grab than an insurance premium. If we do the math involving a team with 25 players at \$300 a player, it adds up. If we could pass the amendment, it would eliminate this hardship. I estimate that we are talking \$5,000 or \$6,000 a year.

A large group of volunteers selling tickets to raise funds for a community project would probably make \$5,000 at the end of the day. What in the world would be the sense of selling raffle tickets so \$5,000 could be paid to the Canada Revenue Agency? It does not make any sense. I have real doubts the amount collected, whether under EI or Canada pension, would ever amount to any tangible benefit to the player anyway. It is not enough to qualify for anything.

Some of my Liberal colleagues have mentioned disability benefits for players who might get injured. This is not enough to get them into any real meaningful disability benefit. Those members do not understand how our junior hockey leagues operate. They have disability insurance plans in place so if a player is injured, those plans provide them with much better benefits than they could ever get under the Canada pension plan. This shows a profound ignorance on the part of some members to even raise this issue. This argument could be used for school basketball teams or football teams as well. There are no Canada pension benefits for them.

A lot of my Liberal friends like to talk about our culture. I cannot think of anything that is more a part of our culture than hockey. We can go to just about any country and ask people, especially Europeans, what really sticks out about Canadian culture. They will tell us it is our hockey. Canada is the hockey centre of the world. It is our culture and it is very much a part of rural Canada.

This thing was an anti-rural Canada decision too. Our rural communities were the ones that were really hit by this. Larger cities like Toronto do not have a room and board issue. The kids live within close distance of the rinks. Nipawin, Saskatchewan is three hours away from Saskatoon and an hour and a half from Prince Albert. It is a long way away from other communities. Players travel long distances and are put in good homes.

I encourage everyone in the House of Commons to stand up for our culture, for our hockey and rural way of doing things. I urge them to tell people that the government is here to help them, not always to get in their way and make life difficult for them.

• (1750)

**Mr. Daryl Kramp (Prince Edward—Hastings, CPC):** Mr. Speaker, I would like to heartily commend my colleague for bringing forth this bill. I have a couple of questions, but before I do I would like to make a brief comment.

I have a great familiarity with the topic the hon. member just mentioned. I have been involved in the hockey business for many years. I ran international hockey tours and actually operated the largest international hockey tour in North America for many years with many tier two teams and international teams. I saw the enormous sacrifice that parents and communities made on behalf of these young people who were determined to improve their lot in life.

It is not like the old days when we could throw a set of \$50 skates and \$20 shin pads on and go out for a little game of shinny. Today hockey sticks cost \$400 and a good pair of skates can cost up to \$2,000 at a competitive level. These are enormous costs that parents are undertaking.

Some organizations occasionally supplement that, but in general it is all done with volunteer dollars. Most of this is not done in major corporate Canada where the dollars just flow from sponsorships. These are small communities that depend on moms and pops, and grocery stores or convenience stores all kicking in, volunteering, selling tickets, and organizing car washes.

These communities reach out to these kids. These kids could be almost a nation away. They could be from the next county, but they have ideas and get involved with a different school than they grew up in. They create new relationships. This builds communities, countries and societies. This is the Canadian way. It is so true.

I have seen an enormous level of commitment and growth. I have tier two teams in my area of Wellington and Trenton. I have seen the pride when these kids come forward, not only in the craft of hockey but I have seen them develop as human beings and grow as adults. There is a tremendous sense of accomplishment when that happens.

*Private Members' Business*

Have you been able to experience such a thing in the far reaches of Saskatchewan? I do not think Ontarians have the only claim to this pride in the ownership of hockey. You have intimated that you have had a number of successful teams, but is success just in the winning of the game or is it also the development of character? I have seen a lot of that. Have you?

**The Acting Speaker (Mr. Royal Galipeau):** I would remind the hon. member for Prince Edward—Hastings that remarks are better addressed through the Chair. I recognize the hon. member for Prince Albert.

**Mr. Brian Fitzpatrick:** I was going to reprimand him for that, Mr. Speaker, but I do not have to do that. That is a very good question.

The president of the Saskatchewan Junior Hockey League, Mr. Ryan, is a graduate of Notre Dame College and we still have a team from Père Murray's Notre Dame Hounds. It has a tremendous legacy.

That school instills a philosophy in people that there is no obstacle in life that one cannot overcome, that people do not walk away from something and become a victim. People overcome those barriers and become self-reliant, hard-working individuals, not a burden on society. The college has a tremendous legacy through sports and other programs of turning people who have had difficulties in life into real success stories.

I told Mr. Ryan that the Liberal government liked to take money from people and then hand it out in grants and make teams dependent on it. What the Liberals would like us to do is to come on bended knee to Ottawa and ask the government for some sort of grant to pay for or help support the team.

The teams do not want that. They want their independence. They want the Gordie Howe way of doing things, the Père Murray way of doing things, the old fashioned way of hard work, self-reliance, independence, and not being dependent on governments and so on. That is instilled in the players in that league. There is a tremendous legacy of players who have come through that system.

