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OFFICIAL REPORT
(HANSARD)

Tuesday, December 14, 2004

—

Speaker: The Honourable Peter Milliken

CONTENTS

(Table of Contents appears at back of this issue.)

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HOUSE OF COMMONS

Tuesday, December 14, 2004

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

•(1000)

[English]

CHIEF ELECTORAL OFFICER

The Speaker: I have the honour to lay upon the table the final printed version of the report of the Chief Electoral Officer of Canada on the 38th general election held on June 28, 2004.

[Translation]

This report is deemed to have been permanently referred to the Standing Committee on Procedure and House Affairs.

* * *

•(1005)

[English]

HOUSE OF COMMONS

The Speaker: I also have the honour to lay upon the table the report on the strategic outlook for the 38th Parliament of the House of Commons administration.

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ABORIGINAL AFFAIRS

Hon. Ethel Blondin-Andrew (Minister of State (Northern Development), Lib.): Mr. Speaker, under the provisions of Standing Order 32(2), I have the honour to table, in both official languages, copies of the 2001-02 annual report of the Yukon Land Claims and Self-government Agreements; the 2002-03 annual report of the Nisga'a Final Agreement; and the 2003 annual report on the state of Inuit culture in society in the Nunavut settlement area.

* * *

ORDER IN COUNCIL APPOINTMENTS

Hon. Marlene Jennings (Parliamentary Secretary to the Prime Minister (Canada—U.S.), Lib.): Mr. Speaker, I am pleased to table, in both official languages, a number of order in council appointments recently made by the government.

GOVERNMENT RESPONSE TO PETITIONS

Hon. Marlene Jennings (Parliamentary Secretary to the Prime Minister (Canada—U.S.), Lib.): Mr. Speaker, pursuant to Standing Order 36(8) I have the honour to table, in both official languages, the government's response to 14 petitions.

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COMMITTEES OF THE HOUSE

ACCESS TO INFORMATION, PRIVACY AND ETHICS

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, I am presenting the third report of the Standing Committee on Access to Information, Privacy and Ethics, regarding changes to the standing orders respecting the mandate of the committee.

* * *

[Translation]

PETITIONS

NATIONAL DEFENCE

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, it is with great interest that I am tabling this petition signed by 1,202 Quebecers from throughout Quebec.

The petition's message to Canada is that Canada's full or partial involvement in the United States missile defence plan would go against our interests and values.

This petition is more evidence that the people of Quebec are against the missile defence shield. I want to remind hon. members that according to a CRIC poll conducted on November 4, 65% of Quebecers and 52% of Canadians are against this bill.

Here is hoping that the government will hear the message in this petition and realize that it must say no to the missile defence project.

JUSTICE

Ms. Denise Poirier-Rivard (Châteauguay—Saint-Constant, BQ): Mr. Speaker, I have the honour to present a petition signed by 1,300 people. This petition is calling for an amendment to the sentence of second degree murder for crimes involving spousal abuse.

* * *

QUESTIONS ON THE ORDER PAPER

Hon. Marlene Jennings (Parliamentary Secretary to the Prime Minister (Canada—U.S.), Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

S. O. 52

The Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

PETITIONS

1906 CENSUS RECORDS

Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I know that other hon. members also want to table petitions.

The petition I want to table calls on Parliament to take the necessary measures to amend protection of information provisions in the Statistics Act in order to allow public access to the 1906 census records.

[*English*]

ABORIGINAL AFFAIRS

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I have the honour to table a large number of petitions. I think we now have received over 12,000 petitions lobbying against the taxation of aboriginal post-secondary funding.

I think it is well known to the House that the Canada Revenue Agency has announced that beginning in 2005 aboriginal post-secondary students' support funding would be treated as income, including tuition, book allowance, living allowance, scholarships, bursaries and travel dollars.

We have a disgrace in this country in terms of the limited access there has been to post-secondary education. We are talking about the poorest families in this country who desperately need the education that should be available to them. They do not need this new barrier to stand in the way.

• (1010)

ORGANIZATION OF AMERICAN STATES

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I have a second petition that is very straightforward. It calls upon the House of Commons to oppose the candidacy of Mr. Francisco Flores Perez for secretary general of the Organization of American States.

Canada is a member nation of the Organization of American States. Many concerns have been expressed about the inappropriateness and unacceptability of Mr. Perez being considered for secretary general. This is heartfelt by many Canadians who have taken the opportunity to sign a petition asking us to support their opposition to this appointment.

Mr. Greg Thompson: Mr. Speaker, I rise on a point of order. With your permission I would seek unanimous consent to revert to presenting interparliamentary reports. I was late getting into the House and I was hoping I could do that today.

The Speaker: Is there unanimous consent to revert to presenting reports from interparliamentary delegations?

Some hon. members: Agreed.

INTERPARLIAMENTARY DELEGATIONS

Mr. Greg Thompson (New Brunswick Southwest, CPC): Mr. Speaker, pursuant to Standing Order 31, I have the honour, on behalf of the Canada-United States Interparliamentary Group, to present to the House, in both official languages, two reports.

The first is a report on the Canadian delegation to the agricultural tour for U.S. congressional staffers held in Calgary, Alberta, from September 21 to 23, 2004.

The second is a report of the Canadian delegation to the Atlantic Provinces Chambers of Commerce Atlantica Prosperity meeting held in Bangor, Maine, from September 30 to October 1, 2004.

* * *

[*Translation*]

REQUEST FOR EMERGENCY DEBATE

TEXTILE INDUSTRY

The Speaker: The chair has received a notice of motion pursuant to Standing Order 52 from the hon. member for Roberval—Lac-Saint-Jean.

Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ): Mr. Speaker, under Standing Order 52, I wish to request that an emergency debate be held this evening regarding the absolutely disastrous situation facing the textile industry.

In support of my request, I would remind the Chair that, yesterday, 800 workers from the municipality of Huntingdon, in the riding of Beauharnois—Salaberry, that is 75% of the work force in this municipality, learned that they were losing their jobs on a permanent basis, either immediately or in the spring.

Thousands of jobs are currently at stake in Quebec, and the impact is very great. I will simply remind the House that there are 600 such jobs in Trois-Rivières, 600 more in Drummondville and another 800 yesterday in Huntingdon. Quebec is experiencing an economic crisis, as is the rest of Canada. Altogether, the number of jobs located in Canada is about 75,000.

So, I ask for agreement of the House to hold this emergency debate. Before we permanently and prematurely adjourn for the holidays, I believe it is important for members of this House to take a few hours to debate, with the government, the thousands of jobs that have been lost, as well as all those that will be lost shortly.

This is an extremely urgent matter. It is the result of a tragic decision that is affecting, among many others, the municipality of Huntingdon, where 75% of the work force is being permanently laid off overnight.

I think that, in keeping with the holiday spirit, parliamentarians will surely agree to spend a few hours longer in the House to hold this debate on the textile industry. That seems logical to me. We cannot deny this opportunity to those who have just learned the worst news anyone can get 15 days before Christmas, in other words, that they have lost their job and come to the end of their career. We want to question the government about this. No measures have been implemented yet to help these industries suffering from the loss of hundreds of jobs.

Mr. Speaker, I am confident that you will allow this emergency debate to be held, given the extreme urgency of the situation and also the fact that the House will not be able to consider this matter again before the end of January, when the House resumes. I am confident that the Chair will agree that our work, which normally would have continued until Friday, can at least continue until later this evening. In many cases, it is a matter of survival for the people of Huntingdon and others in the industry. We must question the government before the holidays.

• (1015)

The Speaker: I must point out to the House that a debate on this issue, as well as a motion in concurrence were already included in the report tabled in this House by the Standing Committee on Finance on November 30. The importance of the issue raised by the hon. member for Roberval—Lac-Saint-Jean is obvious. I think I will have to take this under advisement. I will get back to the House later today with a ruling on the request just received.

GOVERNMENT ORDERS

[English]

MIGRATORY BIRDS CONVENTION ACT, 1994

Hon. R. John Efford (for the Minister of the Environment) moved that Bill C-15, an act to amend the Migratory Birds Convention Act, 1994 and the Canadian Environmental Protection Act, 1999, be read the third time and passed.

Hon. Shawn Murphy (Parliamentary Secretary to the Minister of Fisheries and Oceans, Lib.): Mr. Speaker, it is my pleasure to speak to the House today and add my comments to those already voiced about Bill C-15, this important initiative that would help prevent the needless deaths of hundreds of thousands of seabirds every year across our coasts.

As has been indicated by my colleagues, I too am seeking to prevent the deaths of murres, puffins, great black-backed gulls and many other species of seabirds every winter as a result of the intentional or negligent illegal release of oil from some ships into marine waters.

In amending the Migratory Birds Convention Act and the Canadian Environmental Protection Act as proposed in Bill C-15, which is before us for third reading, we would be making important improvements to the enforcement regime in marine waters and ultimately preventing the deaths of hundreds of thousands of birds.

In particular, Bill C-15 would allow us to increase the ability to enforce provisions in these two seminal pieces of environmental legislation in Canada's exclusive economic zone. It would enhance the capacity of these two laws to protect our species and our environment and, at the end of the day, to protect us all.

Achieving the sustainability of our environment is why we have worked so hard on environmental legislation in this country. This is why we have led the way on international efforts and are known for that leadership. This is why we need to act now to deal with the ongoing pollution of our waters that threatens many species of seabirds. We would be able to put significant fines in place that

Government Orders

would stop the illegal discharge of oily bilge waters from ships, which is threatening natural resources in our coastal waters.

The dumping of oil into water is avoidable. Many ships travel through Canadian waters far from the sight of land. It has not been easy to determine which ships are responsible for the many discharges of oil into marine waters. For this reason, some ship operators who pollute may think they will never get caught.

Furthermore, without laws providing for fines that are proportionate to the environmental cost, some members of the shipping industry may believe it costs less to risk the fine than it does to discharge their oily bilge waters before they arrive in port. We need to stop such practices.

Bill C-15 would increase the maximum fines for such pollution offences so that they are more in keeping with those of the United States.

The result should be that ships that pass through Canadian waters to dump oily bilge waters before proceeding to U.S. waters, where enforcement has been much stricter and fines much higher, would be deterred from dumping illegally into our marine environment.

Bill C-15 would put in place other provisions to ensure valid ships' records and to require equipment to avoid environmental pollution.

We can make sure that some of the worst perpetrators discover that they cannot get away with dumping oily bilge waters off Canadian coasts any longer without suffering consequences for those actions.

Not only does the Government of Canada intend to improve surveillance through satellite technology, the fines available upon passage of Bill C-15 will be a strong deterrent to illegal action.

After careful deliberations over Bill C-15, the Standing Committee on the Environment strongly supported the proposed bill with one amendment. I want to take this opportunity to thank all members of the Standing Committee on the Environment for all the work that they put into this legislation.

We heard my hon. colleague speak of the minimum fines of \$300,000 on summary conviction and \$500,000 on an indictable offence that would be imposed if ships over 5,000 tonnes violate the amended Migratory Birds Convention Act and pollute illegally.

Large ships over 5,000 tonnes should be expected to have modern and effective oil management systems. Shipping, as everyone in the House is aware, is big business, and the non-compliant companies that operate large ships must respect the polluter pays principle and provide the means to reduce or eliminate polluting activities involving their vessels. Those who do not abide by the rules will be penalized, should be penalized and ought to be penalized.

Government Orders

Bill C-15 deserves support in the House. I also urge support for the amendment by the Minister of Environment that the minimum fines for polluting ships over 5,000 tonnes be deposited directly to the environmental damages fund. This amendment will ensure that the proceeds of fines will be directed to the restoration of the damaged environment.

Fines in the case of ships exceeding 5,000 tonnes will go toward cleaning up the problem that was created in the first place. I think we all want fines to be used to reduce environmental damage. I think we want those who pollute our water and kill our birds to have to pay for the crime in ways that will have a direct benefit to our environment.

The option is consistent with the Government of Canada's philosophy of ensuring environmental sustainability, not only through its own funding but through the fines paid by those who threaten that sustainability through pollution activities.

• (1020)

As we can see, the committee's amendment and good work are reinforced with this further refinement, but we can put the fines imposed on floating vessels of more than 5,000 tonnes to work where they are needed. It is good policy work, good legislative work and also good practice.

Members will notice that I am referring to amendments to existing laws. Many of us here worked on these laws and were proud to enter our names in their official support.

This means that we are not creating burdens for the shipping industry and we are not changing course. Quite the opposite. With Bill C-15, we are showing that we believe in what we have on the statute books and in Canadian commitments within international agreements.

The bills shows, nevertheless, that we are ready to improve federal wildlife protection statutes and are willing to act accordingly in the best interests of migratory seabirds and cleaner marine waters. This approach adheres to the goal of protecting and maintaining biodiversity, which in fact supports human existence.

What more can I say? The value of Bill C-15 speaks for itself. We would be putting in place measures that will help achieve a robust environment as essential to a competitive economy and thus to securing Canada's place in the world. In acting today, we are endorsing that vision and giving it strength.

Bill C-15 provides the means to enforce the high standards we have set, standards of which we are very proud, standards that will make us Canadians. We find these standards in our laws. We have committed to them in international agreements. We have committed to ourselves, to our children and to their children that we will conserve biodiversity and protect our natural heritage.

For the reasons I have just recited and for the other reasons that were referred to in the previous speeches given in support of this legislation, I urge all members to support this bill.

• (1025)

Mr. Loyola Hearn (St. John's South—Mount Pearl, CPC): Mr. Speaker, I listened with interest to the member talk about what this bill is going to do. As we have said before, we certainly support the bill.

I know that increasing fines will be a detriment to some degree. I am not sure exactly what the maximum fine is at present, or I do not know exactly what the largest fine imposed to date has been. I know they have been inconsequential. But I believe that if the member were to ask the Prime Minister he could probably tell him, because I believe it was one of his ships that got the heaviest fine issued so far.

I will ask the member one simple question. Does he think that simply by increasing fines we are going to stop the pollution of our waterways?

Hon. Shawn Murphy: Mr. Speaker, I am pleased my learned friend is supporting the legislation. I listened to his speech yesterday and it certainly is an important issue, not only for his province but also for my province.

He asked the question about whether the fines are large enough. My answer is that they probably are not. He asked whether they will eliminate oil pollution in Pacific and Atlantic waters. The answer, unfortunately, is probably no. The other question on whether they will be a help, my answer is, yes.

When we have fines in the magnitude of \$300,000 and \$500,000, and when our rules and regulations are in sync with what we see on the Atlantic coast in the United States, that is so important so there is no benefit to doing anything wrong in Canadian waters. This is an important part of the legislation but the fines, the mandatory surveillance and the satellite imaging, when everything is looked at in perspective, the legislation, although it certainly would not eliminate oil pollution on our coastal waters, it would be a big step forward, which is why I, like my learned friend, will be supporting the legislation.

Mr. Lee Richardson (Calgary Centre, CPC): Mr. Speaker, I thank the members opposite and particularly my colleague from Newfoundland who asked the last question. Incidentally, the answer to the member's question is that the fines are around \$20,000 to \$25,000 now. The new minimum in the bill proposed by the Conservatives would be \$500,000. I will get into that, along with some history of the bill and the reason that it is before the House.

This was first brought to the public's attention in a major way by the minister of the environment from the province of Newfoundland and a number of citizens from Newfoundland several years ago.

The Conservative Party first asked questions in the House on the subject in about 1996. It was followed up by a private members' bill that came to be known as the Mills private bill, after the Conservative member for Red Deer. He introduced his bill after he heard the concerns of many Canadians when they saw the plight of up to 300,000 birds a year being lost to oil spills and the desecration of our coastlines.

The member for Red Deer pursued his bill but the government took no action until the day before the last general election was called when it in fact put forward Bill C-34. Bill C-34 received a lot of discussion but there was no chance of enactment of the legislation because an election was called and the bill died.

Government Orders

The bill was raised again as Bill C-15 in this Parliament and actively pursued by the aforementioned member for Red Deer and the environment committee. This is a Conservative motion and a conservative bill that was adopted by the government and we are very pleased.

There are a number of reasons that we need this bill. It is not only about the tourism, the ecotourism, the fishing industry on both our coasts and the residents who live on those coasts. It is about why the oil spills and the dumping of oily bilge water happens in the first place.

Frankly, I think many of the larger shipping companies, some of which were alluded to by my colleague from Newfoundland just a moment ago, would rather dump oily bilge water into Canadian waters so they can sail into U.S. ports clean. Why? It is simply because the United States has much higher fines and the cost of legally removing the bilge water once in port is very expensive. If the fines in Canada were \$20,000 to \$25,000 they would actually save money by dumping the oily water, that is if they were caught in the first place because the Canadian surveillance and enforcement was so weak.

I appreciate the acknowledgement of the Parliamentary Secretary for Fisheries and Oceans a moment ago that in fact the Canadian surveillance and enforcement has been so weak.

I want us to be clear on the problem. If these ships were to enter into U.S. ports and they were found to be spilling oily bilge water, they would face enormous fines. The likelihood of them being caught is very high because the American surveillance is much higher than the surveillance in Canadian waters.

We had the recent example of the *Terra Nova* spill off Newfoundland where ships actually sailed into the oil slick and dumped their oily bilge water to be undetected as they sailed through Canadian waters. If they are not going to get caught this practice will continue.

We are very pleased to support the bill and particularly the Conservative amendment that would raise the minimum fines to \$500,000 for ships over 5,000 tonnes. This might seem like a lot of money but it has to be a lot of money in order to be a deterrent so these major vessels do not dump in Canadian waters. We have become a dumping ground for oily bilge from vessels that want go into U.S. ports clean.

The Conservative amendment was passed by the committee with a seven to three vote, which emphasizes the commitment of the environmental committee to the cleaning up of our waters and the prevention of these oily bilge dumpings and spills in our waters.

I am pleased that we also received an amendment when the party opposite became involved in this bill and supported it. The fines that will be imposed for dumping in our waters will go directly to cleanup and to a damages fund to mitigate the damages caused by this oily bilge that is spilled into Canadian waters. Hopefully this will prevent the deaths of so many birds.

I wish Canadians could see the magnificent birds that are lost. It is quite tragic. This is another reason that we are so strongly supportive of the bill.

● (1030)

I would suggest that another major factor in the bill is the enforcement and the fact that we need to increase surveillance and enforce the new laws in the legislation. We have the technology. We have RADARSAT that can follow ships. We have the technology to detect from which vessel the oily bilge was dumped, as was the case in the *Terra Nova* spill when we found there was bilge and oil in that slick in addition to that which came from the initial ship as a result of people dumping their oil in the middle of an already existing oil slick.

I am pleased the bill would increase fines, increase enforcement and increase the surveillance of the ships so we can prevent Canada from becoming, or continuing to be, a dumping ground for bilge oil.

I am pleased that the Conservative Party raised the motion. It is a tribute to the member for Red Deer who persevered in this matter on behalf of our colleagues on the coast, particularly in Newfoundland, and we are pleased to support the bill.

● (1035)

Mr. Loyola Hearn (St. John's South—Mount Pearl, CPC): Mr. Speaker, our party is delighted to have been involved to some degree in the motion because it does strengthen the bill. However the bill itself only goes so far. It would increase fines, which, without any no doubt, would be a deterrent and would perhaps make people think twice before dumping bilge oil, in particular.

Over the years most ship owners have known there was little chance of them getting caught so it did not matter to them. In this day and age, when we have good, on shore dumping facilities and we have the technology to greatly reduce pollutants in the waters that boats discharge, if they are installed properly on the boats, there should be little excuse for the major dumping of oil into our waters.

I would just like the members comments on the fact that on one hand we are increasing fines, but on the other hand the government is cutting back on overflights, which has happened. It is also reducing the number of vessels, as has been done in the east coast, which ply our waters, such as fishery patrol boats and the Coast Guard, knowing that our radar system is so poorly maintained, particularly on the west coast, that we cannot do a proper job.

On one hand, we are doing cosmetics and on the other hand, where it really counts, we are seeing major cutbacks. How can we ever solve a problem unless we stop talking about it and instead start doing something about it?

The other thing we see is the infighting within the present government. The Department of Justice, the Department of the Environment and the Department of Fisheries and Oceans are fighting over jurisdiction. We saw one major case of the *Tecam Sea* which should have been a hard and fast case against illegal dumping at sea. Every bit of evidence we would think we would need was there but because of infighting among departments, the case was dropped before it went to court and another boat sails away free and our waters are polluted.

Government Orders

Mr. Lee Richardson: Mr. Speaker, the hon. member for St. John's South—Mount Pearl has hit the nail on the head. He is a man who understands his constituency and knows the problems that exist off the east coast of Canada. He is bang on. The problems do continue with regard to turf wars between government departments. There does not seem to be any coordination at all.

I would suggest that these fines should be directed into a damage fund to mitigate damages caused by these oil spills. It seems to me, and I think the hon. member would agree, that we could also increase enforcement and surveillance off our coast. There is no point in having this legislation if we are not going to be able to detect these ships that are causing the problem.

It is bad enforcement. It is about turf wars between government departments. This has to stop. I appreciate the member's question because this is exactly where the problem lies now. We have resolved the fines issue; it is now about enforcement. It is about the government getting its act together. We must get these departments working together to enforce and hopefully prosecute these polluters.

• (1040)

[*Translation*]

Mr. Christian Simard (Beauport—Limoilou, BQ): Mr. Speaker, I am especially pleased to speak to Bill C-15, which the Bloc Québécois supports, since we moved an amendment to this bill. This makes the bill all the more interesting to us.

A number of points need to be clarified. I was listening to my hon. colleague from Charlottetown congratulating himself on the amendment and the fact that the best amendments have several fathers. It certainly sounds like chicken droppings have all of a sudden become chicken soup. Just a moment ago, the Liberals were busy patting themselves on the back about the amendment, saying how interesting it was, so much so in fact that an amendment was included to have the fines received deposited in an environmental damages fund. But it should be pointed out that, at the Standing Committee on the Environment and Sustainable Development, all but one Liberal member, who abstained, voted against this very amendment.

I have seen things change quickly in the past and, once again, I have seen that chicken droppings have turned into chicken soup, and very good soup at that. I guess it would be more pleasant for marine wildlife to be swimming in this chicken soup than in the waters available to them and the migratory birds.

This legislation is fundamental and important, it has unfortunately been too long in coming. Prior to this legislation, as soon as a vessel got outside the 12 mile limit, it was beyond reach. There was also some administrative carelessness, as out of an estimated 2,000 instances of discharge in 2000, five went to court. In 2001, the total was four and in 2002, only three out of 2000.

So this new legislation will have more teeth, and will extend the zone from the 12-mile limit to the 200 mile economic limit. This is a very good thing, but there is still the major issue of application.

The amendment proposed by the Bloc Québécois is a first as far as Canadian environmental law is concerned. I think it would be worthwhile citing it, as it is so fundamental. The Liberals fought in

committee, but suddenly find it is wonderful. This is the amendment I tabled in committee:

That Bill C-15, in Clause 9, be amended by adding after line 11 on page 13 the following: "In the case of an offence under section 5.1 that is committed by a vessel of 5,000 tonnes deadweight or over, the fine imposed under paragraph (1.1)(a) shall not be less than \$500,000."

In plain language, this means the matter will go to court. If there is a guilty verdict, the judge cannot impose a fine of less than \$500,000.

The fine—

that is, the fine imposed under paragraph (b)

The fine imposed under paragraph (1.1) shall not be less than \$100,000.

In fact, the bill deals with a procedure of summary conviction. So the fine is a minimum of \$100,000 for the fast track procedure and \$500,000 after a full trial. That is what this amendment is all about. It was adopted thanks to the support of the Conservatives, who had brought in a similar but less complete amendment, and thanks to the support of the NDP, but no thanks to the Liberal members of the committee, who opposed it. I think that things need to be brought out into the open. A spade must be called a spade. A government trying to pirate something is a government trying to pirate something.

So we have a bill here that has been improved. As I was saying, it is a first in Canadian environmental law. It is rather particular. You need to know that, in Canada, not only was there no minimum fine in the legislation until now, but polluters could and still can deduct their fines from their taxes. People do not realize that. We are in the realm of the polluter payee. We have seen it in the oil industry in Western Canada in many regards. There is a bill to correct this state of affairs. I do not hope that there will be any discharges, but if there are, the perpetrators must be punished, and a rehabilitation fund must be established. That is important.

That said, I grew up along the St. Lawrence. My riding of Beauport—Limoilou is along the St. Lawrence in a place where the river is not very wide. In my constituency, there is the baie de Beauport. They want to invest a lot of money there to make it a four season destination. That is very important. Some major municipal investments have been made to treat waste water so that, at certain times of the year, it is even possible to swim right in the middle of Quebec City. In this baie de Beauport, you can do water sports and various other things.

• (1045)

Just one discharge could compromise for years the use of a beach in the heart of a city in areas where working people live.

Preserving the St. Lawrence and its shoreline, prosecuting and sentencing people who sail around in what we call "rustbuckets" where I come from, that is to say, ships that are often not seaworthy and could leak discharge at any time, that is something that is close to my heart. It is important.

Government Orders

In another professional life, I worked on establishing *Stratégies Saint-Laurent*, which is a group of organizations, firms and individuals interested in the St. Lawrence, all along the St. Lawrence, the Saguenay and the baie des Chaleurs. They are consultation committees. They are called ZIPs, priority intervention zones, and each has its own ZIP committee. They were inspired by the famous hot spots in the Great Lakes. These committees are interested in having action plans to clean up the St. Lawrence, make it accessible, and conserve sensitive wetlands threatened by the artificialization of the banks and by discharges.

For me, the St. Lawrence River is not an abstraction. The St. Lawrence is the waterway that was used by my ancestors to populate Quebec. It is extremely important. This legislation can protect the St. Lawrence. I proposed an amendment—and I am saying this without false modesty—which, in my opinion, is historic, because it will truly encourage people not to pollute anymore.

Currently, when people get caught, the average fine in Canada is \$30,000. We are talking here about two convictions out of 2,000 violations. In terms of percentage, we have to use decimals and zeros before the decimals. In other words, Canada was a haven for polluting freighters, or for shipowners who hardly care. This bill will allow us to prosecute companies, whether it is the Canada Steamship Lines or others, that are bad corporate citizens and make them pay for the damage they cause and for what they do.

Therefore, this is extremely important. We were imposing fines of \$30,000 Canadian, while the average fine in the United States for similar violations is \$509,000 U.S. In Great Britain, in the United Kingdom, it is \$411,000 U.S. Such are the average fines that are imposed. This is why making a little detour via Canada to get rid of bilge water and to empty out the tanks was a bargain. Big deal. It is nothing to take a trip at night, in the fog, to the Gulf of St. Lawrence, where surveillance is almost impossible and rarely done, and pollute. Anyone caught can simply write a cheque for a small amount, include it to his tax return, and bingo. These things must no longer happen and must no longer be tolerated.

The Bloc Québécois supports the bill. However, we are well aware of the government's ineffectiveness and we hope that an agreement can be reached between departments to truly implement this bill, so that it does not become yet another nice piece of legislation based on interesting principles, but never implemented.

I am happy to see that curiously, as things have now turned out, the Liberal members of the committee have acquired some wisdom, because I feared that the amendment I had proposed would not take effect, or, that its effect would be delayed through legislative tricks, to protect unknown parties.

I can see that this is not a likely after all. I have seen in this House an amendment passed by committee to which the government tried to propose a counter-amendment. I believe that was the case with the amendment saying that the security programs—I do not remember the bill number—had to respect provincial jurisdictions. This amendment had been adopted by the committee and then they tried to withdraw it in a rather stupid way.

When the majority in a committee adopts a motion or amendment, we know that this House also represents that majority. Consequently,

I believe that this government is enjoying being humbled a bit, and is starting to like it, perhaps becoming a bit masochistic. This is not the first time such behaviour has been corrected in this House. It will not be the last time for the minority government.

• (1050)

We are not doing it in order to humiliate anyone; we are doing it with the goal of better serving our citizens, the people of Quebec. By the same stroke, we think we are also serving the interests of people in the rest of Canada.

When we introduce such ideas, it forces the government to act. The government has some habits of arrogance, inefficiency and spending in sectors where they do not have jurisdiction. Thus, we believe we are improving things and doing our work.

Honestly, as this session ends—my first session—I am particularly proud of the Bloc Québécois caucus. They have been consistent, thorough and very hard-working, on the employment insurance issue, denouncing interference, amending the throne speech, and even achieving an eventual vote on the missile defence shield. The Bloc Québécois has ardently defended the values of Quebecers, namely honesty and integrity. That is something grand. We have also introduced private members' bills. My colleague, the hon. member for Charlesbourg—Haute-Saint-Charles has done extraordinary work. But I do not want my other colleagues to be jealous. Every one of the Bloc Québécois MPs has done a truly remarkable job.

I am proud to belong to a caucus that has been working hard in committees come hell or high water. Recently, through the Subcommittee on the Employment Insurance Funds, we pushed for an independent fund and won. It is fantastic. I believe the unemployed expected nothing less from us.

Unfortunately the fact that the government went ahead and changed the EI premiums without any consultation and without addressing the fundamental unfairness of the system for first-time contributors shows its arrogance. It is clueless.

I now go back to Bill C-15. When one fights tooth and nail in committee claiming that a minimum fine for polluters is not desirable, one wonders who is being defended: the environment or certain polluters? And then we are told it is common sense. It is easy to see why, during the most recent election, voters were reluctant to trust a government whose ethical sense is blowing in the wind. People are fed up with this lack of moral fibre. They want their elected representatives to stand up for values, be consistent and not promise one thing in Newfoundland and another in Vancouver. The Liberals are disappointing everyone with their lack of substance and principles.

Again, the history of Bill C-15 might not be that glorious. Its predecessor, Bill C-34, was put forward in a rush before the election to appear proactive after years of doing nothing. Sometimes very good films are made in pain with actors fighting on the set. In this case we believe we will end up with a good movie after all even though it was directed by a bad government.

Government Orders

We support Bill C-15 even though its wording might have been made simpler by other people. We are still having doubts as to its enforcement though. We are not convinced the government's right hand knows what its left hand is doing. We hope the necessary resources will be put in place.

We know there have been several initiatives. For example, in Newfoundland, there is the I-Stop program that uses a satellite to track oil spills and eventually identify the nearest ship that might be responsible for them. Its interesting but not very effective at night.

Real resources are going to be needed. My colleague from Rosemont—La Petite-Patrie and myself will push for progress reports on the implementation of the bill. We will not let it quietly drift along only to find out several years later that nothing has changed.

A total of 30,000 seabirds die each year in the Atlantic and the Gulf of St. Lawrence, the same number of birds that died as a result of the *Exxon Valdez* oil spill. It is a huge number. We must act and take whatever measure is necessary to monitor our waters. The legislation must be enforced. Also, vessel owners, captains and all seamen must be made aware of their social responsibility. Should they be found guilty of neglect or pollution, they must be liable to real and significant fines as a disincentive to pollute and an incentive to protect the environment.

• (1055)

This is what we want to achieve with this legislation that we have enhanced.

I want to thank the Conservatives for their cooperation. We put forward a more complete amendment than theirs. They recognized it and approved our amendment. I want to thank the Liberals for their belated conversion, despite all the bad faith and fearmongering we saw in committee. Still, they converted.

I believe that this bill, this Christmas gift, if put into effect, would protect our ecosystems, not only seabirds, but all marine ecosystems. At some point in their lives, all marine species—cod, halibut, smelt or crab—go through the larval stage and live as plankton, and if there is an oil slick above them, it would kill millions of future cod, halibut and turbot. So, this legislation is economic. It ensures preservation and sustainable development. It protects migratory birds and ecosystems.

The Bloc Québécois has considered and enhanced this bill. For the first time and hopefully not the last time, we have included tough minimum fines in a Canadian environmental act. Soon, we hope, these fines will no longer be tax deductible. Their being so is both outrageous and immoral.

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Speaker, I am delighted to have this opportunity to speak to Bill C-15 at this stage. This is a bill aimed at improving the situation concerning oil discharges, in the Atlantic in particular. This bill, comprised of some 45 pages, and intended to bring about some considerable improvements, has had the support of the Bloc Québécois in recent weeks and months.

Before going into further detail, I should point out that the House of Commons, during a previous session, had already dealt with a bill

that was, to all intents and purposes, identical. That bill was C-34, which was essentially intended to bring about the changes we are looking at today.

As well, hon. members need to be reminded of how the government used its Liberal majority in the parliamentary committee at that time to ram the bill down the members' throats, to force them to endorse it, when the Bloc Québécois would have liked to have seen witnesses called in order for it to be improved upon.

I recall certain events during that session when the Liberals in this House simply made up their minds to push aside all essential debates on this matter. I was totally amazed when we came to examine Bill C-15 in parliamentary committee, where we had to really push to get witnesses allowed to appear. This was simply rejected out of hand by numerous committee members, on the grounds that what they would be telling us we had heard already, that it was just the same old, same old. Yet hon. members must keep in mind that the previous committee on the environment and sustainable development had never heard any witnesses on this aspect of Bill C-34.

We focused all our efforts and will on an in-depth study of the bill, not on delaying tactics. In fact, we improved it instead—I will go further into that shortly—by making the time for amendments to be proposed. That time was gained, in part through the efforts of my colleague from Beauport—Limoilou and myself, in order to come up with the bill as we have it before us today.

Essentially, the purpose of this bill is to correct the way or to provide more powers on the way the act must be enforced in Canada. It is aimed at increasing fines and penalties imposed on vessel owners who decide to be totally irresponsible when it comes to protecting the environment. It must be noted that this bill is aimed first at increasing, and I would even say at quadrupling fines currently imposed for oil discharges, particularly in the Atlantic region. It is aimed at quadrupling and increasing by up to \$1 million fines imposed on a vessel that deliberately discharges oil.

• (1100)

Moreover, and I will get back to this, concerning sanctions, the issue is not simply increasing them or establishing maximum amounts. The Bloc Québécois felt it essential that we establish a minimum threshold concerning sanctions and that we no longer let a judge alone decide sanctions. I will get back to this, because in parliamentary committee, we studied an amendment, which was introduced by my colleague from Beauport—Limoilou and was agreed to by the committee, that is precisely aimed at establishing a minimal threshold for penalties and fines when vessels and owners commit an offence.