I think of two members in this House of Commons, I believe the goalie on the Liberal side went to Cornell on a hockey scholarship and our Minister of Finance went to Princeton University. However, there are tons of players from Saskatchewan who have become really successful people in this great country—

• (1755)

**The Acting Speaker (Mr. Royal Galipeau):** Resuming debate, the hon. member for Verchères—Les Patriotes.

[*Translation*]

**Mr. Luc Malo (Verchères—Les Patriotes, BQ):** Mr. Speaker, I hope that the members will not find it strange if during my speech this evening on the occasion of a debate on a tax measure, Bill C-294, an act to amend the Income Tax Act, I put my calculator aside, smile broadly, and pay homage to all these young people who, at the crack of dawn or late at night, whether Monday or Saturday, strive for excellence.

The purpose of this bill is to support these elite athletes who, in order to outdo themselves, reach new heights, and go as far as their talent will take them, often have to leave their parents and the

associated financial advantages—particularly housing expenses—in order to live elsewhere among other young people with whom they can flourish in their sport.

This bill aims as well to recognize that the associations that support them financially do not pay them a salary but allow them to sponge up a bit of the sweat that might appear at the same time as the major financial burdens of practising an elite sport.

Let us just look, very coolly, at all the expenses associated with an elite sport. I am going to list a few just to help us imagine the total cost: housing, food, food supplements, sports equipment and clothing, transportation, educational costs, medical expenses, registering for competitions, training, membership in an athletic club and travel to competitions. It is not unusual to see athletes who, in addition to practising their sport and getting an education, have to work in order to support their lives as high-performance athletes.

I have been speaking for a few minutes already about the modest contribution that this bill would make to some athletes without having formally introduced it. The purpose of Bill C-294 is to amend the Income Tax Act to provide additional support for athletes by excluding from their taxable income allowances from non-profit groups or associations to a maximum of \$350 for each month of the year if, first, the taxpayer is registered during the year with the organization as a member of the sports team or as a participant in the sports or recreation program, and second, if membership in the team or participation in the program is restricted to persons under 21 years of age.

That being said, this bill raises the issue of amateur sport funding and the situation of Quebec and Canadian athletes. I would like to point out that there is only one program offering direct financial support to athletes, the Athlete Assistance Program (AAP). The funding allocated to that program makes up only 13% of total sport funding in Canada. That is not right, considering that expectations are very high for the 2010 Olympic Games in Vancouver, and that time and resources have to be invested before a talented young person can measure up against the best in the world, to the point that his performance is better than all others.

For the benefit of all, the AAP is the source of financial assistance paid directly to Canadian amateur athletes who are already among the top 16 in the world, or who have the potential to reach that level. So this program is far from the panacea for the financial needs of athletes, who have glaring needs long before they manage to rank 16th in the world in their discipline.

An athlete is a human being who has dreams and ambitions, but also fears and obligations of all kinds. It is therefore our collective duty to encourage athletes, to show how proud we are of them throughout the long, hard climb to excellence, and not only when they enhance our visibility as they climb to the highest step of the podium.

Of course, this tax credit may seem modest, but it is clearly a step forward in providing direct assistance to athletes who, as I was just saying, often have to work to earn their living, particularly up and coming athletes, who receive very little support, either in terms of money or of visibility or credibility.

Fortunately, there are certain organizations which have long believed in these young people. For if we did not already have teams, or organizations which generously provide money to meet some of the basic needs of these athletes, the legislative measure we are debating this evening would be of no use at all.

So I take this opportunity to congratulate and thank those entities, and above all the men and women who embody them and are their driving force, who create environments conducive to the development of skills and the establishment of positive role models for youth, and who make it possible for these sports talents to emerge.

• (1800)

Their invaluable contribution to creating a better society deserves to be recognized and inspires and motivates all of us to always act in our communities' best interests.

Although the Bloc Québécois supports this bill, some amendments are needed to maximize the bill's benefits and minimize its irritants.

First of all, the Income Tax Act, which this bill amends, gives no definition of "athlete". It would be helpful to define this term, because the various sports bodies at the provincial, federal and international levels do not always have the same criteria. For Sports Québec, athletes qualify for financial assistance if they are carded by Sport Canada, if they are not carded by Sport Canada but belong to a Canadian team that plays an unsupported Olympic sport, or if they are identified by the Quebec sports federations as being at the elite or developmental level and are considered to be among the most promising and to be making steady progress. What definition will be used to determine who can receive the credit? A clear, precise answer to this simple question is critical to full implementation of this measure and would make it easier for the sports communities in Quebec and Canada to understand the scope of the measure.

In addition, it seems to us that, because of the age restriction, many athletes are excluded who would need the assistance, particularly those registered with university sport teams. We believe that these young people should continue to enjoy the benefits of this tax credit because, despite their youth, the time they can spend on a paying job is probably shorter due to the greater demands of university.

We intend to persuade the committee to which this bill will be referred to assess and support these amendments, which we find highly desirable, in order to make this new tax credit more relevant and effective.