Government Orders

In addition, the bill tries to maximize our chances of finding the culprits. Indeed, in the marine industry, it is quite often difficult, obviously, to identify vessel owners. Why? Because it is quite often difficult, when enforcing the act, to identify the culprits. That is why this industry has several numbered businesses. This is one of the industries where we find a significant number of numbered businesses, making it difficult for the government to enforce the act and to identify the culprits.

The bill seeks to ensure that the legislator will be able to lay charges not only against the owners but also against the employees of the company operating the ship caught polluting. Consequently, the bill quadruples the fines and provides the means by which to identify the guilty parties by attempting to target specifically the individual responsible.

Furthermore, the bill seeks to expand the area over which the legislation applies. This would mean that primary enforcement officers would be able to inspect and search polluting ships in Canadian ports and within a zone of over 200 nautical miles offshore.

Why is this so important? Because all too often, polluting ships discharge oily waste outside the area covered by the current legislation, which creates major loopholes for polluters. The new legislation will allow us to ensure that the guilty parties are punished. This bill seeks to expand the area covered by the legislation in order to eliminate obvious contradictions.

Finally, this bill expands the powers of Environment Canada to inspect, arrest and detain ships. I insist on this point, because, all too often in this House, we have seen the passing of bills that seek to increase the authority and weight of legislation. However, quite often, their enforcement leaves something to be desired. We end up with stiffer laws, but they are not enforced.

I am pleased to see that the bill will increase the enforcement powers regarding arrests and inspections. We are, however, in a position today to make the solemn commitment that the legislation will be enforced and that it will not be like other bills passed in this Parliament, which ultimately sought only to create legislation but without any real enforcement.

Consequently, we are quite pleased, but it is like the saying goes: we will have to wait and see. That is somewhat how the legislation ends, because that is the last of the four points I wanted to make. Naturally, the legislation needs to be improved, but will it truly be enforced? I have my doubts.

● (1105)

However, we were not content with simply passing the bill. I will continue to be vigilant in committee. I remind the hon. members that when a bill is introduced, it is important to take the time to study it. It is not just a matter of listening to the minister and then passing it, clause by clause, at the same committee meeting. This is a totally irresponsible attitude, especially when witnesses indicate that they intend to appear.

We have a responsibility. Even if the witnesses themselves or their testimony does not really suit us, it is our responsibility to listen to them. Then we can decide whether to change the legislation or not. This period of time that we took together permitted the adoption of

an amendment on minimum penalties. That is a first, a historic moment.

If we had not taken the time to think, this amendment probably would not have been adopted, and we would not have been able to introduce it in this House. The Chair would have told the hon. members quite rightly that they had had an opportunity to make the said changes in committee. But it was not the case.

I am proud today to remind the hon. members that my colleague from Beauport—Limoilou got an amendment adopted in the in committee to have a minimum fine of \$500,000 or \$100,000 imposed, depending on the type of ship. This is a first in environmental matters. We should definitely be proud of it. What we are also proud of is the fact that the committee supported this amendment.

As I reminded the hon. members yesterday in this House, we also supported an amendment introduced by the government to ensure that the sums collected will not go to the consolidated revenue fund or to fund all sorts of sometimes questionable government activities. A fund will be created into which the money for the damages will be paid. We have a guarantee that the amounts that are collected will go into a compensation fund in case of discharges or other catastrophes.

We therefore have an imperfect bill. However, in the current situation, we managed to do things quickly, to be sure, but very effectively. As a result, this bill will return today to the Senate. On this side of the House, we have always hoped to proceed quickly so that the essence, the spirit of the bill, namely protecting birds, is implemented as soon as possible. We had to make these changes, which were necessary. Greater penalties were needed for people who decide to be totally irresponsible where the environment is concerned.

Today, I am back with the Bloc amendment. What we are about to vote on is quite unusual. We have to remember that the average fine set by Canadian judges for oil discharges is \$30,000. This is peanuts for big corporations responsible for an oil discharge, like Canada Steamship Lines, for instance, or other multinationals.

● (1110)

As I said before, a drop the size of a quarter is enough to kill a bird. Each year, more than 300,000 birds are killed by discharges by vessel owners. Up until now, how much were the fines imposed in Canada on large corporations like Canada Steamship Lines and others? The average fine set by judges in Canada is \$30,000. That is 10 times less than in the United States and 15 times less than in Great Britain. For a big corporation like Canada Steamship Lines, \$30,000 is peanuts.

The Bloc Québécois amendment finally provides for a minimum fine which we find acceptable for big corporations that often mistreat the crews working on their ships. The amount of the minimum fine will depend, of course, on the type of vessel.

Today, the end is near. We have before the House a bill which we hope the Senate will pass as soon as possible. Our laws are such that the fines for corporations or individuals who act irresponsibly are small. That is where this legislation will come into play.

Government Orders

It is thus with great pleasure that we will vote for Bill C-15 and for the amendment that was proposed by the government. What we wish for, and this is the last wish, is that we no longer experience what we went through with the Species at Risk Act, the Canadian Environmental Protection Act or the Canadian Environmental Assessment Act. We adopted legislation, but, quite often, it is not enforced. I hope that the government will take note and put the means in place so that, finally, birds can be protected as they deserve to be.

• (1115)

[*English*]

Mr. Lee Richardson (Calgary Centre, CPC): Mr. Speaker, I want to thank the hon. member for his remarks and for his contribution to the committee in the passing of the bill.

I have some sympathy with regard to his comments on what appeared to be the rushing of the bill through committee and the lack of opportunity for some witnesses to appear before it. We had a number of requests from some of the larger shipping companies and organizations to appear as witnesses before the committee. Apparently, the response was that the bill had been around, albeit in a different form, Bill C-34, for the past two years and that they had adequate notice.

The hon. member makes a very good point that we need to discuss these matters. I do not think we would have had the amendments, which have been spoken to so highly of on all sides of the House today, if we had not had this in committee for the length of time we did. This is an example of how well committees can cooperate, particularly in a minority government, to bring forward solid legislation.

I want to ask the hon. member about his comments with regard to Canada Steamship Lines. Was he suggesting that it was one of the major polluters? Is it correct that it had a record fine of up to \$30,000? Is it his sense that the money collected should go more toward the cleanup, as the legislation suggests? Earlier we talked about including a provision to have some of the fine proceeds go toward additional surveillance and enforcement of the legislation.

Could the member comment on those issues?

[*Translation*]

Mr. Bernard Bigras: Mr. Speaker, indeed, I said that. I am not saying that Canada Steamship Lines is the greatest polluter; that is not necessarily what I am saying. However, there is a fact, and it is that, a few years ago, Canada Steamship Lines was fined for discharging oil in eastern Canada, in the Atlantic.

Canada Steamship Lines is a vessel owner, among many others, which, intentionally or not, also discharged oil in the Atlantic. It was found guilty and had to pay a fine.

What is important is to improve practices, because the risks are huge. I think this should cause us to reflect on the way that, strategically, we use oil. As a matter of fact, two weeks ago, there was an environmental disaster in the eastern part of the country. Of course, you will tell me that this was from a drilling platform, but we must find ways to ensure that this situation does not happen again.

I think that minimal fines are most certainly the best way to convince the major shipowners to change their practices. However, these fines, and the financial means the government will use, must not be used for anything other than cleanup. I think this is perfectly normal. In my view, the principle of precaution must prevail. We must be able to react quickly. We must not end up in the same situation that other departments are in.

I will give a very simple example. We notice that several departments, such as National Defence and Transport, are responsible for contaminated sites in many regions of Canada. They come up with decontamination plans, but the funding never follows. This kind of situation must come to an end.

If there are discharges, we will not be scrambling for the necessary funds to begin cleanup. A fund will be set up. Fines collected will go into this fund and we will be able to move quickly, which is much more efficient than the government's current tendency to identify contaminated sites and draft decontamination plans only to be without the necessary funds to follow through.

In my view, that is what this government amendment will help us to avoid. Most certainly, all government departments should have this same setup.

• (1120)

[*English*]

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, I too would like to thank and congratulate the member for the very effective manner in which he has brought the concerns with respect to this bill through the committee process to the House.

The member will recall that we heard testimony from witnesses from the Justice Department who indicated that a minimum fine might in fact go opposite to the impact we wish to achieve. A minimum fine was to make it very clear to polluters that they were going to be dealt with in a very punitive manner.

The theory went this way. A minimum fine of \$500,000 for those ships over 5,000 tonnes might in fact be seen by the court to be overly punitive and might persuade the court not to deal with the intent of the maximum fine, such that the very opposite might be the case. Judges might be more convinced that because of the nature and magnitude of the fine, they might not apply that regime to those who allegedly had polluted the sea.

Does the member feel that this point of view had any validity? From his perspective, how would that amendment be even more effective in achieving the intent of the bill, which is to deal very effectively with those people who are polluting at sea?

[*Translation*]

Mr. Bernard Bigras: Mr. Speaker, if we try this, history will be the judge. I understand what the Minister of Justice was talking about. On the other hand, in real life, the average fine is \$30,000. I think that looks like a licence to pollute. Fining a big marine industry, shipowner or shipping company \$30,000 for having discharged in our waters is completely irresponsible and ridiculous.

Government Orders

It is our duty to raise that penalty, perhaps quadrupling it, as the bill stipulates. We cannot accept such ridiculously low fines. It is very embarrassing when we compare our fines to those levied by our neighbours in the United States and Great Britain.

Current legislation and conditions may give big shipping companies and industries the impression they have permission to pollute. But that is not true. Legislators must send a clear message that such behaviour will not be tolerated. We will not leave it to the courts to decide this issue. Experience shows us that decisions here are quite different from those in the United States and elsewhere, and impose few constraints. In view of this situation, we, as legislators, must act.

If the courts had imposed fines of \$200,000 on shipping companies for their illegal discharges, we would probably not have come to this stage, and the motion certainly would not have been introduced by the Bloc Québécois. We were forced to introduce this amendment because we concluded that the court-imposed penalties were ridiculously low. The bar had to be raised. We will see how things turn out. Perhaps this part of the law will be contested. Nevertheless, it is worth the trouble of making the amendment. I would like to see a shipping magnate take part in a public debate to argue that the minimum fine is too high. I do not think that will happen. We must assume our responsibilities.

The fines imposed by the court so far are not consistent with the degree of harm done to the environment and ecosystems by these bad practices. The fines we impose must be commensurate with the negative impact of those actions. If not, we will be sending the message that pollution is allowed, and up to a point, it pays well. For a major multinational, \$30,000 is just peanuts. We have to send the opposite message. That is exactly what the Bloc Québécois's amendment, adopted by the committee, is intended to do.

• (1125)

[English]

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

Some hon. members: Question.

The Deputy Speaker: The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

The Deputy Speaker: I declare the motion carried.

(Motion agreed to, bill read the third time and passed)

* * *

TAX CONVENTIONS IMPLEMENTATION ACT, 2004

Hon. Andy Scott (for the Minister of Finance) moved that Bill S-17, an act to implement an agreement, conventions and protocols concluded between Canada and Gabon, Ireland, Armenia, Oman and Azerbaijan for the avoidance of double taxation and the prevention of fiscal evasion, be read the second time and referred to a committee.

• (1130)

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I thank the House for the opportunity

to speak to Bill S-17, the tax conventions implementation act, 2004, at second reading.

This legislation would implement four new tax treaties that Canada has recently signed with Gabon, Armenia, Oman and Azerbaijan. The bill would also implement a new treaty with Ireland, replacing the older treaty that is already in effect.

These bills are simultaneously quite simple and yet exceedingly complex. For instance, the implementing part of the bill is relatively simple. The first section deals with the title; the second section deals with what a convention means; and the third section, which is probably the most critical section, indicates that the convention is approved and has the force of law in Canada. In effect, we are applying the rule of law to these treaties.

The fourth section deals with any inconsistencies between the tax regimes of these various countries and our own, and methods to resolve those inconsistencies. The fifth section deals with the opportunity for the national revenue minister to make any regulations which he may deem to be appropriate. The final section deals with the notification that the Minister of Finance must give in order to give the bill the force of law.

As I said, the bill is quite simple. There are only six sections in it and yet schedules 1 and 2 run 136 pages. They are sufficiently complex and there are not that many people in the House who would actually understand all of the nuances of those schedules, myself included.

The bill builds on Canada's well established network of tax treaties with other countries, which happens to be one of the most extensive of any country in the world. At present, we have 83 treaties in effect. The passage of Bill S-17 would make that 87. The new treaties would provide taxpayers and businesses, both in Canada and in these other countries, with more predictable and equitable tax results in their cross-border dealings.

Before discussing these treaties any further, I want to provide the House with a brief overview of the importance of tax treaties and why it is necessary for the bill to be passed.

As hon. members know, the government has long been committed to enhancing fairness in the tax system. These tax treaties contribute to that goal. Since income tax was first put in place back in 1917, Canada has taxed both the worldwide income of Canadian residents and the Canadian source income of non-residents.

All income of Canadian residents, whether earned here or abroad, is subject to tax in Canada. Non-residents, on the other hand, are taxed here only to the extent that they participate in the economic life of Canada or receive income from sources of business in Canada.

Tax treaties, or income tax conventions, or agreements as they are sometimes called, are an integral part of our tax system. Basically, they set out the degree to which one country can tax the income of a resident of another country.

Government Orders

The benefits to Canada having tax treaties in place with other countries are significant. We already have 83 in place which attests to this fact. For example, tax treaties provide certainty on how Canadians will be taxed abroad. At the same time, they assure our treaty partners of how their residents will be treated in Canada. Tax treaties also benefit the Canadian economy by contributing to a sound framework for international trade and investment.

There are definite economic disadvantages for countries that do not enter into tax agreements with other countries. The absence of such agreements can have harmful effects on the economic relations between countries. I will explain that.

The absence of tax treaties makes the threat of double taxation a great concern to taxpayers. Double taxation occurs when a taxpayer lives in one country and earns income in another. Without a tax treaty in place to set out the tax rules, the same income can be taxed in both countries without consequential relief. This situation can have a negative impact on the expansion of trade, and the movement of capital and labour between countries.

It is only natural that investors, traders and others with international dealings want to know how they will be taxed before they commit to doing business in the country. For example, when considering doing business in Canada, foreign investors and traders are anxious to know the tax implications associated with their activities in that country. They also want assurances that they will be treated fairly.

Tax treaties establish rules as to how the tax regime of one country would interact with that of another, thus removing much of the uncertainty about the tax implications associated with doing business, working, or otherwise earning income from abroad.

• (1135)

It is important to note the fact that tax treaties are international agreements that require official notice be given before they can be terminated. That in itself adds to a degree of certainty. The tax rules range from an allocation of taxing rights between the two countries to the establishment of a mechanism to resolve tax disputes between those countries.

All these measures promote certainty and stability and help produce a better business climate.

Tax treaties, including the ones enacted in the bill, are especially designed to facilitate trade, investment and other activities between Canada and its treaty partners. They are developed with two main objectives in mind.

The first, and probably the most important, objective of tax treaties is to avoid double taxation and provide a level of certainty about the tax rules that apply to international transactions.

The second objective of tax treaties is to encourage cooperation between tax authorities in Canada and the treaty countries to prevent tax evasion and tax avoidance.

Tax treaties play an important role in protecting Canada's tax base by allowing information to be exchanged between our revenue authorities and their counterparts in countries with which we have tax treaties.

I would like to return to the issue of double taxation. Relief from double taxation is so very necessary and deserves to be discussed in some detail. The potential arises when a taxpayer lives in one country and earns income in another. Without a tax treaty, both countries could claim tax on the income without providing the taxpayer with any measures of relief for the tax paid in the other country. This is simply unfair.

To alleviate the potential for this happening, a tax treaty between the two countries allocates taxing authority with respect to a given item of income in one of three ways: first, the income may be taxed exclusively in the country in which it arises; second, it may be taxed in the country in which the taxpayer resides; or, it may be taxable in both the source country and the residence country, with relief from double taxation provided in some form, usually the country of residence.

For example, if a Canadian resident employed by a Canadian company is sent on a short term assignment, say for three months in any one of the five countries talked about in this bill, Canada has the exclusive right to tax that person's employment income. However, in the case of most items of income and capital, the right to tax is shared, although for certain types of income, such as dividends and interest, the rate of tax that may be imposed in the state of source is limited.

Put another way, the treaties in the bill contain provisions that would alleviate the requirement for taxpayers in one country who carry on business in the treaty partner country to pay tax in the treaty partner country on their business profits earned in that country if they are not meaningful participants in the economic life of that country.

There is another aspect of tax treaties that I want to discuss, and that is the importance of withholding taxes. Bill S-17 provides for several withholding tax rate reductions.

Withholding taxes are a common feature of the international taxation system. In Canada's case, they are levied on certain payments that Canadian residents make to non-residents. These payments include interest, dividends and royalties, for example. Withholding taxes are often levied by a country on the gross amount of certain types of income paid to non-residents and such taxes normally represent the non-resident's final obligation with respect to income tax payable in that country with respect to that particular income.

The tax treaties in the bill all provide for certain reductions in withholding tax rates. For example, without a treaty or other legislated exemption, Canada taxes various categories of income paid to non-residents at the rate of 25%. Most of Canada's trading partners impose a similar level of withholding tax.

However, withholding taxes do not provide for the deductibility of expenses incurred in generating income and are imposed on the gross amount of the payment. The taxpayer will therefore be subject to an effective rate that is significantly higher than the tax rate that applies to net income in either the source or the residence country.

Government Orders

●(1140)

To remedy this, Canada's network of tax treaties limits the rate of withholding tax that can be withheld by the source country on various types of income so as to more accurately reflect the level of taxes that would be payable on a net income basis. Consequently, the treaties in the bill provide various limits, usually at the rate of 5%, 10% or 15% on dividends, depending on the circumstances, and 10% on the case of interest in royalties. In some instances, royalties paid for through the use of copyright, computer software, patents and know-how are completely exempt from withholding tax.

Finally, these treaties also implement other measures which ensure that tax consequences of certain transactions are in line with Canadian tax policy. Unfortunately, time does not permit to go into details about these matters today, to the great disappointment of my colleagues opposite.

However, I do want to point out that Bill S-17 is standard routine legislation. Part of the fact is that these treaties, like their predecessors, are modelled on the OECD model tax convention, which is accepted by most countries around the world. The provisions in these particular treaties comply fully with the international norms that apply to such treaties.

Bill S-17 also addresses fair taxation and good, international trade relations.

Fairness in the tax system which, as we all know, is an ongoing priority of the government, demands that Canadians should not find themselves subject to double taxation. Nor should there be any evasion or avoidance of taxes. That is what these tax treaties work to do: eliminate double taxation and prevent tax evasion and avoidance.

Other meaningful benefits will also result once these treaties come into force. The treaties covered under Bill S-17 also address a number of the important tax treaty histories such as the taxation of capital gains realized on the alienation of foreign properties, the taxation of pensions and annuities paid to non-residents as well the prevention of a discrimination based upon a taxpayers nationality.

As I stated at the beginning of my remarks, Bill S-17 represents a part of Canada's ongoing efforts to expand its network of tax treaties with other countries. The benefits of the proposed legislation are clear. I therefore encourage all hon. members to support the bill.

Hon. Rob Nicholson (Niagara Falls, CPC): Mr. Speaker, I welcome the comments of the parliamentary secretary. I would guess that a bill like this works into the overall context of coming up with fair taxation policies between all the countries of the world, and this is just the latest instalment. It brings Canada into agreement with a number of countries to ensure that people are treated fairly. This is presumably a step forward for Canadians who live in Gabon or those from Gabon who live in Canada as well as the other countries mentioned.

I was interested in what the parliamentary secretary had to say on the bill. The contents of the bill are perfectly reasonable and of course are a step in the right direction. I hope the parliamentary secretary would agree with me that more has to be done between Canada and other countries of the world.

I would like to bring to his attention one of the unfairnesses that exists between Canada and, my example, that of the United Kingdom.

There is a treaty between Canada and Great Britain that protects individuals against double taxation. Of course that would be a very important one. As important as the countries are, as listed by the parliamentary secretary, hundreds of thousands of people who originally lived or were citizens of the United Kingdom now reside in Canada and vice versa. It is a very important relationship.

Therefore, I would like to bring to his attention a matter that has been brought to my attention. That is the treatment of pensions of individuals who live in one or the other countries. Specifically, I have individuals in my riding, and of course individuals throughout Canada, who have obtained a pension from the United Kingdom for whatever reason, but those pensions are not indexed. We have the situation where people may have emigrated from Britain say in 1970, they become entitled to a British pension, but their pensions are not indexed. Once one makes inquiries as to why they are not indexed, they say that there is no reciprocal treaty between Canada and the United Kingdom.

For instance, if a Canadian goes to the United Kingdom, there is no arrangements to have these pensions indexed. It seems to me that might be an area for the parliamentary secretary and the department to look into. We want to ensure that Canadians who live in Great Britain and British citizens who live in Canada get every benefit.

I know if one is entitled to American social security, that is indexed even though one is a resident of Canada and likewise if one is a Canadian citizen living in the United States. There is no problem with the indexing of Canadian pensions.

My understanding is that all this would take is an agreement that both countries would do it for the residents of each other's country. It seems in line with what the parliamentary secretary said about increasing the fairness to citizens who live abroad. This is something else I hope he would add to the list of things I am sure he is looking into.

●(1145)

Hon. John McKay: Mr. Speaker, it must be Christmas because I agree with the member. It is well said, and he raises a very valid point. The issue is the indexation of the pensions, and there is not a reciprocal indexation from the British authorities.

I can recollect a specific meeting with the High Commissioner on this very point, with colleagues from our party, his and others as well. Frankly, the High Commissioner was not very satisfactory in his answer with respect to the indexation.

Government Orders

In the member's second point, as to whether this can be included in a tax convention, I am hesitant to give a straightforward answer on that point. The issue is indexation of the pension rather than the taxation of the pension. Generally, treaties deal with the taxation of the pension, not the indexation, because pensions get treated as income.

I would finally note that Canada does have a tax treaty with the United Kingdom. It is one of the 83, about to 87, countries with which we have concluded a treaty. However, I do not know frankly what will persuade British authorities to treat Canadians living in Canada who receive British pensions properly.

I welcome the member's comments, and I think he is spot on.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ): Mr. Speaker, I rise on a point of order. I apologize to the member, but this will not take too long.

Discussions have been held among all parties, and if you were to seek it, I think you would find unanimous consent of the House to adopt the following motion:

That, following Private Members' Business today, the House continue to sit, in committee of the whole, no later than 9 p.m., to consider the situation facing the textile industry. That, during the debate, the Chair shall not receive any quorum calls, dilatory motions or requests for unanimous consent.

That all speeches be limited to a maximum of ten minutes and be followed by a period of five minutes for questions and comments. And, when no member rises to speak or at 9 p.m., whichever comes first, the Chair shall leave the Chair, and the House shall adjourn until the next sitting day.

I believe there is consent from all parties.

● (1150)

[*English*]

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

Some hon. members: Agreed.

(Motion agreed to)

* * *

TAX CONVENTIONS IMPLEMENTATION ACT, 2004

The House resumed consideration of the motion that Bill S-17, an act to implement an agreement, conventions and protocols concluded between Canada and Gabon, Ireland, Armenia, Oman and Azerbaijan for the avoidance of double taxation and the prevention of fiscal evasion, be read the second time and referred to a committee.

Mr. Monte Solberg (Medicine Hat, CPC): Mr. Speaker, the House will be relieved to know that I do not intend to speak for very long on this fairly straightforward bill originating in the Senate, as is the tradition with these tax treaties.

Effectively, just to sum up, it brings about tax treaties with Armenia, Azerbaijan, Gabon and Oman. The idea is to ensure that we do not have double taxation for people who may be Canadian nationals living in one of these countries, for instance, so that they do

not end up paying tax twice on income that they have received. The other part of it is to ensure that information is shared between countries so that we do not have a problem with tax evasion.

This is something that is eminently supportable, but of course I would be remiss if I did not stand up and say how much we regret that this is not a bill that brings about the reduction of taxes within Canada. I simply have to point that out. I never miss an opportunity to do that, especially as we get close to Christmas and people are struggling to find ways to meet their obligations. They are running out to the stores right now and purchasing gifts. It would be great if this were a bill to cut taxes. Sadly, it is not.

I simply want to say that the only concern the Conservative Party of Canada has with this is not really a concern with the bill. It is our hope that the government will use these new arrangements that we have with these countries to push to ensure that these countries are in fact respecting human rights.

We did a quick search on different websites to look at the human rights records of some of these countries. For instance, the human rights record in Azerbaijan is not good. In fact, it is deplorable.

While it is important to engage these countries on issues like a tax treaty, now that we have that kind of arrangement I hope the government will use its leverage with countries like Azerbaijan to insist that human rights be respected in these places. Their records are not good. If they are going to enjoy the popular support of countries around the world, they simply have to bring their countries into the 21st century and ensure that they do in fact respect fundamental human rights. That is certainly not too much to ask.

That is really all I have to say on this issue. The Conservative Party supports the idea of tax treaties. We support the idea of ensuring that there is commonality between countries when it comes to treatment of income. That is pretty fundamental.

I will simply end by saying once again that we very much look forward to the day when the parliamentary secretary stands up and brings in a tax bill that calls for a reduction in taxes so that in fact Canadians can enjoy more of their own income, which they work so hard to earn.

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): As I say, Mr. Speaker, it really must be Christmas because I find myself in agreement with almost everything that the member opposite brings forward.

I want to go to the substantive point of his speech, which had to do with the effect on human rights that entering into these treaties may or may not have. This actually came up when the bill was first presented to the Senate. We had some very thoughtful discussion about whether it is good to enter into a tax treaty arrangement with a country that routinely abuses human rights. The member pointed to one example and there are certainly others where we are carrying on negotiations.

As a point of philosophy or a point of principle, does the member for Medicine Hat think it is a good idea to enter into tax conventions and treaties with a country that abuses human rights or should we restrict ourselves only to tax treaties and conventions with countries that have better human rights records?

Government Orders

● (1155)

Mr. Monte Solberg: Mr. Speaker, that is a good question. I would say that I think this is a strategic decision that countries make probably very often in coordination with other countries when one particular country may be behaving in some cases in a way that most of us find to be reprehensible. I think it is a strategic decision that countries may make.

We run into this all the time. Countries get together and ask whether they should expel a particular country from the Commonwealth, for example. I think a judgment has to be made based on that particular situation.

I would say as a rule that I think it is probably a good idea to engage these countries to a large degree. I would point to the case of China. The experience has been that certainly in the case of China engagement has moved the yardsticks forward. China, for instance, has a long way to go when it comes to the issue of human rights. In fact, it has a terrible record when it comes to that, but there are new freedoms in China that did not exist before countries engaged it, and that is a good thing.

While it probably would not be responsible to generalize based on a particular example, I think there is some evidence to show that when we do engage very often it does lead to progressive improvement in human rights. I hope that will be the case when it comes to some of the countries we are engaging with in this particular tax treaty.

Hon. Rob Nicholson (Niagara Falls, CPC): Mr. Speaker, I too want to congratulate the member for Medicine Hat on his comments to the House on this particular bill. I was interested in some comments he made toward the end that reiterated a point he made earlier, which was that he would have been pleased to have seen something come forward from the government that would result in tax cuts, and that while it is supportable that we are moving ahead to avoid double taxation, I think he quite correctly points out that most Canadians would be very pleased to get some sort of tax break. Certainly they have not seen it from the government.

The parliamentary secretary said, and I think I am quoting him, that he agrees with just about everything that the member for Medicine Hat said. Since the member for Medicine Hat made a point on two occasions in his speech of mentioning that he would like to see tax cuts, I suppose one could take some comfort from that, but this brings me to the question I want to ask the member for Medicine Hat.

He said in his concluding remarks that he looks forward to the day when he sees the government come forward with a bill that will cut taxes for Canadians. It is on this point that I want to ask him a question.

After seeing the performance of the government, does he think that is a realistic option? Is that just something that he hopes to see from the government? Or is it more realistic to say that Canadians will have to wait until the member for Medicine Hat is part of a government and he brings in those tax cuts? I would ask him to comment on that.

Mr. Monte Solberg: Mr. Speaker, let me start by saying how important it is that we have tax relief in Canada. Canada is falling

behind in terms of productivity, our ability to compete, and therefore our standard of living remains much lower than that of our major trading partner, the United States. This is not just my opinion. This is a fact. It has been attested to over and over again by witnesses appearing before the finance committee.

That is regrettable, because Canada is a wealthy country in a sense. We have a wealth of resources. We have a wealth of human potential and talent. Unfortunately, because of public policy decisions, namely, taxes that are too high, we are not able to exploit that and we are not able to generate as much wealth as we could.

Therefore, all kinds of people who could be employed today remain unemployed. People who could have better jobs are underemployed. The result is that they do not have the income and the capacity to provide for themselves and their families that they otherwise would.

As to whether or not the government can do it, certainly this government is running surpluses in Canada today thanks to the efforts of hard-working taxpayers. However, the government has decided that increasing spending year after year is a much higher priority than tax relief. That is truly regrettable, especially considering how often the government wastes money on all kinds of boondoggles.

I could go on and on about that. I have given that speech many times in the House and the parliamentary secretary is throwing up his hands and saying, "don't do that again", so I will not. Suffice it to say that we could have tax relief in Canada, but I do not expect it from this government any time soon, regrettably.

● (1200)

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, it is with great pleasure that I rise to speak on Bill S-17, an act to implement an agreement, conventions and protocols concluded between Canada and Gabon, Ireland, Armenia, Oman and Azerbaijan for the avoidance of double taxation and the prevention of fiscal evasion. This gives me an opportunity to denounce once again a scandal, and the word is not too strong. I am talking about the tax convention between Canada and Barbados.

Obviously, where the tax system of the foreign countries involved is similar to ours, the Bloc Québécois will not oppose the principle of bills like this one. Indeed, as the parliamentary secretary indicated, it makes no sense to pay tax twice on the same income: once in the country where this income was earned, and again in Canada, because the taxpayer in question happens to be a Canadian citizen.

We are therefore totally in favour of tax conventions ensuring that income on which tax is paid in a signatory country is not taxed again in Canada.

We must remember that the principle of Bill S-17, like all the other conventions, is to not double tax taxpayers and not to prevent or spare them from paying income tax. In so doing, both countries, that is, Canada and the other country with which a tax convention was signed, must have a system where the income tax paid is for real, and not for show, and totally superficial like what we see in tax havens.

Government Orders

This brings me to the tax convention between Canada and Barbados. That convention allows Canadian taxpayers, Canadian citizens, be they individuals or corporations operating or appearing to operate in Barbados, to evade tax in Canada. That is not the intention of the bill before us or other tax conventions previously debated in this House.

As for Barbados, it is the only tax haven widely recognized by experts worldwide with which Canada has signed a tax convention. Barbados is known internationally as Canada's tax haven, for wealthy companies and Canadian taxpayers. In this regard, the government cannot plead ignorance.

On many occasions in the past, the Bloc Québécois and other opposition parties have denounced this situation. We are not the only ones. The auditor general and his successor, on many occasions, have also denounced this convention that allows Canadian corporations and individual taxpayers to avoid paying taxes.

Keep in mind that taxes are used to pay for the collective tools we give ourselves as a society. So every time taxpayers dodge their responsibilities by using a tax haven or any other kind of tax evasion scheme, they are not living up to their responsibility to the community. It is a very serious attack against social and moral solidarity.

Worse yet, taxpayers like you and me, who live up to their obligations and pay their taxes in full both to the federal government and the provincial government—the Quebec government in my case—are paying more taxes because those taxpayers, corporations or individuals, are not doing their fair share. As a result, the average tax burden of those who do pay their taxes is getting heavier. The middle class is left holding the bag.

It is extremely important. Indeed, as the auditor general said, it is not only eroding the tax base but also sowing the seeds of cynicism among Canadians and Quebecers. As a result, now everybody sees nothing wrong in taking advantage of tax loopholes, one way or another and on a small scale, of course. Working for pay under the table is a case in point.

So on fiscal, ethical and social cohesion grounds, it has become urgent to close this loophole, the tax convention with Barbados.

• (1205)

Again, I point out that this no coincidence. The federal government, and particularly the current Prime Minister when he was Minister of Finance, arranged the income tax regulations to promote tax avoidance through Barbados, our tax haven.

The result is that, with a population of 272,000—which is the equivalent of a Montreal neighbourhood—Barbados has become the third destination for Canadian capital and direct investments abroad. It is right behind the United States—which is understandably our number one destination—and Great Britain.

Are these direct investments from Canada being made to take advantage of economic development opportunities offered by Barbados? Maybe so in some cases, but definitely not to the extent that we are talking about. When the number three foreign destination for direct investments has a population of barely a quarter of a million people, I think there is more than meets the eye.

It is easy to see that most of this money—although not all of it—comes from Canada's major banks. They use the tax convention with Barbados to avoid fulfilling their responsibilities in terms of income tax or benefits. They are taking advantage of the situation that the federal government, the current Prime Minister and former Minister of Finance, created by extending the tax convention with Barbados.

As I mentioned earlier, Barbados is a small island of a quarter of a million people and it is the third destination for direct investments from Canada. To give an idea of the scope and extent of this phenomenon, and therefore of the urgent need to condemn this tax convention, Canada's financial transfers to Barbados went from \$5.1 billion in 1994—the year the Liberals first took office—to \$23.9 billion in 2002. This is an increase of close to 400% in nine years.

The government would have us believe that there are investment opportunities in Barbados that justify such an increase. We are not stupid. Canadians and Quebecers are not fooled, as the outcome of the June 28 election indicates.

The government has an opportunity to again raise the matter of this tax convention and, as I mentioned earlier, to remedy the situation. I have another figure which will show once again how absurd the situation is. Since 1988, Canadian investments in Barbados have increased by 3,600%. Once again, it seems to me that, despite the business opportunities which this magnificent island in the Caribbean might offer, it cannot absorb these investments entirely. Therefore, it may easily be inferred that Canadian businesses and taxpayers have used this tax loophole, the tax convention between Barbados and Canada.