I would be remiss if I concluded this speech without reiterating how much I admire elite athletes in Quebec and Canada for the work and performances they manage to achieve under sometimes less than ideal circumstances. With their intensive training sessions that require leaving any worries in the locker room and focusing on the essential performance, and in team sports, taking on that unflinching sense of solidarity necessary to reach common goals, these young people are models of healthy living which offers a refreshing contrast from sedentary living and all sorts of related illnesses historically rare in young people. Whenever you perform in stadiums, arenas and pools, with dozens or even hundreds of pairs of eyes riveted on you, and show everyone that your goals are within

### *Private Members' Business*

reach, you are bearers of hope. Whenever you demonstrate that a well-controlled sports performance is a source of beauty, excitement and wonder, you spread great happiness all around. Whenever you show that elite sport can be an integral part of an active, modern life, you are a source of inspiration for the generations that follow you.

• (1805)

[*English*]

**Mr. Blair Wilson (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.):** Mr. Speaker, I believe this bill's intentions are in the right place. As the sports critic for my party, I believe that we should do much more to help our young athletes succeed, but simply put, I do not understand what, if anything, this bill would do.

I understand that the idea behind it is to make allowances paid to young athletes by not for profit organizations tax free up to a sum of \$350 per month, but these are athletes that do not make tremendous amounts of money in the first place. In fact, a typical junior A hockey player, of which I was one, will probably only receive \$300 a month from his or her team. During an eight month season, that amounts to only \$2,400.

The basic personal exemption rate in Canada is \$8,639 per year. That is the amount of money one can earn in a year without having to pay any income tax. When all is said and done and the tax season rolls around, I would be very surprised to see that any of these athletes would have earned enough money from their small allowances to pay any taxes at all. Therefore, I ask what the benefit is here. I do not see one. I believe it is just smoke and mirrors.

Admittedly, the Conservative government has just lowered the basic personal exemption and forced Canadians to pay more taxes, but even with the Tory tax hike, I do not think young Canadian athletes would have extra money from this allowance that would exceed \$9,000 a year. It is just not going to add up. If the hon. member is actually concerned about these athletes, he should ask his colleague, the Minister of Finance, not to lower the basic personal exemption by \$200 this year.

The bill will also make allowances paid to people on behalf of the hockey player tax free up to \$350. This also has a nice ring to it, but again it is very disingenuous and is very much smoke and mirrors.

Take, for instance, Canadians who open up their homes and hearts to billet young athletes who must move away from home to compete. These kind Canadians are the reason that so many young athletes get to follow their dreams. Surely they deserve a break on their taxes, but in fact, they already get one. The Canada Revenue Agency treats the monthly allowance that billetes receive from clubs as non-taxable. It is a good thing too because as a young athlete myself, I probably ate twice as much as the billetes received for an allowance, but admittedly, that may not always be the case.

*Private Members' Business*

The Canada Revenue Agency might consider the allowance as taxable income if the family hosts multiple athletes in a businesslike manner with the intent of making money from the venture, but the vast majority of times these allowances are not taxed. Once again I have to wonder what this bill is trying to achieve. Maybe it is just trying to deceive Canadian taxpayers. The bill is attempting to make an allowance that generally is not taxed not taxable. I am all for supporting Canadian athletes but there must be dozens of more tangible and practical ways to do this.

I have some other questions about this bill. What does the hon. member consider to be reasonable expenses? Does he think that the Canada Revenue Agency will share his view on these reasonable expenses? If, for example, an athlete plays hockey for six months of the year, will he get to claim \$2,100 or will he get to claim the entire year at \$4,800? Why is this aimed only at athletes? Just as with the government's lacklustre budget, there is no consideration here for artists, musicians, writers, performers, or actors.

I feel that the hon. member is trying to move in the right direction and we do need to support our young athletes much more. I am, however, at a great loss as to how this bill would actually help them at all.

This bill is just more smoke and mirrors where athletes, coaches and parents deserve much more. This bill falls far short of the mark. There is so much more the government could do, that this Parliament should do, directly for our young athletes, coaches and parents. I am sorry, but this bill falls far short of the mark.

• (1810)

**Mr. David Christopherson (Hamilton Centre, NDP):** Mr. Speaker, I appreciate the chance to join in the debate. Unlike the previous speaker, I will not be nearly as critical about the bill. I have a criticism obviously, because I cannot get on my feet without doing that. It is part of my job as a member of the loyal opposition. My criticism will be on the macro picture and not on the specifics.

I am actually substituting for the NDP critic for amateur sport, the hon. member for Hamilton East—Stoney Creek. He had an urgent matter to tend to in his riding and asked me to speak in his stead. I will do the best I can, but it will not be as good as he would have done, obviously.

In general, the NDP is very supportive of this bill. It goes in the right direction. I really do not believe there is any kind of hidden agenda or that it tries to pull a fast one, although I respect the hon. member's right to express that point of view. If I have a criticism, and I will touch on it at the end, it is that tax cuts are the answer to everything as far as the Conservatives are concerned. I hear some of them cheering. The reality is that is not the case and I hope to at least leave that thought on the table. I realize it is heresy for the Conservatives to even hear somebody say that tax cuts are not the answer to everything, but nonetheless it is coming. Get ready. They should take praise while they can because it is coming.

There is the whole notion of ensuring that the good people who billet our young athletes, if they are not getting a benefit from it, at the very least ought not be penalized. I would agree with those who suggest that the amount of \$350 a month is not an awful lot of money for a teenager at this level of activity and commitment.