Since 1996, the Bloc Québécois has been asking the Canadian government to beef up its international service in order to be able to discourage tax avoidance through tax havens. As I said, Barbados is the only tax haven we have a tax treaty with. It is the only one with which we have officialized and institutionalized tax avoidance. Nevertheless, tax havens as a whole are a problem. They are a problem for Canada and also for most other jurisdictions.

Again, since 1996, The Bloc Québécois has been calling for a comprehensive reform of Canadian taxation and will continue to do so, as I am doing today. We must eliminate all tax loopholes that enable companies to get out of paying their fair share of taxes, while the average taxpayer bears the brunt of this. People who cannot use such tools end up paying the bill. This mechanism was established by the Liberal government for the benefit of wealthy businesses and individuals.

Government Orders

●(1210)

We must also look at the very close link between money in tax havens and money laundering. Studies have been done to that effect by FATF, the group that examines the issue of money laundering and finding ways to counter it. I believe that FATF is celebrating its tenth anniversary this year.

This special group made up of OECD countries has found that 25% of the money currently kept in tax havens is laundered money. In other words, the money that comes from fraudulent and illegal activities, such as drug trafficking, weapons trafficking and other such organized crime activities that, unfortunately, are being conducted throughout the world. These organized groups, especially those with warring or terrorist intentions, also use these tax havens to transfer money for carrying out their sinister plans.

There is a certain irresponsibility. As I mentioned, the Canadian government is not alone in this. The U.S. government, the British government and most western governments seem to be hypocrites. On one hand, they say they want to prevent money laundering and to fight terrorism, while on the other hand they maintain mechanisms such as the Canada-Barbados tax convention, which facilitates not only tax avoidance but the transfer of money for terrorist purposes.

If they were at least consistent and honest, if they had the political will to truly put an end to this financial pipeline provided by tax havens to terrorist groups, they would address this issue seriously.

A type of hypocrisy exists. At first, outside of FATF, other groups and governments, the U.S. and Canadian governments in particular, had shown a desire not only to prevent money laundering, but to gain real control over tax avoidance. It seems that in time, the groups working on this problem, FATF in particular, dropped the second element and dealt only with the issue of money laundering for terrorist activity purposes.

This is totally irresponsible and impossible. As long as there are tax havens, it will be impossible to stop money laundering. As long as there are tax havens, it will be impossible to prevent various groups from using them to launder money for terrorist activities. So, we must attack the very existence of these tax havens.

In her recent report on money laundering, the Auditor General says that the federal government has done very little. I am surprised that she does not make a more direct link among tax havens, money laundering and terrorism.

I want to focus on tax havens. Perhaps viewers would like to know a little about how to identify a tax haven. In 1998, the OECD gave it the following definition. First, it is a country that generally imposes no or only nominal tax on income. Second, there is no effective exchange between countries of relevant information for tax purposes. A few years ago, Barbados announced it intended to improve the exchange of information. To my knowledge, no efforts have been made to do this.

Third, a tax haven is defined by the lack of transparency of legislation or taxation regulations; this is the famous bank secrecy. The fourth factor is the absence of substantial activities. As we know, real activity must be conducted in one location in order to benefit from a tax treaty, under Canadian legislation. Taxpayers who, to

avoid paying taxes, put their savings or dividends in a bank account in a tax haven cannot legally use tax treaties to this end.

In 1972, we rectified this situation by making a distinction between passive activity, or simply depositing money in a bank account, and active activity, a real activity in economic terms, meaning providing a service or manufacturing a good. The fourth factor used to identify a tax haven is a lack of substantial activity, meaning that the standards for determining a real activity are extremely low.

●(1215)

In 1998, the OECD identified 35 tax havens, based on four criteria: no taxes, no effective exchange of tax information, no transparency, and no substantial business activities. Hon. members will not be surprised that Barbados was among these. I would also point out that Canada was one of the 47 countries listed with particularly lax laws concerning tax havens.

What follows is important because of the debate prior to the June 28 election. A number of editorial writers in the Quebec press in particular serve as Liberal mouthpieces, and this is my main source of news—though I do occasionally enjoy a look at the press in English Canada. In the year 2000, the OECD changed its definition of a tax haven, focussing more on the non-cooperating aspect.

As I have already said, following on that decision by the OECD to focus differently on the tax haven situation, Barbados announced its intention to take on slightly greater transparency in passing tax data on to other countries and jurisdictions. As a result of that commitment, the OECD decided not to keep Barbados on the list of uncooperative tax havens. This does not, however, change the fact that Barbados is still a tax haven.

What we heard from the federal Liberals, from the government side, was “Just look at the OECD listing”. It is true that Barbados was on it in 1998, but not in 2000. These two lists were not the same. In 2000, the list was of tax havens according to the OECD, based on the four criteria I mentioned. The focus in 2000 was more on lack of cooperation, particularly in connection with the campaign against terrorism. So the same things are not involved. After the definition's focus was changed, nine countries were still on the list. No one is going to convince me, however, that a list of 35 countries identified as tax havens in 1998 by the OECD was suddenly transformed into a list with only 9 countries on it, with the flick of a magic wand.

Government Orders

As I have said, the change was due to a change of focus by the OECD. I should add it is well known behind the scenes at the OECD that Canada, the United States and Great Britain lobbied a great deal to get Barbados struck off the list of uncooperative tax havens.

I said that because the subject will certainly be coming up again. When they talk about the tax treaty between Canada and Barbados, they will tell us that Barbados is not one of the countries the OECD considers to be tax havens. Once again—and I say this for those watching at home—we must not be fooled. The OECD is no longer worried about such things. Those countries that have disappeared from the OECD's list are the ones called uncooperative tax havens. Therefore, all those that intend to cooperate, or actually do so, are not on the list, although they are still tax havens according to the four criteria I just listed.

I would like, if I might, to return to the figures on Canadian direct investments abroad, because I think they are quite extraordinary. Everyone understands why the United States is the primary destination for Canadian direct investments. Just now, I mentioned that Barbados was the third on that list. The second destination is the group of countries consisting of Barbados, the Bahamas and Bermuda, three small island countries with small populations. Canadian investment in these three little island countries was \$38.71 billion in 2001. That was more than the U.K.

• (1220)

Although the Bloc Québécois supports Bill S-17, we must take this opportunity to speak out against this tax agreement between Canada and Barbados once again. With regard to real, legal activities, we would be in agreement, but this convention is full of holes at present.

Moreover, the company that formerly belonged to the Prime Minister has—unfortunately—profited from this. I am speaking of CSL International, which has, according to our calculations and thanks to this convention full of holes, saved nearly \$103 million in income tax over the five years we examined.

I hope that by the time of the next election, the Liberals will understand what they have to do, look right into those holes, and correct this Canada-Barbados tax convention.

[*English*]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I listened quite carefully to the hon. member's long rant about so-called tax havens. It is hard to know where to start with such a naive analysis of the international taxation regimes in the world.

Everyone in the chamber, everyone watching us on television and everyone in this country is entitled to arrange his or her affairs, his or her own affairs, or his or her company's affairs to avoid taxes, to minimize the impact of taxes. That is lesson number one in law school and accounting school. Tax avoidance is an expectation on the part of the government and taxpayers are entitled to arrange their affairs accordingly. You do that, Mr. Speaker. My hon. friend does that. Everyone in the chamber does that. We try to minimize the tax impact on our income.

Tax evasion on the other hand is illegal. Tax evasion cannot be tolerated by any country whether or not one is in a so-called haven or whether one is in any other country.

It is amusing to me that my hon. friend conflates those two ideas and misses the point. It is more than ironic that the member purports to speak on behalf of Quebec. His separatist friends, the Parti Québécois, turned Quebec into not a tax haven but probably a tax hell. There the rates of taxation on the people of Quebec are probably among the highest, if not the highest, in North America.

If a person in Quebec or a person in any other part of Canada, or a corporation in Quebec or a corporation in any other part of Canada takes the first rule of income tax seriously and says "I am entitled to arrange my affairs in the way that is most advantageous", in other words to avoid taxes, not to evade taxes, then he, she or it is entitled to seek the jurisdiction that most satisfies those needs.

What the hon. member fails to state in his diatribe about so-called tax havens is that the information exchange and the transparency allow countries that have entered into tax treaties with the so-called tax havens to tax income that is earned as a source income in Canada. Absent these treaties there is virtually no chance.

As I understand the thrust of my hon. member's diatribe, he would pull us out of any tax convention with any other country which does not tax at the level that he thinks is appropriate. Therefore a taxpayer would be left with some unhappy choices.

I put it to my hon. friend that having a tax convention, such as the one with Barbados and others that he disapproves of, is a good thing. Canadian authorities get access to information on which they can tax income that is sourced in Canada, that is earned in Canada which impacts many of these companies, especially companies from Quebec, that do some business in the Caribbean. Banks do some business in the Caribbean on which they pay taxes. Much of those taxes, because of the transparency and the OECD protocols, gets reviewed here and taxed as Canadian source income. Absent these conventions, absent these rules, we would see none of the income.

I put it to the hon. member that the entire premise of his speech is in error.

• (1225)

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I will probably not have enough time to reply to all the wonderful questions I have just heard. However, if the parliamentary secretary is serious and really thinks that Barbados, which has a rate of between 1% and 2 1/2% on profits, is not a tax haven, he is not in the right place. We are not talking about identical systems but about comparable systems.

In the case of Barbados, it is not a matter of double taxation but of tax avoidance. I was therefore careful to use the words—perhaps they were misinterpreted by the translators—“tax avoidance”. I did not speak of tax evasion. There is tax avoidance in the case of Barbados because it was the finance minister, now the Prime Minister, who changed the rules to ensure that it was not tax evasion.

There is a serious problem now. If the parliamentary secretary saw the show *Enjeux*, which was televised last spring, he saw journalists going to Barbados to see where the headquarters of CSL International were. They found that there were nine CSL companies under the same heading, whereas normally, Canadian law provides that there must be real business activities. There are apparently three people who work for these nine CSL companies, including CSL International. However, the receptionist was only able to name one person.

ATTAC-Québec has now filed a complaint against CSL International and the CSL Group to see whether there really were some business activities, in accordance with the tax treaty and with Barbados law and Canadian law. This is therefore something that should be followed.

[*English*]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, it was not my intention to speak to the bill until I heard the parliamentary secretary's attack on the Bloc member who just spoke.

I found it astounding that what we heard from the parliamentary secretary was effectively an elaborate defence of countries that make tax evasion legal. What he said was that tax avoidance was something that everyone does and that countries are a party to and so on.

However what he did not say is that we have a hemorrhage of taxes that ought to be paid by Canadian corporations to the public coffers to sustain our most important public services and programs precisely because the government refuses to do anything about the fact that the law does not capture those taxes properly.

While we heard the parliamentary secretary say that it was quite legal for people to avail themselves of tax havens, the previous member quite rightly pointed out that we needed to do something about the problem.

A great deal of analysis has been done on this but the parliamentary secretary treated the member's comment as though the member was somehow dreaming it up for some paranoid reason or some unduly partisan reason. The member was speaking of a very respectable body of research done by tax accountants and economists that points out the incredibly low levels of taxes that Canadian companies are paying in places such as Barbados and many other countries simply because they are completely free to do so.

While Canadians pay their fair share of taxes, we have examples of the major banks. It does not matter which bank but the Canadian Imperial Bank of Commerce happens to be the one at the centre of this particular analysis. This bank, which would have and should have been paying taxes in the amount of \$844 million, was able to reduce that legally, because we do not have any tax agreements to capture this, to \$239 million.

Government Orders

I know that seems like a lot of taxes but we have to consider the fact that instead of paying at a rate of 36.6% on the profits, the bank was actually paying only 10.4%. The result is that the government uses the fact that we do not have the tax dollars to maintain our basic programs very conveniently.

Earlier today the parliamentary secretary stood and agreed with an opposition member who said that we should do something about the problem of pensions not being indexed in the U.K.

We should also be addressing a problem that has been raised again and again by the member for Windsor—St. Clair and the member for Windsor West about completely unfair taxation, practically tax confiscation, that penalizes Canadians—

● (1230)

The Acting Speaker (Mr. Marcel Proulx): The hon. member for Joliette.

[*Translation*]

Mr. Pierre Paquette: Mr. Speaker, I would just like to remind the hon. members that when CSL International was founded in 1992, its headquarters were in Liberia, a tax haven, as everyone knows.

Under pressure from the Americans, especially President Clinton, the current Prime Minister and finance minister at the time, tightened the tax criteria. Liberia was excluded from the countries that could take advantage of a certain number of tax benefits.

At that point, CSL International moved its headquarters to Barbados. If one moves from Liberia, which is a tax haven, to Barbados, it is probably because the latter has tax advantages under the treaty that was signed with it, advantages that do not exist elsewhere. Otherwise, they would just have brought the headquarters back to Montreal, which would have been the logical thing to do.

[*English*]

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Mr. Speaker, I am pleased to join in the debate on Bill S-17. It is an important discussion on tax policy in general and the degree to which we allow for tax avoidance or tax evasion. It has been a very curious intervention by the parliamentary secretary for finance with his suggestion that there are certain appropriate ways in which one should be allowed to avoid paying taxes in the context of the bill.

Bill S-17 on its own is a reasonable initiative on the part of the government. If one looks at it in isolation just for its own merits and in terms of the specific provisions in the bill, it is clearly an improvement in terms of the overall situation we are grappling with today. It is a bill that seeks to implement new tax conventions and treaties between Canada and the countries of Gabon, Ireland, Armenia, Oman and Azerbaijan.

It is an important initiative because the bill attempts to ensure that there is a way to avoid double taxation and the prevention of fiscal evasion. We know from previous speeches on this matter, and I refer specifically to the interventions by Senator Mac Harb, who at the time was spokesperson in the House on this bill, that Canada has been trying to increase the number of tax treaties in place and through this bill would increase those treaties to 87.

Government Orders

The senator went on to suggest that Canada had signed treaties or amended protocols with an additional 14 countries since 1976. However what was done in this instance and what is still a problem today is that the government has refused to address where such tax havens continue to exist and has failed to account for its tardiness in ensuring treaties are signed and precautions are taken with respect to tax havens between Canada and a number of other countries.

Before I address the concerns of many groups with respect to tax havens and tax evasion, it is always important to talk about tax policy in general and public policies that address the matter of productivity. In that context it is fair to point out that for all the rhetoric and all the protestations by Liberal members in the House on both these issues, we have yet to see a comprehensive, meaningful and progressive set of ideas or policies with respect to taxation in general and on our collective agenda to ensure a more progressive tax system so that those with the ability to pay are taxed accordingly and those at the lower end of the income scale are able to benefit from the riches accrued as a result of development and investments in this country.

We have heard a great deal from the government in the past about how it has put in place such a progressive taxation policy and how it has ensured that our taxation initiatives today help ensure that low income people are given some tax relief. However, as we look at this whole issue in the context of Bill S-17, the government has missed the boat and has neglected its responsibility in terms of ensuring a fair taxation system where those with the greatest burden and the greatest need are able to reap the greatest benefits from our policies.

Instead of ensuring such an approach, we have seen over the last number of years a government that continues to provide tax relief for those who have the most ability to handle that tax load. The government has provided tax relief for the biggest corporations and the wealthiest individuals in our society and done little to deal with the burden facing low and middle income earners.

● (1235)

Over the past number of years the government has used a considerable portion of the available surplus to provide tax relief for wealthy individuals and large corporations. We continue to be astounded at the fact that the government had the audacity to bring in a \$200 billion tax initiative spread out over five years to benefit the wealthiest in our society while those at the bottom continue to struggle.

The other issue that has to be addressed is productivity and the role of corporations in that regard. The finance committee has just been through numerous debates leading up to the finalization of our report on pre-budget consultations. I was surprised at how often Liberals spoke about the need to provide more tax breaks for large corporations through the taxation system and their suggestion that in order to be competitive with the United States we had to continue to reduce the taxes on corporations.

That approach has been tried but we have not seen much benefit over the last number of years. The government continually focuses on corporate tax relief in the hope that it will increase productivity and boost our economy but we have not seen that. We have not seen the kinds of benefits that the Liberals espouse as they pursue this narrow program of tax benefits for the wealthy and money being set

aside for lowering the debt without considering the impact on low and middle income Canadians.

Unfortunately, after trying this for a good number of years and seeing no results we still have a government that is wedded to an idea that has no basis in fact and for which there is no scientific evidence to suggest that approach should be continued.

In the context of Bill S-17, it is time we started talking about the responsibility of corporations to the country and what their obligations are to increase productivity. We cannot keep blaming workers and the tax structure. We need to ask corporations to what extent they are investing in Canada and to what extent they are taking the profits earned and produced as a result of the work of Canadians and putting those profits back into the economy to ensure Canadians have new economic opportunities and educational training opportunities that allow people to contribute to the best of their abilities and to use their talents in this country.

I find it rather strange that we are again dealing with a bill that deals with part of the problem but in the course of the debate we find that Liberals are less than enamoured with the idea of finding ways to ensure that corporations pay their fair share. We expect ordinary Canadians to pay their fair share and not to evade taxes so why would we not expect corporations to do their part in investing in Canadian industries, in Canadian economic opportunities and in community economic development and all that that implies?

I, frankly, get a little tired of hearing time and again from Conservatives and Liberals in the House that we have to lower our tax burden on corporations so we can compete with Americans and therefore create this happy scenario where everything will be fine. What they forget is that the United States is trillions of dollars in debt today, which is not necessarily an example for Canada. A country that does not provide any semblance of support for its citizens in the way of access to health care, education and social services, is surely not able to claim it is competing on a level playing field with Canada.

● (1240)

Canada should not be considering that in order to be competitive all it has to do is lower the corporate tax rate without taking into account the great contribution that all taxpayers in this country make through the taxation system to ensure we have a national health care system and some semblance of a post-secondary education system, even though it is falling into greater and greater disrepute as a result of government cutbacks and neglect. Canada is a country that at least recognizes as part of its identity the values of cooperation and community, of compassion and caring, of sharing the wealth, of ensuring that everyone has an opportunity. We distinguish ourselves from the American model of laissez-faire market approaches, a dog eat dog, survival of the fittest philosophy of life and any notion of civil society.

Government Orders

In that context we have to look at Bill S-17. It is always amazing just how little the government brings forward in terms of cracking down on tax havens and programs that allow for tax evasion. I do not think it is good enough for the parliamentary secretary to suggest that it is quite normal and that everybody looks for ways to avoid paying taxes. He says we all do it and therefore there is nothing wrong with having policies in place that do not enforce treaties between Canada and countries like the Barbados and the Cayman Islands.

Most Canadians would be appalled at that kind of thinking and rationalization of a very untenable and despicable process. Canadians are expected to pay their taxes. When they avoid or evade their taxes, they are hounded and pestered until they pay. They are penalized accordingly. Were it only possible for the government to apply the same principle to large banks and corporations.

It is important for us to recognize in the context of this debate that it is organizations like Oxfam that have called on the world's richest countries to make a genuine commitment to global poverty reduction. It is important to reference the millennium development goals under which we are doing an abysmal job. The report calls for powerful nations to invest in a strong and effective public sector in the developing world and suppress weak regulations and tax havens.

I repeat that the report addressing the millennium development goals calls for governments to address weak regulations and tax havens. It is noted that this is an essential element of the fight against corruption in developing countries. There is an inherent obligation on our part to do what we can here in Parliament to address the continued presence of tax havens and provisions that allow for tax evasion in terms of relations between Canada and other countries.

This whole issue was really brought home this week by an editorial in the Montreal *Gazette* on Sunday. It reiterated some of the concerns that members of the Bloc and the New Democratic Party had raised in the House. It had a way of raising the profile of this very serious issue. I want to quote very briefly from the editorial, which begins by saying:

Even as Canada's five largest banks announced record profits last month, they withheld from the Canadian treasury billions of dollars in taxes. Many big corporations in other industries were able to do the same. The corporations do this through the perfectly legal manoeuvre of funneling some profits through off-shore branches, conveniently located in tax havens such as Barbados, the Cayman Islands, the Bahamas and the Channel Islands.

The article goes on to suggest:

Canada's big banks have a total of 73 branches in such places, jurisdictions where the tax rates are much lower than in Canada. Under tax treaties, profits declared there are taxed there, and what's left can be repatriated to Canada with no tax liability here.

We have a very major issue to address in the context of Bill S-17. We have to get an understanding from the government as to how it intends to clear up this reprehensible state of affairs that continues to exist today. If we are talking about trying to find ways to build this country, to create jobs and opportunities, then surely we have to start by looking to ensure that profits generated in this country are invested back in this country and are not allowed to be shipped offshore for tax relief.

●(1245)

I fail to see any rationale in the argument presented by the Parliamentary Secretary to the Minister of Finance on that matter. When a profitable corporation takes money that is earned here on the backs of workers, as a result of efforts and creative energies by Canadians, and invests it offshore because of the tax benefit, I do not see how we benefit at all in this country.

We had the issue recently of operation loophole. A large family, identified in the press as the Bronfman family, invested \$2 billion offshore. A small group based in Winnipeg, Manitoba called Choices, a social justice coalition, took it upon itself under the name of an individual, George Harris, to take on the Government of Canada over this absolutely reprehensible policy that allowed a wealthy family in this country to move \$2 billion offshore and not pay a penny in taxes. It went all the way to the Supreme Court. Although George Harris did not win his case, it was clearly indicated that there had to be changes in policy and that the government had a responsibility to clarify this issue.

Have we had any clarity? Has there been a clarification? Has there been a change in policy to prevent the movement offshore of money, profits earned in this country as a result of workers' input, for tax evasion purposes and tax avoidance purposes? Have we learned anything from the furor and the uproar around the Prime Minister's own company, Canada Steamship Lines? Have we learned anything about the possibilities for conflict of interest when that kind of situation has arisen? Have we learned anything about what messages we send to Canadians when we have such a double standard?

The lesson for us today in the context of Bill S-17 is to find ways to crack down on such tax evasion and tax avoidance.

Bank profits continue to skyrocket. We have seen that in the news. Net profits for the six major Canadian banks reached \$13.3 billion this year. According to *La Presse*, that is up 20.5% since 2003. Yet despite these massive profits, billions of dollars are withheld from the Canadian treasury each year. This is accomplished by the funneling of money through branches in tax havens such as Barbados and the Cayman Islands.

On top of the big banks' earning huge profits and moving money offshore, they are taking away services from Canadians. The double whammy occurs. Canadians are denied the benefit of profits reinvested in this country and at the same time the big banks have the audacity to destroy communities by eliminating all bank branches, by denying ordinary people, working families, access to financial services in their own communities.

We have a lot of work to do with respect to big banks and big corporations. Let us look at the facts. Last year the six big banks paid about \$9.5 billion in Canadian taxes. This sum accounts for 89% of total taxes paid by the banks. The rest was paid in other regions, most notably in tax havens.

Government Orders

I will conclude by referencing the work that was mentioned in the Montreal *Gazette* and raised by my colleagues in the Bloc, about a month ago vis-à-vis a study released by Université du Québec Professor Léo-Paul Lauzon. He castigated the big banks for the exploitation of tax havens. According to Lauzon, as reported in an article, the tax bill for the Canadian Imperial Bank of Commerce would have been roughly \$844 million but it dropped to \$239 million, largely due to the bank's use of tax haven branches.

• (1250)

There is evidence around us. There is scientific fact. There is empirical evidence pointing to the problems with respect to tax havens and tax avoidance.

This is the time for Canadians to deal with it. This is the time for Parliament to address it. It is not sufficient to rest with Bill S-17, but to deal with the whole gamut of opportunities that corporations and banks use to take advantage of tax havens and tax avoidance.

• (1255)

[*Translation*]

The Acting Speaker (Mr. Marcel Proulx): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mr. Proulx): The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

The Acting Speaker (Mr. Proulx): I declare the motion carried.

Consequently, the bill is referred to the Standing Committee on Finance.

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

* * *

[*English*]

FOOD AND DRUGS ACT

Hon. Joseph Volpe (for the Minister of Health) moved that Bill C-28, an act to amend the Food and Drugs Act, be read the second time and referred to a committee.

Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.): Mr. Speaker, I am pleased to speak in support of Bill C-28 which proposes two amendments to the Food and Drugs Act. These proposed amendments would provide the Minister of Health with the authority to allow Canadians faster access to a wider variety of safe and nutritional food products. Before I speak about the bill, I will provide some context to the reason the bill is being proposed.

The first proposed amendment responds to the concerns of the Standing Joint Committee on the Scrutiny of Regulations on the legal status of regulations that currently permit the issuance of notices of interim marketing authorizations under the food and drugs regulations.

These notices allow the earlier availability of safe foods in the Canadian marketplace while the formal process is undertaken to amend the regulations. That is quite important to a lot of producers, to a lot of consumers and to industry so that we can get these products on the shelves as quickly as possible without undue duress but in a safe manner. I will get to that later.

The amendments introducing this concept into the food and drugs regulations came into effect in July 1997 after thorough consultation and analysis in accordance with the regulations of the federal regulatory process. Members will notice from the dates that we are talking about something we have been exercising since 1997. It does not change the effect of the way we manage these things. It just brings it into the proper regulations according to the Standing Joint Committee on the Scrutiny of Regulations.

These provisions allow the director, defined as the assistant deputy minister of the health products and food branch of Health Canada, to issue a notice of interim marketing authorization to exempt certain foods from the application, in whole or in part, of the regulations after a thorough safety assessment has concluded that no harm will be caused to consumers or users. By doing so, the director can allow the sale of these foods by all manufacturers and producers while the regulations are amended. We do not have to go through this step for every manufacturer and every producer. Once this has been done, these products can go into the marketplace.

• (1300)

[*Translation*]

In fact, this is the final stage of the federal regulatory process and of the review conducted by the Standing Joint Committee on the Scrutiny of Regulations made by the governor in council, under the Statutory Instruments Act.

The standing committee examined the provisions on the notices of interim marketing authorizations and expressed concern that the power to exempt some foods from the requirements of the Food and Drug Regulations would give to the director administrative discretion that exceeds the legislative authority granted by Parliament to the governor in council.

Essentially, the standing committee maintains that the regulations authorizing the issuance of notices of interim marketing authorizations go beyond the scope of the Food and Drugs Act.

Since the coming into effect of these regulations, Health Canada has issued 82 such notices without any concerns being raised by consumers or the industry. Consumers have had quicker access to new and safe food products. For example, foods to which vitamins or mineral nutrients were added to increase their nutritional value were offered more quickly on the market.

It is important to understand that the committee's concerns are not related to food safety. Rather, they are technical having to do with the powers of health bureaucrats or personnel, under the act and regulations. This is what we want to correct. They are not making any comments, since this is not their role.

Government Orders

As to whether the system works, we have already issued 82 notices of authorizations without encountering any problems. We have been doing this for a while, following a public discussion process.

Moreover, the notices of interim marketing authorizations allowed for the quicker sale of foods from cultures that were treated with agricultural chemicals, including safe and effective pest control products.

[*English*]

In order to maintain the current mechanism that offers benefits to consumers and industry by allowing the consumer timely access to safe food products, the government has brought forward Bill C-28.

The first proposed amendment would provide the Minister of Health with the authority to exempt the food from the application, in whole or in part, of the Food and Drugs Act and the applicable requirements of the food and drug regulations.

The minister would do this by issuing an interim marketing authorization, which would allow the immediate sale of some food products for which scientific assessment has already established that these products would not pose a hazard to the health of Canadian consumers or users.

The sale of these food products would be allowed while the full regulatory process was undertaken to amend the regulations. It has to be clearly understood that all the questions of safety have already been taken care of and all the testing has been done; then we go through longer term regulatory process and the mechanics, which could take some time.

Just to stress this latter point, I repeat that the issuance of an interim marketing authorization would not affect or circumvent the conduct of a thorough safety assessment prior to the availability of these food products on the market.

These authorizations could only be issued when the scientific evaluation concludes that no harm to consumers would result from the consumption of the food, and Health Canada has made the decision to propose a regulatory amendment for a number of reasons: first, the extension of use of a food additive already permitted to be added in other foods into a new food or the change of a permitted level of use of a particular additive; second, maximum residue limits of an agricultural chemical or veterinary drug in a food where the food and drug regulations already permit these substances in other foods, or the increase in the permitted maximum residue limits; or again, the addition of vitamins, mineral nutrients and/or amino acids at different levels than those listed in the regulations, or to new foods.

This limited scope of application of the interim marketing authorization mechanism in the bill is exactly the same as in the current regulatory mechanism that was reviewed by the standing committee. The only difference is that it clearly specifies the authority in the Food and Drugs Act instead of the regulations.

Again, it is nothing new. It is giving stability to the industry and making sure that Standing Joint Committee for the Scrutiny of Regulations is comfortable and confident that what we are doing is within the regulatory powers of the department.

●(1305)

[*Translation*]

The second part of Bill C-28 deals with pest control products and their regulation pursuant to the provisions of the new Pest Control Products Act and the Food and Drug Regulations.

The new Pest Control Products Act, which was given royal assent in December of 2002, empowers the minister to specify maximum residue limits for the product or for its components or derivatives in food.

When specifying maximum residue limits, the minister shall evaluate the health risks of the product or its components or derivatives and determine if they are acceptable. To that end, he must determine that there is reasonable certainty that no harm to human health will result from use of a food item containing a residue level of a specific pest control product no greater than the maximum limit.

However, under the adulterated food provisions of the Food and Drugs Act and its regulations, a food is adulterated if it contains a residue level of a pest control product greater than the levels stipulated in the regulations.

Therefore, any food with a residue level of a pest control product not greater than the maximum limit set by the minister, under the Pest Control Product Act, cannot be sold until the maximum residue limit is officially set in the Food and Drug Regulations. The regulatory change process can easily take up to two years.

[*English*]

The proposed amendment to the Food and Drugs Act to recognize maximum residue limits specified under the new Pest Control Products Act, for Food and Drug Act purposes, would result in administrative efficiencies and would also benefit the agricultural industry by allowing faster access to improved pest control products for use on food crops.

The proposed amendments to the Food and Drug Act support the Speech from the Throne objective of providing a “predictable regulatory system that accomplishes public objectives efficiently while eliminating unintended impacts”.

They are also in line with the ongoing intent of the Government of Canada's smart regulation initiative and the recommendations from the external advisory committee on smart regulation. These aim in part to provide access to safe products in a more timely fashion and remove possible restrictions on international trade.

Finally, the proposed amendments will support ongoing work under the North American Free Trade Agreement technical working group on pesticides, through which Health Canada and the United States Environmental Protection Agency have accelerated bilateral harmonization in the registration of pest control products in order to provide faster and simultaneous access to a wide range of newer, safer pest management tools in both countries.

Government Orders

•(1310)

[*Translation*]

Mr. Réal Ménard (Hochelaga, BQ): Mr. Speaker, my comments will be brief, which is unusual for me, although I do not exclude the possibility of expanding somewhat, if I feel any enthusiasm in this House.

Bill C-28 is a rather technical bill, as the hon. parliamentary secretary very eloquently reminded us. The purpose of Bill C-28 is to provide the Minister of Health with the authority to issue interim marketing authorizations. This is a bill reflecting the full extent of the will shown by the government to review the regulations.

As I said, the purpose is to enable the Minister of Health to issue interim marketing authorizations for foods that contain certain substances at specified levels, which are not hazardous to health, and therefore exempt from certain regulatory requirements for foods that have not yet been commercially approved.

We are not opposed to the principle of this bill. But I will be curious to see how it will be received in committee. In fact, I have just come from the Standing Committee on Health, where we approved a somewhat more controversial bill, on which I was pleased to work in a great spirit of consensus, a bill dealing with the whole issue of fire-safe cigarettes put forward by the hon. Parliamentary Secretary to the Minister of Health.

This study was undertaken in the previous Parliament. It is something to realize that, in committee, we have approved regulations drawing from the work of that precedent setting city of New York. In my opinion, it has to be one of the most beautiful cities in the world. I do not know how many hon. members have visited New York City during the Christmas period. Might I add that the people of New York elected their first female senator to the U.S. Congress? That is not the only thing that makes New York City an interesting place.

So, in principle, we support Bill C-28, which seeks to amend the Food and Drug Act. We will see just how far the minister wants to go in issuing interim authorizations. We understand that a number of criteria will have to be met. At first reading, however, we were not convinced that the minister was the best person to issue these interim authorizations. We will see what the Department of Health and the experts have to say in committee. This is a fairly technical bill, but we will do our work in committee as usual.

Personally, if I may say so on our last sitting day, I would have liked there to have been more work this session on the important issue of drug costs. This is an important debate that can create a welcome division of opinions. It is not always about agreeing on everything, since the right to dissent exists.

If I were asked to identify a few measures that this House could agreeably consider, I would spontaneously suggest four. First, it is not really acceptable, as the hon. member for Saint-Lambert knows, for the retail prices of generic drugs to be 30% higher in Canada than in the United States.

The United States is not, we agree, a society that opposes free enterprise. When I think that President Bush, a Republican, who is not a model for anyone in this House, is one of the most right-wing

men I have never met, since I was denied access the day he came to the Hill. But it was not the right time to talk.

In my opinion, we must remember that the United States of America limited the scope of the Notice of Compliance, which was adopted in 1984 by the Conservatives, who wanted to establish various provisions to prevent counterfeiting. This was received favourably by some.

I remember, for example, that a man named Bernard Landry tabled a brief before the MacDonald Commission saying that it was important to have a national bio-pharmaceutical R and D industry.

•(1315)

We understood that the conditions were not in place for this industry to emerge when, from 1923 to 1988, anyone wanting to copy a drug—the parliamentary secretary knows this because he is very much on top of this question—could just pay a fee to the innovator. So a generic manufacturer wanting to copy a pharmaceutical product of an innovative manufacturer needed only to pay a royalty to the originator in order to do so.

At that point, there was not a lot of either legislative or regulatory control, but I can assure you that when the regulation was adopted, inspired by the U.S. legislation, the desire was to ensure that counterfeiting of drugs would be impossible.

There was some very real pressure brought to bear, both on the Government of Canada and on the governments of certain provinces, to adopt regulations similar to those in effect in the U.S. The objective of the link regulations was to avoid counterfeiting. While I do not want to stir up any unpleasant memories for anyone here, I would point out that the Conservatives under Brian Mulroney passed a link regulation in 1989.