I like that the bill focused on this area because the people who offer to billet athletes in their homes are not just offering a cold bed for room and board. When they are in those homes, in the overwhelming majority of cases they are getting so much more. People see themselves as surrogate parents, so to speak. Everything that happens to the young people in their homes matters to them. They take care of them. Their hearts go out to them and they pour everything they have into the job as if those athletes were their own children.

In many cases people do it because they hope, and in an overwhelming number of cases it is the truth, that somewhere else another family at another time will provide the same opportunity for their kids. They provide support to the young person in their home in the way they would want their own children supported in someone else's home. Certainly encouraging billeting and providing some relief is a good thing.

Further, the fact that there is at least some incentive may make it easier for more families to get involved. The intent is to thank those who are already doing it, to offer some assistance and to encourage them to stay involved but also to offer some incentive for other parents to become involved. The intent is to recognize that those people care and that money is tight, but the federal government and Parliament are doing what they can to ensure there is not any kind of penalty involved. That may be just enough. That may be the tipping point that allows yet one more family to open up its home and open up its heart. That can only be a good thing.

While I am on a roll with positives, I was very impressed that the hon. member took the time with this very small bill, and it is not exactly asking to change the world, to make sure that the dollars we are providing to these young people and parents are inflation protected. We should be doing this more often. It ensures that we do not have to go through the usual cycle where we do nothing for years and years and the dollar amounts remain those that are prescribed in the law. It takes getting the attention and the time of Parliament to change those amounts and we all know how difficult it is to get a bill through the House. It is not an easy process.

• (1815)

Assuming this bill carries and is implemented, the improvements it makes guarantee that the amount that people receive will not be eaten up by inflation. Otherwise, it could be another 10 years before the matter finally came back to the House. It says a lot about the mover of the bill that he thought ahead to ensure that regardless of what happens to the broader economy vis-à-vis inflation, the intent of the bill would still be respected and achieved regardless of whether or not we hit a period of inflation.

We have all been lucky enough to enjoy a sustained period of very low inflation, but history tells us it is not going to be that way forever. While this may seem rather innocuous now, it could prove to be an important part in providing support on an ongoing basis, so that in later years it does not become irrelevant. It is not that this is a huge amount of money, but it is enough to help.



*Private Members' Business*

I sincerely believe that is the intent of the mover. I know the history of this bill. Previous members have attempted to get this initiative through. I think it originated with another member in Saskatchewan, a province I am close to. My dad is from Saskatchewan, so I consider Saskatchewan to be important in my heart, almost as important as my home province of Ontario.

It says a lot about the determination of the Conservatives in Saskatchewan who wanted to do something. It was the Saskatchewan example that brought this issue to a head, in that the auditors said that there was all kinds of money that should have been taxed. That is what led us to this point.

Kudos to the mover. The bill is a good thing. It is not everything but rarely are private members' bills everything. I compliment the member.

I have to take a moment to put on the record that the tax cut method is a nice way and there are times when it is exactly the prescription that is needed, no question, but it is not the answer for everything. What the bill will not do is speak to other important elements which affect young people's lives that are not dealt with by tax cuts.

One example is the state of our public health care system. If anybody needs that system, it is certainly young people involved in vigorous sports. We want to know that no matter where they are in our country, if they need immediate medical help, it is there.

There is schooling as well. For most of those young people their career is not necessarily going to be sports. For many it will be and I wish them well, but it will not be for all. We also need to think about post-secondary education and what will be the future careers for those who do not pursue sports. We cannot educate a young person in Canada all the way through the system up to the end of post-secondary schooling through tax cuts. It is not enough. There has to be investment.

I do not in any way mean to detract from the bill or the mover of the bill, but it is important to understand that there need to be other investments. It is fine to make great speeches about our young people, but it does not begin and end with a tax cut. The majority of things that will affect a young person's life vis-à-vis the federal government are more about investing in the young person, and not just tax cuts.

We must remember that someone has to have a taxable income before a tax cut will do anything. There are bigger priorities. It takes more than tax cuts to solve some problems.

In the case of this bill, our critic, our caucus and I believe that this is an appropriate way to go. We think it is a good thing. It is not going to solve all the problems but it is a good step in the right direction in an area of our family lives and our community which is important to Canadians.

We are proud of the achievements of our young people in international sports when they compete on behalf of Canada. We only have champions when we support them and are with them all the way through.

This is a good bill and we are happy to support it.

● (1820)

**Mr. Bradley Trost (Saskatoon—Humboldt, CPC):** Mr. Speaker, it is a pleasure to rise again to speak to this legislation. I was thinking the other day about how many people have actually put work into this since the issue first got started. The first time I heard about this legislation, I was not even a member of Parliament. I now have been elected twice, although I know that in this current era we tend to have elections more frequently.

The first time I heard about this I was actually watching *Hockey Night in Canada*. I saw one of Canada's more well-known citizens—some would say distinguished and some would disagree with that—Mr. Don Cherry, discussing the matter and going on about how ridiculous the ruling by the government was and how it was harassing hockey players in Saskatchewan. At that time, there was a very excellent member of Parliament for Souris—Moose Mountain, Roy Bailey. He began to get this going because he had the Weyburn Red Wings and the Estevan Bruins in his riding, two hockey teams that were affected by this.