What was this link regulation that was adopted under the patent legislation? The regulation provided that Health Canada could be blocked in the process of issuing a compliance notice if the same company filed a notification citing reasons to believe that a patent was about to be infringed.

Just to amuse my colleagues, I will take Viagra as my example. Viagra could have eight patents out on it, one for colour, another for the key ingredient, one for the secondary ingredient. So let us assume there is a total of eight patents. The generic company therefore has to go down the whole list of patents and prove that it is not going to infringe upon any of the patents for which a compliance notice has been issued.

At the slightest hint of counterfeiting, the company that holds the first patent, generally an innovative company, can gain an injunction for 24 months. We know that, from the legal point of view, an injunction is a pretty potent thing—no bad pun intended there—a pretty serious thing, because the process will be held up for 24 months.

Hon. members need to know that this injunction is issued *prima facie*, and is a very drastic measure. The slightest allegation can block the process for 24 months.

Government Orders

If it were up to me to propose four measures, let us say, I think that this House should look at a better balance on the Patented Medicines (Notice of Compliance) Regulations. The Patented Medicine Prices Review Board has the same powers as a superior court. It limits the prices set by manufacturers for all patented medicines to ensure they are not excessive. In Canada there is control over medicines, but not a limit on the retail price. That is not what we are talking about. This is control linked to the cost of medicines from the moment the manufacturer puts them on the market until the time the Patented Medicine Prices Review Board has a look at them.

Thus, the Patented Medicine Prices Review Board Act could be amended to ensure that the generic manufacturers are also subject to it.

•(1320)

Third, in addition to asking questions about the Patented Medicines (Notice of Compliance) Regulations, and hoping for changes in the Patented Medicine Prices Review Board, I think we all know that Canada is participating in an international conference on data harmonization.

Of course, we can easily imagine how thrilling a quest for learning this must be. Canada is therefore an observer at an international conference where Japan and the European Union are represented. Should we not be looking at mechanisms for making drug approvals easier?

Should we not be asking questions, as parliamentarians, about the way we want the companies to present their clinical data? Let us not forget that there are usually three phases in getting a notice of compliance. In each phase, clinical data must be presented. Naturally, this can cost thousands of dollars.

In short, with respect to the cost of medicines, we must look at the issue of the PM(NOC) Regulations, the role of the Patented Medicine Prices Review Board, and the way this can be done as quickly as possible. It is in the public interest, so that Canadians and Quebecers can have access to medicines and know they are safe. It is a matter of health and public safety to make certain that the medicines for which a notice of compliance is issued will not be subject to a recall.

Unfortunately, over the past few weeks there have been three examples of drug recalls. That is not good. There needs to be a good balance between quick and careful registration and there also needs to be mechanisms that give reasonable and solid guarantees on the safety of the drugs.

I know that in the previous budget the government had announced an extra few million dollars to help Health Canada perfect its analysis techniques. When a clinical monograph is submitted it can represent a stack of books from this wall to that wall. I am talking about thousands of pages of information that has to be looked at by examiners, who are often doctors, people who have a doctorate who must fully understand—research drugs are first tested on animals and then humans—the entire framework of the clinical trials.

If the parliamentary secretary does not mind, I will digress a little and talk about something that is at the heart of Bill C-28. The issue of clinical trials in Canada is a bit slack. We looked at this in the parliamentary committee. There are no real regulatory agencies that

monitor clinical trials. Health Canada does this a little, somewhat horizontally. This issue of clinical trials is an extremely important one. It poses ethical questions as well as medical questions.

In the parliamentary committee, we presented 15 or so recommendations to the Minister of Health so that Canada could become competitive in terms of the conduct of clinical trials and also so that these trials could be publicly funded. It is unsettling to see that most clinical trials in Canada are conducted at the instigation of the private sector. Very little publicly funded research has been done on clinical trials. One has to wonder: is it good, in a society like Canada's, for the pharmaceutical industry to dictate, in a way, the clinical information program? I am not so sure. I think a solid research infrastructure needs to be implemented.

•(1325)

I want to digress again. We have, of course, the health research institutes. We do have to recognize that their budgets are now over half a billion dollars.

I have very fond memories of the time I spent as R and D critic for my party. The following will recall those fond memories for the House.

The former premier of Quebec, Mr. Bouchard, is a brilliant lawyer and a first-rate litigator. He was a remarkable premier, a strong statesman, who served Quebec very well. I am being, of course, very objective here. Let me remind my hon. colleagues of the brilliant campaign we led in 1993 under Mr. Bouchard, who was the leader of the Bloc Québécois at the time, which turned us into the official opposition.

In a huge fit of generosity, rarely seen in public life, Mr. Bouchard entrusted me with the R and D portfolio. That kind of surprised me. As people close to me know, I am a noble-hearted man, who has a very tough time operating a VCR. So, I was not too familiar with research and development. But I certainly tackled it. I met with people and read a lot of reports.

At the time, there was no department dedicated to research and development. I was very surprised then to read a report from the OECD, which, in a way, is the rich countries club. During the 1990s, the OECD was saying that Canada was next to last in research and development. This is serious. A continental country such as Canada, which had a relatively high GNP, was focussing less on research and development than other nations that had much fewer resources.

At the time, the industry was bitterly complaining about this situation. Some leadership should be assumed through public funds for research and development. We should not think that this is merely the responsibility of the private sector.

I will conclude this digression by saying that we have witnessed the creation of 13 Canadian institutes of health research, which basically replaced the medical research council of Canada.

Government Orders

The council was well known to Quebec researchers. During at least one generation, particularly when Mr. Bureau provided leadership with the health research funds for our province, on average, Quebec researchers were presenting 33% of the applications for funds to the medical research council of Canada. Even though we accounted for only 24% of the country's population, our ratio of researchers was much higher. Consequently, we were hoping to get corresponding funds.

When we examined the research by the Canadian institutes of health, we found out that they were virtual. Consequently, we were funding researchers and infrastructures, but these were not physical locations. We wanted networking for each of the research centres that existed at the time. We had an institute of health research for neurology, another one for cancer, and yet another one for mental health.

Concerning mental health, I want to digress for a moment. In the next years, one Canadian in five will have various degrees of mental health problems. Our relationship with mental health will thus face a major challenge in the next years. In a society where there is a lot of stress, health determinants vary.

It is interesting to ask ourselves why a person may go through life with a healthy attitude, a good mental balance, even a certain joy of living. We realize more and more that it is not medication that contributes to this. Tobacco use, among other things, has some effect on this.

In conclusion, we will study Bill C-28 in committee. It is a technical bill, but we realize that it has a lot of substance. We will be happy to hear representations from officials. We have some concerns over the role that the minister might want to take upon himself in respect of voluntary notices of compliance. We will be vigilant, but we view favourably a bill that I have examined thoroughly.

● (1330)

Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.): Mr. Speaker, I do not know exactly where to start in putting my question. The hon. member and Bloc Québécois critic for health started off by saying that he would be brief. By that he meant that he would touch only briefly on the matter at hand and spend all his speaking time on several issues, each more interesting and more important than the other.

He raised all at once clinical trials, horizontal application and Viagra. Bearing in mind the time of day when our proceedings are broadcast on television across the country, perhaps we should be careful with that.

Regarding Bill C-28, I am pleased to see that we can count on cooperation and discussion at committee. The hon. member and all the other hon. members will recognize that the intent is to institutionalize what is already in place, what we have already been doing for the past five or six years, and that we are responding to the request by the Standing Joint Committee for the Scrutiny of Regulations. We must therefore make sure that the regulations we apply will not be successfully challenged in court.

I would like to come back briefly to tobacco use. I want to congratulate the Parliamentary Secretary to the Minister of Finance, who raised the issue. We considered it today at committee and heard testimonies. All members of the committee unanimously approved a report.

It is indeed important to have this discussion today because, this evening, the hon. member for Cape Breton—Canso will be introducing a bill concerning a deduction for volunteer emergency service workers and the contribution they make to Canada when it comes to curbing among Canadians the risk of fire associated with tobacco use. That is very important.

I would also like to congratulate the hon. member, as well as the hon. members of all stripes who sit on the committee. We have done good work on the quarantine issue. We have moved the issue forward and demonstrated that a minority government can work, take action and count on the cooperation of everyone. These were my comments.

I would like to thank the hon. member for his cooperation with respect to Bill C-28.

Mr. Réal Ménard: Mr. Speaker, you will have noticed, as I did, that the Parliamentary Secretary to the Minister of Health started with Viagra and finished with thanks. However, I would also be remiss if I did not mention the very good work that he has done in committee.

As a matter of fact, this is developing our taste for a minority government. Indeed, if all committees and parliaments had worked the way we are working now and had considered everyone's opinion, it would have been interesting.

Indeed, what is interesting about the situation of a minority government is that the government has to work more cooperatively with all political parties. What is interesting in the Standing Committee on Health is that all opposition parties, like the government, have had their amendments agreed on and, of course, these were highly relevant amendments.

Concerning smoking, of course I share the minister's elegantly euphoric enthusiasm about the adoption of regulations on fire-safe cigarettes.

I hope that we will be able to rely on the minister and on another matter which, although not directly related to health, is not totally unrelated, that is the brilliant suggestion by the member for Charlesbourg—Hate-Saint-Charles to change the gay marriage legislation to also allow for divorce. I believe there is a link here with health. The health determinant must encourage us to make links. All this is encouraging us to prepare for the agenda of 2005, which will be a fertile year.

Once again, the key word in this parliament must be government: cooperation with the opposition. In a minority government, the government gains in stature from its cooperation with the opposition. We are in a period of our collective history where the main characteristic of the opposition is its eminently reasonable, serious, forward-looking, perceptive, dogged nature and, of course, its relevant judgment and amendments.

Government Orders

• (1335)

Hon. Robert Thibault: Mr. Speaker, from what I understand, the hon. member for Hochelaga is saying that the ideal thing would be to have a Liberal majority government that acts like a minority government.

Mr. Réal Ménard: Mr. Speaker, of course I understand how the parliamentary secretary feels about his political party. We cannot hold that against him. However, the ideal solution, the one that would better serve the interests of Quebeckers and Canadians alike, would be based on cooperation where, in committee, the amendments brought forward by the opposition would be agreed upon in order to enhance bills that would hopefully serve the public interest.

[*English*]

Mr. Gurmant Grewal (Newton—North Delta, CPC): Mr. Speaker, I am pleased to rise today on behalf of the constituents of Newton—North Delta and the official opposition of Canada to participate in the debate on Bill C-28, an act to amend the Food and Drugs Act.

This enactment would amend the Food and Drugs Act to provide the Minister of Health with the authority to issue interim marketing authorization for foods that contain substances at specified levels, and to exempt those foods from the applicable requirement of the act and its regulation relating to their sale.

The proposed amendments are in response to concerns raised by the Standing Joint Committee for the Scrutiny of Regulations regarding an administrative process put in place by Health Canada under the regulations of the Food and Drugs Act to allow Canadians faster access to food products under specific circumstances. All members of the House want our food supply to be safe, efficient and effective.

The bill proposes to amend the Food and Drugs Act to achieve two purposes. First, to provide the Minister of Health with the authority to issue an interim marketing authorization for the early sale of safe food and safe food products that contain certain substances; and second, exempt any food that contains an agricultural chemical, at or below the maximum residue limit specified by the minister under the new Pest Control Products Act, from the prohibition in the Food and Drugs Act of the sale of foods containing these residues because the sale of these foods would not pose harm to consumers. We are talking about safety.

The bill would give the minister authority to issue interim marketing authorization for food products wishing to enter the market earlier or that have previously entered the market and have added or modified contents since initially approved by Health Canada.

Currently, the deputy minister of health responsible for health products has the authority to issue interim marketing authorization, IMA. The minister is arguing that the authority to issue the IMA is a power of Parliament granted by the Crown and therefore the responsibility for the IMA should rest with the minister.

The bill would also allow for food products which contain pesticides, veterinary pharmaceuticals or added vitamins, minerals or amino acids at or below the maximum residue limit to be exempt from the FDA regulations while in the approval process.

Briefing material provided by Health Canada argues that Canadian companies are currently at a great disadvantage because of the lengthy approval time for new or modified food products. Canadian companies are not on a level playing field with their trading partners, particularly in the American market. This is because the U.S. government allows food products in the approval stage to be marketed, given that they are not harmful and not restricted by any other law or legislation.

The amendment that we are debating would put Canada on a par with the United States and give our food producers a level playing field when it comes to new products entering the market.

We would not be here today were it not for the Standing Joint Committee for the Scrutiny of Regulations. Bill C-28 is a direct consequence of concerns first raised by that committee in April 1999. At that time, over five years ago, the committee identified the regulations of the Food and Drugs Act permitting interim marketing authorization as illegal. In other words, it was not supported by legislation.

Much of the law that affects Canadians is not found in the statutes of Canada, but in the thousands of regulations made pursuant to powers granted by acts of Parliament. Each year the federal government introduces about 1,200 new regulations. Since 1975 the federal government introduced over 28,000 regulations. That is 122,000 pages of regulations. About 20% of the laws in the country stem from legislation debated and passed in this legislature. The remaining 80% of the laws that we see are made up of regulations; just 20% is what we passionately debate in the House.

After a debate, we vote yea or nay, depending on the merit of the proposed law. The media and the general public focus on the 20% component. However, the 80%, which is coming through the back door by way of regulations, is not debated nor are other parliamentary democracy principles applied to those regulations.

• (1340)

Regulations on the other hand, receive virtually no debate in the House or even the other place, no public policy input, no studies or media scrutiny. This is an affront to democracy. Under parliamentary reform, this is the one the main issues at which we must look.

My private member's Bill C-205 passed in the House. I thank all members for their support. What will the bill do? We all know the government rules, but does not govern through the complete parliamentary democracy and practice. Some 80% of the regulations, which comprise the law, are made under the authority of Parliament. Various agencies, bodies or quasi-government organizations are delegated the authority to make regulations. However, when they make regulations, Parliament does not have the authority to scrutinize or review those regulations.

Government Orders

Therefore, a big chunk of our laws have been completely ignored. There is a big black hole in accountability and democracy which has been ignored for so long until Bill C-205 passed. With the passing of the bill, Parliament now has the authority to review regulations of those agencies through the Standing Joint Committee for Scrutiny of Regulations. They will now be scrutinized and if need be, disallowed.

My bill restored some of that democracy. It was a huge step in parliamentary reform. We talk a lot about reform, but little action is taken.

The Standing Joint Committee for Scrutiny of Regulations does the only scrutiny. Very limited scrutiny of regulations is done in Parliament. Our new regulations are permanently referred to the committee pursuant to the provisions of section 26 of the Statutory Instruments Act. Members of Parliament and Senators are on the committee. Legal counsel and staff work diligently, scouring through thousands of papers on dry, technical, legal subject matter as part of their thankless task of reviewing regulations.

This committee is generally misunderstood and ignored. This committee is considered to be not a very high profile committee, despite the hard work it does. In fact, talking about parliamentary democracy, this committee should be considered a very important one. It is an essential watchdog, protecting democracy, controlling bureaucracy and holding the government to account.

The standing joint committee does not judge regulations on the basis of policy measures, general merit, or necessity. Its study of regulations is instead limited to the questions of validity and legality. Members follow uniform and clearly defined criteria in their examinations. Compared to most committees, this committee is non-partisan and we build consensus in the committee.

● (1345)

The committee judges whether or not a statutory instrument: is not authorized by the enabling legislation or is not in compliance with the conditions set forth in the legislation; does not conform with the Canadian Charter of Rights and Freedoms or the Canadian Bill of Rights; purports to have retroactive effect without express authority being provided by the enabling legislation; imposes a charge on public revenues, imposes a fine or imprisonment without express authority; excludes the jurisdiction of courts; has not complied with the Statutory Instruments Act with respect to transmission, registration or publication; appears to infringe on the rule of law, trespasses unduly on rights and liberties, make rights and liberties unduly dependent on legislative discretion, makes some unusual or unexpected use of powers conferred by the enabling legislation; amounts to the exercise of power that should properly be the subject of parliamentary enactment; and is defective in its drafting, including the translation.

These criteria deal with matters of legality and procedural aspects of regulation, not the merits of the regulations or policy.

The committee works meticulously, and with the complex nature of its undertaking, work proceeds at a slow pace. The long delays in dealing with particular items are largely related to the large number of regulations which the committee has to review relative to the number of meetings it can hold each year. All this considered, the

committee, with the able assistance of its long-time legal counsel, Mr. Francois Bernier, is remarkably productive. Consider that over the period from November 7, 1997 to December 6, 2001, the committee dealt with 1,133 pieces of subordinate legislation in the course of 45 meetings.

I am a seven term co-chair of the Standing Joint Committee on Scrutiny of Regulations, representing all members of the House and I speak from personal experience. The work of the committee members can be extremely frustrating. We in effect hold ministers accountable for the legality of subordinate legislation, primarily regulations, sponsored by their departments.

However, this task is at times almost impossible. When the scrutiny of regulations committee finds a regulation that it deems in conflict with the legislation, our first step is to inform the respective department in writing. It should be a simple process. We identify a problem regulation, inform the department and then it fixes it. Instead, what we usually encounter is foot-dragging that can carry on for years or even decades.