He worked on it for a couple of years and tried to work the back and forth between finance and national revenue to get the problem solved without having to go through legislation. In the previous Parliament, in 2004, there were 12 or 13 Conservatives elected from Saskatchewan. The member for Cypress Hills—Grasslands moved an almost identical piece of legislation to try to solve this issue. At that time, it passed in the House. I must thank to the members of the NDP, the Bloc Québécois and the odd Liberal who—

**An hon. member:** They're all odd.

**Mr. Bradley Trost:** I cannot argue with the hon. member's remark there, but having said that, I cast no aspersions on any member in particular.

The legislation actually did pass the House and was proceeding through the Senate toward full assent, but the election interfered, so I thank Mr. Bailey, who is no longer in the House, the member for Cypress Hills—Grasslands who got it going, the multi-party support we had, and again, of course, the member for Prince Albert who again is bringing this up.

It takes a lot of effort to get a very small change. For the life of me I have still not quite figured out why the gnomes in the catacombs of the finance department are still so adamantly opposed to this and why they argued to the previous government so strongly against this measure and, apparently from what my colleague from the Liberal Party says, still have somewhat of an influence over there. I am thankful to say that I think I can say without contradiction it will have the unanimous support of the governing party in the House and hopefully the Bloc, the NDP and some Liberals will come to see the light.

One thing that people need to understand is that the franchises, the organizations involved, are not particularly rich. They are not huge. They are in amateur sport. They are not for profit. That is particularly what the bill is stating.

*Private Members' Business*

I would like to read a portion of an article from one of my community papers, the *Humboldt Journal*, about a situation facing the Humboldt Broncos, an SJHL or Saskatchewan Junior Hockey League team in my riding, so that people can get a bit of a grasp of how it is. Small-town sports and volunteer sports are always on a bit of an edge because there is never enough money. In rural Saskatchewan, where prices are not that good for agriculture and people do not always have tons of money to spend even though they work hard and love their hockey, it gets a little hard.

If I may, I will read a few paragraphs for the House so the members can get an idea of what the situation is. The title of the article is "Broncos skating on financial thin ice". It quotes Len Hergott, president of the Humboldt Broncos:

"I don't think we're in a state of panic," he said. At least not yet. "On the other hand if we can't get our season ticket base up and some of our advertising revenue up, it could turn into a panic situation".

The yearly expenses for the team vary on how far they go in the playoffs. On average, Hergott noted, it's between \$340,000 and \$400,000.

That is all we are talking about, an organization that has \$340,000 to \$400,000 a year in expenses. It is not that large. The article continued:

• (1825)

They've cut and trimmed the expenses to the point where they really can't cut any more, he noted. Expenses just seem to keep going up—bus rates are up and the cost of equipment, too, he said. Plus, "We still have to have a product on the ice", he noted. "It takes a certain amount of money to do that".

Even in some of the team's stronger years, they didn't spend a lot of money on building their team through trades, etc., because they, like other teams in the Saskatchewan Junior Hockey League, just cannot afford it.

They just cannot afford it. These volunteer, culture building, core of Canadian culture hockey league teams cannot afford it. Their budget is \$340,000 to \$400,000 a year. Depending on the team, it varies as to how much financial impact this has. Looking at my previous speech in *Hansard*, I note that I said between \$10,000 and \$15,000. That was based on a number, and maybe we are looking at a slight bit of inflation there, when I had spoken with members of the Broncos, who had a fairly good idea of what it would cost.

That \$10,000 to \$15,000 a year in financial relief is what we are going to be providing to a team that has a budget of \$340,000 to \$350,000 and is struggling. That is \$10,000 to \$15,000 less that the team would have to fundraise through bake sales, lotteries and various volunteer auctions of hockey league team players.

These organizations are the very heart of their communities. I remember that when I was speaking at the Remembrance Day ceremony on November 11 in Humboldt, Bronco hockey players were all there, representing the best of their team, representing the best to the broader part of the community. They were dressed sharp and they were distinguished, absolutely representing the values of character, hard work and sacrifice, values that are useful in building character for later on in life.

The member for Prince Albert has also noted something that could be a real problem in tax rulings that Canada Revenue has made over the years, and that is that the hockey players involved, and of course this will apply to other sports as rulings get extrapolated, are ruled to be employees. This can cause an extreme problem in applying for hockey scholarships to the United States, because if a person is

deemed to be an employee of a sports team, he or she is deemed to be a professional athlete and as such is ineligible for a NCAA hockey scholarship. It is mostly to the United States that these players tend to go on hockey scholarships. Maybe Canadian universities should provide a few more hockey scholarships, but most players go to the United States.

In their prudence, the NCAA has understood to this point that it is not a real employer-employee relationship, but the possibility does exist to shut down the entirety of the college scholarship program if someone wanted to take a very technical, bureaucratic perspective. It is a very real concern.

Before my time expires, I want to take issue with a few of the criticisms of the bill by the member from West Vancouver and his rationalizations for opposing it. He said that it would not be a lot of money so it would not be taxable. A lot of these hockey players work in the summer. They work very hard. In the oil patch they make \$8,000, \$10,000 or \$12,000. That \$2,400 is then added on top of that \$8,000, \$10,000, \$12,000 or \$14,000. It then becomes fully taxable. He also failed to take note of the CPP and the EI. That starts at the beginning. I remember very clearly that when I was in university and did not make enough to pay income tax for many years I still got dinged with those payroll taxes at the beginning.

This is something that should be noted. It is not a rationalization. It is an attempt to solve a problem. It is a private member's bill that has received all party support in the House and affects, in just junior hockey, 130 different teams across Canada.

Instead of whining about other issues, issues not related to the bill, perhaps the member should concentrate on the individual circumstances of the bill and try to support it. Maybe the member could suggest some amendments. I know that the hon. member for Prince Albert noted there would be amendments moved. I understood that he meant at committee. That will take care of some of the technical problems.

For the people watching this on TV, let me say that this is about Canada and this is about hockey. I would seek the support of all members for this legislation. It is important. It is Canadian. It is pro-hockey. What more should we do but support hockey?

• (1830)

**The Acting Speaker (Mr. Royal Galipeau):** I invite more debate from the House.

Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Mr. Royal Galipeau):** The question is on the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Mr. Royal Galipeau):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker Mr. Royal Galipeau:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Mr. Royal Galipeau):** In my opinion the yeas have it.

*And more than five members having risen:*

[Translation]

**The Acting Speaker (Mr. Royal Galipeau):** Pursuant to Standing Order 93, the recorded division stands deferred until Wednesday, June 7, 2006, immediately before the time provided for private members' business.

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## ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[Translation]

### THE FEDERAL PUBLIC SERVICE

**Mr. Marcel Proulx (Hull—Aylmer, Lib.):** Mr. Speaker, on May 10, I asked the Parliamentary Secretary to the Minister of Public Works and Government Services a question about how Government of Canada jobs are distributed in the national capital region. Both he and his minister acknowledged that there is a policy in place. The policy provides that 75% of the jobs be located in Ontario and 25% in Quebec.

The minister stated that reaching this goal would be costly because the government would have to build or rent new buildings for federal employees in Gatineau. I believe that we must immediately put a strategy in place to close the existing gap.

Jobs have been migrating to the Ontario side of the border. For example, the Canada Revenue Agency used to be located in the Fontaine building. Six hundred employees were relocated from Quebec to Ontario. These people now have to travel all the way to Billings Bridge or to Ottawa West to work. These jobs, which were linked to the knowledge industry, were very important for the Outaouais.

I also think that jobs in Ottawa should be more evenly distributed between the eastern and western parts of the city. The west has far more jobs.

There has been talk recently of moving the RCMP to the building once occupied by JDS, located some 20 km from Parliament Hill. Adding spaces to the office building portfolio on the Ottawa side would also contribute to job creation for Ottawa. And, as a result, this would reduce the proportion on the Quebec side. At this rate, there is no doubt that the job gap will continue to increase, not decrease.

In recent years, it has become apparent that transparency is an essential factor in sound public administration. In an attempt to respect this principle, I believe that the government must call for

### Adjournment Proceedings

public tenders for any acquisition, lease or construction of government buildings. The Canadian public and the House of Commons have the right to be informed of all such spending. Only a public, competitive process can ensure that this principle is respected.

We cannot ignore the economic and social importance of public service jobs in a region. Locating and consolidating federal government jobs in the Outaouais, respecting the distribution of jobs on both sides of the river, is a major factor in our development. This is not a new situation.

I introduced a motion during the last parliament asking the Government of Canada to take the necessary steps to distribute federal jobs in the national capital region more equitably between Ontario and Quebec.

In addition to government departments, this job distribution strategy must cover all federal corporations, agencies and institutions identified in the Bank of Canada Act, the Broadcasting Act, the Canada Council Act, the International Centre for Human Rights and Democratic Development Act, the International Development Research Centre Act, the National Defence Act, the Parliamentary Employment and Staff Relations Act and the Telefilm Canada Act. It must also include the institutions that are identified in a schedule to the Financial Administration Act or come under that act.

I am thinking of the Bank of Canada, the CBC, National Defence, the Canada Council, the International Development Research Centre, Canada Post and even the House of Commons and the Senate.

I ask that a statistical summary of all public service jobs in the national capital region, as I have just described, the location of those jobs and the employee movements over the past five years be tabled in this House.

We can no longer afford to wait while, in Ontario, the number of employees keeps on growing and the government's building inventory keeps on expanding. It is time to act.

What short-term and long-term strategies does the minister intend to put in place to bring the ratio back to 75/25?

• (1835)

[English]

**Mr. James Moore (Parliamentary Secretary to the Minister of Public Works and Government Services and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, the Department of Public Works and Government Services is the largest real estate and office space manager in Canada. We manage a diverse portfolio of office space and other facilities.

There are three main drivers affecting the government's requirement for new office space: first, office space that has aged and is in need of major renovations; second, expiring leases; and, third, the evolving needs of the Government of Canada.

*Adjournment Proceedings*

[Translation]

Departments are striving to attain the 75:25 ratio between Ottawa and Gatineau for federal government offices in the national capital region. The current ratio for the Public Works portfolio is 77% in Ontario and 23% in Quebec. Currently, it is estimated that we need another 70,000 square metres to meet the 75:25 target.

[English]

The combination of expiring leases and the identified expansion from various government departments over the next five years will provide the opportunity to acquire more office space, and therefore jobs, in the Gatineau region that the member has asked about.

Considering the projected increase in our Ottawa inventory and the planned increase in our Gatineau inventory from now to 2011, the distribution of our office space would bring the ratio to its target of 75:25.

Market availability and development potential within Gatineau has been assessed, a number of existing supply is available, while other properties are ready for development, including Crown-owned sites. Discussions with client departments are under way to examine Gatineau's solutions to their accommodation needs.

I hope this answers the hon. member's questions.

[Translation]

**Mr. Marcel Proulx:** Mr. Speaker, I regret to inform my colleague that his response does not satisfy our expectations whatsoever. When he talks about a comparison of 77% to 23% he is not taking into account the jobs of all the federal agencies and institutions on the list I provided in my speech.

Now is the time to take action. We cannot wait for the announcement of the RCMP move to the JDS building. It will be too late. The buildings left empty by the departure of the RCMP would then have to be filled, which would mean even more new jobs on the Ontario side. The gap will continue to expand and it is the citizens of the Outaouais who will pay the price.

When does the minister intend to share his strategy on the distribution of jobs in the national capital region, namely 75% on the Ontario side and 25% on the Quebec side, by taking into account all the jobs that stem from the Government of Canada?

[English]

**Mr. James Moore:** Mr. Speaker, as I said, discussions are taking place, of course the study is ongoing, and there will be forthcoming opportunities up until the year 2011 to have increased office space, and therefore jobs on the Quebec side of the river.

I know that my colleague from Hull—Aylmer is concerned about this issue. It is an issue that directly affects his constituency. However, if he is unhappy with the current process, if he is unhappy with the current ratio, if he is unhappy with how things are unfolding, and if he is unhappy with the way things are going to be in the future, then he should have raised those issues when he was on the government side of the House of Commons.

The current ratio of jobs between the Ontario side and the Quebec side of the river is a ratio that reflects the policies that were put in place by the Liberal government. If he thinks that has been a

failure, then he should look in the mirror and talk to his own party because it is Liberal policy that led to this result.

The government is committed to the 75:25 principle. We will see that through. There are increasing opportunities coming forward in the future. We look forward to working with the hon. member to see that realized.

● (1840)

## CANADA-U.S. BORDER

**Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.):** Mr. Speaker, when news of the western hemisphere travel initiative came to Parliament last year, it was very impressive to see the thoughtful coordinated response led by the then deputy minister at the time, Anne McLellan.

The previous government's determined and logical approach really was beginning to work. The submissions received before the October 31 deadline from the responsible public service agencies, from the tourism and hospitality industries and from business and travel groups was not only encouraging but also effective.

Border community leaders, particularly mayors and other municipal organizations, did a yeoman's service in rallying their American counterparts. Progress was being made and President Bush had committed to the then prime minister, the hon. member for LaSalle—Émard, that he would do his best to resolve the issue in a positive manner.

Fast forward to February 2006 when the current Prime Minister told Canadians to "get used to it" and rolled over on this issue in Cancun, Mexico, a capitulation that many of us found very difficult and disturbing, especially those of us who had been labouring to resolve the matter. Why did he surrender so quickly when we were doing so well? Why throw in the towel?

People on both sides of the border had come to understand that the proposed bill would stifle cross-border movements on both sides. This basic component resonated dramatically. The Ontario provincial minister of tourism, Jim Bradley, carried the message very strenuously. He deserves considerable credit for assisting the federal Liberal crusade. Co-chair of the Canada-U.S. parliamentary group, Senator Jerry Grafstein, has been tireless in his work to achieve a delay in the American legislation.

On the ground and in the field people like Jerry Fisher of the Northwestern Ontario Tourism Association demonstrated an incredible perseverance to make their case. The council of the town of Fort Frances has proposed a hands across the border consortium of border communities to send strong messages to the other orders of government about the need to do even more to open borders while respecting the need for thorough security.

That the federal Conservative government would not support the tourism and hospitality industries is unbelievable. Even Ontario's provincial Conservatives are now supporting our work.

I am pleased that the work of so many others, including our public servants, coalesced their arguments into cogent, focused and practical solutions.

*Adjournment Proceedings*

Let us hope the current government will not just undo the good work done previously, but will build on the success of positive relationships and design a more practical and cost effective identification. I truly hope they will use the resolve of so many Canadians and Americans to use the time extension to 2009 for an improved security verification.

In the spirit of cooperation, I trust the government will strive toward this positively.

**Mr. Peter Van Loan (Parliamentary Secretary to the Minister of Foreign Affairs, CPC):** Mr. Speaker, the western hemisphere travel initiative is the American undertaking to require individuals entering or returning to the U.S. to show proof of citizenship or documentation, such as a passport, upon entering the country.

We have been very active in pressing the Americans on the need for mutually acceptable approaches to protecting security without harming tourism and trade. While our party has been extraordinarily active on this, the fact remains that we are in this position only because of the total and complete failure of the previous Liberal government to act when the law we are facing was actually being debated by Americans.

The intelligence reform and terrorism prevention act, which established the new requirements, was adopted in December 2004. Did the Liberal government make representation to any committee of the House of Representatives or Senate at that time? No, it was asleep at the switch. Did the Liberal Prime Minister or foreign affairs minister raise any concerns with their counterparts? No. Did the Liberal government make any written submission to promote and defend Canada's interests before the law became final? No.

The problem we face today is a direct result of the complete failure of the Liberal government of the day, to which the member for Thunder Bay—Rainy River belonged, to take any action or steps to protect Canada.

Later, when it came time to develop a detailed implementation plan for the law, the Liberal government continued to slumber. Only after the leader of the Conservative Party took the extraordinary step of writing, as an opposition leader, to the Americans did the Liberal government finally wake up, and what a feeble response.

On October 31, 2005 on the eve of an election called in Canada, on the very last possible day to comment on the proposed implementation measures, almost a year after the law was passed and well over a year after the law was first debated, Canada's then Liberal government finally submitted a formal comment to the Americans.

Unfortunately, that was of course too late to change the law that had long ago passed. The horse had left the barn when the Liberals were asleep on the job, or perhaps just too busy calling the Americans names to actually do something to protect Canadian interests. All we can do now is try to clean up a terrible situation left to us by the Liberals and try to influence the detailed implementation of the initiative.

Our Prime Minister and government have been hard at work. In just 100 days, we have done more than the previous government did in years to stand up for Canada's interests.

First, the Prime Minister secured the President's recognition of the urgency of Canada's concerns on the WHTI during their first meeting. They tasked Canada's security minister and U.S. Secretary Michael Chertoff with making the WHTI work for both countries. The minister and secretary met on April 18 and Canada recommended alternative requirements which might meet the intent of the U.S. law. We invited the secretary to visit Ottawa this spring for further discussions. In Washington on April 13, our foreign minister pressed Canada's concerns with U.S. Secretary of State Condoleezza Rice.

Our efforts are paying off. Already a number of positive developments signal greater flexibility by the U.S. administration and Congress. On May 22, President Bush contrasted the significant differences between the southern and northern borders. The President said that it was his intention that any cross-border ID card should be compatible with Canadian needs and not be restrictive.

On May 25, the U.S. Senate passed the immigration reform bill, including two amendments delaying the final implementation of the WHTI to June 1, 2009. One of those amendments provides for economic studies to evaluate the impact of the WHTI and a substantial section on reciprocity with Canada, enabling the Secretary of State to accept provincial documents as valid ID to enter the U.S.

We are making progress but there is no guarantee, unlike what the member thinks, that these amendments will find their way into the final law. The House of Representatives must still pass its own version of the highly sensitive immigration reform act.

Our two governments will continue discussions this spring and our embassy in Washington is continuing its vigorous advocacy on this issue. Unlike the previous Liberal government, of which the member of Parliament for Thunder Bay—Rainy River was a member, we are not asleep at the switch. We are active, engaged and making progress in digging Canada out of the hole the Liberals left us in on this essential issue that is so important to our economy.

• (1845)

**Mr. Ken Boshcoff:** Mr. Speaker, arguments such as that are so pathetic, always trying to blame someone else when the Conservatives have been ineffective and inactive. I think the entire country is well aware of the Prime Minister's rollover to President Bush in Cancun, telling people to get used to it.

We have had considerable success. It was the Liberal government that mobilized the entire country. Community organizations, border communities, and the public service, all were very focused and had direct influence. Indeed, the presentations made before the election was called had made their mark. Consequently, the remarks made in Mexico by the Prime Minister really undid a lot of that and set us back considerably.

The Conservatives cannot fool the people. The entire tourism and hospitality industry knows that the government abandoned them. We are very fortunate that people persisted and went around the Prime Minister to make that case and get the extension in 2009, and I thank all of those who worked so hard to do that.

*Adjournment Proceedings*

**Mr. Peter Van Loan:** Mr. Speaker, we must set the record straight. The extension was only obtained after a new government in Canada intervened with the Americans and pressed the case and drew to their attention the problems that arose.

We pay great tribute to the broad private sector interests and municipal interests that have gathered to defend the tourism and financial interests that we have at stake.

We saw again today in the House of Commons in question period the anti-American smear from the Liberal Party members. Is it any wonder that during their time in government they were unable to even talk to the Americans about the problems proposed by this legislation? This legislation, and the WHTI initiative that flowed from it and which could have hurt Canada so much, went by without a single comment, public speech or letter from the Canadian government or our Liberal prime minister at the time. They could not

communicate. They were actually more interested in picking fights with the Americans.

They oppose our resolution to the softwood lumber deal because it represents a constructive solution that works for Canadians. That is what we did on softwood lumber and that is what we are doing today on the western hemisphere travel initiative.

• (1850)

**The Acting Speaker (Mr. Royal Galipeau):** The motion to adjourn the House is now deemed to have been adopted.

[*Translation*]

Accordingly, the House stands adjourned until 10 a.m. tomorrow, pursuant to Standing Order 24(1).

(The House adjourned at 6:50 p.m.)

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