The Food and Drugs Act regulations are an example of this foot-dragging. For five years, the department argued that there was nothing wrong with the regulations concerning the notice for interim marketing authorization. We are debating this today. Finally, after so many years, the department abruptly informed the committee last April that it was proceeding with the legislation before the House today. For over five years, the department has been using illegal regulations. Those are the regulations we are trying to correct today.

In a democracy that prides itself in the rule of law, this is unpardonable, but it is not the least bit unusual. Recently, my committee finally closed another file that had been opened for 27 years, more than a quarter of a century.

The committee's usual practice is to deal with a problem regulations informally by letter to the relevant officials. This allows the minister involved to amend the regulation with minimum fuss. The committee can also prepare and issue a disallowance report, but this is usually done only after the department has failed to address our previously identified concerns. Disallowance reports are very rare.

Let us consider the sequence of events surrounding the Food and Drugs Act regulations concerning interim marketing authorizations. I want to give this example so that the members in the House, the public in general, and our media scrutiny can also understand and comprehend the problems facing this committee.

● (1350)

On April 7, 1999 counsel for the scrutiny of regulations committee wrote to the DIO and questioned the legality of provisions of food and drug regulations that provided for notices of interim marketing authorization. The objection was that these provisions provided for unauthorized exemptions and also involved an illegal sub-delegation of powers.

On November 25, 1999, 232 days later, the department responded that it considered the provisions to be a valid exercise of regulation-making powers conferred by the Food and Drugs Act.

Government Orders

On December 23, 1999, the committee counsel reviewed the arguments put forward by the department and sent a letter countering those arguments, asking for reconsideration.

On March 8, 2000, now 355 days, almost a year after the initial correspondence and over three months since the last letter, the department replied indicating that generally it was committed to the policy, but that it might review the regulatory provisions in question with a view to making a "clarifying amendment."

Exactly seven months later, on September 28, 2000, the committee was forced to again write to the department to inform it that it wished a detailed response to its letter of December 23, 1999.

Nothing more was heard from the department until October 17, 2001, over one year since the last correspondence, when a comprehensive reply to the letter of December 23, 1999 was finally received by the committee.

On December 12, 2002, the file was re-submitted to the joint committee with a 13 page note on the October 17, 2001 response.

On March 3, 2003, myself, as co-chair of the standing joint committee, wrote to the Minister of Health to restate the committee's position and explain why the response from the department was not accepted.

Over a year later, on June 24, 2004, the committee was informed that:

It is the intention of the Department to bring forward legislation in the early Fall 2004 that will amend the Food and Drugs Act to allow the Minister of Health to issue NIMAs and provide for a limited power to exempt food products from the application of the Food and Drug Regulations and paragraph 4(d) of the Act.

Finally, on November 29 Bill C-28 was introduced. There was a little over five years between the time the issue was first raised with the department and the introduction of remedial legislation. As I said earlier, when compared to other files that stretch on for decades, this issue was resolved rather quickly. However, five years is still five years. That is far too long for illegal regulations to remain in place.

Departments and their ministers take far too long to respond to concerns of the committee. There is no good reason for the department to go over a year without responding to a letter from the committee. It is an affront to the rule of law, it is an affront to Parliament and it is an affront to democracy. That is why we need Parliament to be reformed, including scrutiny of regulations issues.

• (1355)

I support Bill C-28. The amendments to the Food and Drugs Act are years overdue. I give full credit to the members, the staff and the counsel of the Standing Joint Committee for the Scrutiny of Regulations for identifying the drawbacks in the system, bringing that to the fore, and following and chasing it through until remedial action is taken by the department to correct this parliamentary affront that has been going on so long.

I will conclude by asking members of Parliament to look into the regulatory process so that the regulatory process in this country is fair, efficient and effective.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I welcome the member's comments on this. It is an issue that has been with us for decades, actually, this issue of legislation in fact being

made through regulations rather than through Parliament. It really is the governor in council making laws.

In this case, as the member has laid out, the issue is more about expediting the timeframe between a decision being taken and getting a product approved for use. As I think the member pointed out, there have been over 80 interim authorization orders executed and there has been no adverse feedback from any of the stakeholders.

In that regard, is that the member's understanding? Is this a mechanism or the model whereby regulations are in fact further seconded down to a fast track? Is that not an area which the member would consider to be a further risk element to having legislation being done through regulations or interim authorizations?

Mr. Gurmant Grewal: Mr. Speaker, in the first instance, I think it is a serious concern for all members in the House when some regulations are contradicting the authority given by legislation. Second, safety and security are at risk in many issues when the departments are dragging their heels and not dealing with the issue.

In general, I think we have to work a lot in this place on regulatory reform. There are many regulations that overlap and duplicate. In various departments, some of the regulations completely contradict each other. They need to be taken care of, and as well, I think harmonization of regulations is a serious issue.

The government has been dragging its heels on the harmonization of regulations, even with our largest trading partner, and even in east-west trade that is taking place in our country from province to province. There is a lot of overlap and duplication. Harmonization is needed to correct those mistakes.

I will say that as a first step we could identify the regulations and put them in three categories: good, bad and ugly. We need to keep some good regulations, which ensure safety of food, protection of the environment and provide us with security, but we need to get rid of the ugly regulations, which should not be in place.

I think regulatory reform becomes an integral part of parliamentary reform, about which there has been a lot of talk but little action.

I take some credit for this for having my bill, Bill C-205, pass in the House. That is not a very common occurrence. It is very rare that a private member's bill becomes law. It brought various regulations by various quasi-government agencies and organizations under the umbrella of Parliament. It restored parliamentary democracy and accountability to a great extent. It did plug the regulatory accountability black hole that had existed for so long.

I believe that Parliament should take the direction of bringing about regulatory reform as an integral part of parliamentary reform so that such issues are dealt with more effectively and efficiently.

S. O. 31

STATEMENTS BY MEMBERS

•(1400)

[English]

LONDON KNIGHTS

Hon. Sue Barnes (London West, Lib.): Mr. Speaker, it gives me great pleasure to pay tribute in the House today to the London Knights of the Ontario Hockey League. Their 0-0 tie with the Guelph Storm last Friday night set a new Canadian Hockey League record of 30 straight games undefeated. Sunday's overtime win against the Kitchener Rangers extended the unbeaten streak to 31 games.

This surpasses the 1978-79 record of 29 games without a loss, previously held by the Brandon Wheat Kings of the Western Hockey League.

This is a remarkable accomplishment for the Knights. I am proud to have been among the thousands of fans at the game to witness this historic event. I know that some other colleagues from the House were there also.

I wish to extend congratulations to all the team members, as well as the president and head coach, Dale Hunter, and vice-president and general manager, Mark Hunter, for leading such a well-rounded and disciplined hockey team.

I know that all members of the House, especially my London colleagues, will join me in congratulating the London Knights as the CHL record holder for the most consecutive wins. I say keep going, Knights, and well done.

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MARRIAGE

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Mr. Speaker, the Supreme Court has refused to call the traditional definition of marriage unconstitutional. This spineless government appeal has backfired: the Liberals cannot claim the court made them end traditional marriage.

Marriage is a matter for Parliament, not judges.

It has nothing to do with the charter. This government could have endeavoured to defend the traditional definition of marriage by challenging lower court decisions, but it did not. Instead, the Liberals are attacking Canadian family values.

I firmly believe that Canada's laws and social programs should strive to support and uphold marriage and the family unit. The traditional definition of marriage must be preserved.

The union of a man and a woman is the most enduring human institution. Altering it is a profound step that deserves vigorous, open debate. This is a matter for elected representatives to decide.

My party will have a free vote on any government legislation. I call upon the Prime Minister to allow all of his MPs, including members of—

The Acting Speaker (Mr. Marcel Proulx): The hon. member for Dartmouth—Cole Harbour.

RIDING OF DARTMOUTH—COLE HARBOUR

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Mr. Speaker, this Christmas season has already been great throughout Dartmouth and Cole Harbour.

In particular, the revived Dartmouth downtown has been the centre of much excitement. Last weekend, for instance, over 4,000 people crowded around Sullivan's Pond to see the inaugural lighting of the downtown trees. Last Sunday, Christmas Full of Caring, which raises money for the homeless, held its phenomenal 10th annual dinner.

As well, yesterday Dartmouth celebrated the life of Joseph Howe with the naming of a park in his honour, a fitting tribute to the father of responsible government in Canada.

Dartmouth—Cole Harbour is also the home of another famous person, Mike Clattenburg, the creator and producer of the *Trailer Park Boys*, a show that is also filmed in Cole Harbour. This past Sunday we saw the show's very touching Christmas special, an episode which I am sure has special meaning for us all.

On September 23, the *Chronicle-Herald* had a headline that read, "Downtown Dartmouth Comes Alive". This is absolutely true. We will continue to work to ensure its continued success.

Finally, I wish all my constituents the very best of the holiday season.

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[Translation]

MILLENNIUM FUND

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, the government is telling us that the millennium fund was well managed. In that case, can it tell us why all requests for financing had to go through Alfonso Gagliano's office first? Why did the minister's office not keep any record whatsoever of correspondence? Why would his chief of staff clearly insist that his staff not keep any correspondence. Why was nothing ever sent to departmental staff? Finally, why did an audit report that cost \$500,000 disappear?

There are numerous similarities with the management of the sponsorship program. The government, which promoted transparency, owes us some answers. I would remind the Minister of Public Works that even if the program no longer exists, clarification is needed. Where did the \$150 million in the millennium fund go?

* * *

•(1405)

[English]

GREATER TORONTO AIRPORT AUTHORITY

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, I want to congratulate the Greater Toronto Airport Authority for recent efforts to prevent illegal taxis from stealing business at Pearson International Airport.

For several years Transport Canada and the airport were seriously neglectful of their obligations to protect the taxi and limousine licences they sold to drivers at the airport.

Rogue taxi drivers, who are called scoopers, were routinely stealing fares and operating illegally, exposing travellers to fare gouging and risks to safety from unregulated drivers and cars.

The new enforcement initiative was supported by officials from the federal Department of Transport and also by officials from the Province of Ontario who are now also developing provincial laws and procedures to support this new initiative.

In addition to eradicating illegal taxi scoopers, the GTAA is reforming its taxi and limo permit system to allow more independent taxis and a new group of licensed limousines. I have been an advocate of these changes for 12 years now and I applaud the progress that has been made.

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CANADIAN ENTREPRENEUR OF THE YEAR

Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC): Mr. Speaker, it is with pride that I rise to honour Edmonton's Bill Comrie, who was recently named the Canadian entrepreneur of the year.

Mr. Comrie is well known as the founder of The Brick, an Edmonton based furniture retailer. The Brick started as one store and is now the largest furniture retailer in Canada with more than 165 stores and over 5,000 employees.

Edmontonians also know Mr. Comrie as a tireless booster of our city, a dedicated philanthropist and a key supporter of the Stollery Children's Hospital and the Alberta Heart Institute.

Mr. Comrie also supports minor sports, especially hockey. Every year he hosts The Brick novice hockey tournament, which is the largest in the world for 9 year olds and 10 year olds.

We have come to realize that whatever Mr. Comrie does, he does well.

On my behalf and on behalf of the member for Edmonton—Leduc, I wish to congratulate Bill Comrie and his family on his recent award and thank him for all the good work he does for Edmonton, for Alberta and for Canada.

* * *

CANADIAN FORCES RESERVES

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Mr. Speaker, I rise today to congratulate Thunder Bay resident Admiral Raymond Zuliani on his long and valued service to the Canadian Forces Reserves.

Admiral Zuliani was appointed Chief of Reserves and Cadets in 2000 and represents 27,000 reservists and 56,000 cadets. The reserves constitute 45% of Canada's military forces.

Among his achievements are the implementation of a pension plan for reservists and the protection of civilian jobs for reservists called to duty. He also assured education funds for reservists who attend post-secondary programs.

Admiral Zuliani joined the Canadian Forces cadets at the age of 12, moved to the reserves at the age of 16, and over the past 40 years

S. O. 31

has dedicated his life to the defence needs of our country while maintaining a full time career as an educator.

Admiral Zuliani will retire from the reserves in January. I invite my fellow parliamentarians to join me in thanking him for his exceptional service and wishing him a happy and healthy retirement.

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[*Translation*]

JOHN HUMPHREY FREEDOM AWARD

Mr. Odina Desrochers (Lotbinière—Chutes-de-la-Chaudière, BQ): Mr. Speaker, I want to pay tribute to Godeliève Mukasarasi, the recipient of the prestigious John Humphrey Freedom Award.

This African woman, a survivor of the Rwandan genocide, has been working to promote the rights of women in her country for many years.

She has shown exceptional commitment in working with women who were victims of rape and sexual violence during the 1994 genocide.

She played a key role in breaking the silence and documenting crimes of sexual violence for the International Criminal Tribunal for Rwanda. Thanks to her contribution, for the first time, on October 2, 1998, an international court convicted an individual of a crime of sexual violence perpetrated during a civil war and rape was recognized as an act of genocide and torture.

The Bloc Québécois salutes the exceptional courage of Godeliève Mukasarasi in her struggle to obtain justice and reparations for the women of her country.

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[*English*]

AYSEGUL CANDIR

Hon. Gurbax Malhi (Bramalea—Gore—Malton, Lib.): Mr. Speaker, people in my riding of Bramalea—Gore—Malton and across Canada are mourning the tragic death of Aysegul Candir, an ESL teacher at Bramalea Secondary School who was the victim of an alleged domestic violence shooting in the school parking lot on Friday, December 10.

I am deeply saddened by this tragic event and by the loss of a very special teacher. Candir had been teaching English as a second language at Bramalea since September 2002. According to Principal John Chasty, she was totally dedicated to her students and understood the challenges they faced as newcomers to Canada because she had first-hand experience.

I would like to offer my deepest condolences to Candir's family in Turkey. I thank everyone who has sent messages of sympathy in the wake of this tragic event. This tragic incident highlights the need to put an end to domestic violence.

S. O. 31

●(1410)

KAMLOOPS CHRISTMAS LIGHT TOUR

Mrs. Betty Hinton (Kamloops—Thompson—Cariboo, CPC): Mr. Speaker, it is an honour for me to rise today, the last sitting day before the Christmas break, to pay tribute to a Kamloops tradition.

The Christmas Light Tour is the highlight of the season for many Kamloops seniors. Volunteers pick them up at various residences and drive them around the city in comfortable coaches to look at the spectacular lights. The Kamloops residents go above and beyond to decorate for the holiday season, knowing that the seniors will be driving by.

It is a truly magical evening for everyone involved. I look forward to being a part of it once again this year. It is often said, but it is well worth repeating, that volunteers are the backbone of this nation. I thank them for their time and efforts in organizing this event.

I would also like to take this opportunity, Mr. Speaker, to wish you and all of my colleagues in the House a very merry Christmas and a prosperous new year.

* * *

UKRAINE

Hon. Walt Lastewka (St. Catharines, Lib.): Mr. Speaker, Canada was the first western country to recognize Ukraine's independence 13 years ago. Today we are building on that history.

Canadian Friends of Ukraine, a Canadian NGO, is working to promote democracy and reform in Ukraine. I ask every member of the House to show their support for the Canadian Friends of Ukraine and the Ukrainian congress in assisting democratic striving for the people of Ukraine.

Members of the House have unanimously declared their solidarity with the democratic aspirations of the people of Ukraine, so that the December 26, 2004 repeat presidential elections take place in an environment free of media censorship, intimidation and foreign intervention.

The take note debate and the motion in the House supported by all parties have demonstrated our support for free, fair and transparent presidential elections in Ukraine to be held on December 26.

We wish the Ukrainian people all the best in their journey toward democratic reform.

Slava Ukraina.

* * *

BRABANT NEWSPAPERS

Mr. David Christopherson (Hamilton Centre, NDP): Mr. Speaker, the Brabant newspaper chain publishes many papers in Hamilton communities. Cost cutting measures and layoffs have allowed Brabant to reap record profits.

While investors are raking it in, Brabant and its masters at TorStar Corporation cancelled 600 kids' paper routes.

The 60 remaining press, insert and pre-production workers have gone on strike seeking pay equity and fair wages.

This same company has called for a shield law to protect its journalists from being forced to reveal their sources. That is right, it wants more respect for its workers.

But at the same time, Brabant is now using scab labour just before Christmas to undermine its employees' bargaining strength. Where is the respect in that?

I support a shield law, but I also support showing more respect for workers' rights to fair wages. Using scabs is an immoral attack on the collective bargaining process.

Get rid of the scabs, Brabant, and get back to the bargaining table.

* * *

BETHLEHEM WALK IN PARKSVILLE

Mr. James Lunney (Nanaimo—Alberni, CPC): Mr. Speaker, Parksville on Vancouver Island is a city of some 10,000 people. This week a local Baptist church will attract more than 10,000 people to a four day special Christmas event.

There are shepherds and lots of real, fluffy sheep. There are donkeys and chickens and a stable scene with a real newborn baby.

Reproduced are the shops, smells and sounds of the historic, dimly lit streets of Bethlehem. More than 200 people are dressed in period costume as Roman soldiers, blacksmiths, candle makers and fish mongers. There is a period bakery producing Dead Sea rolls. There is Sotheby's auction house where people can bid on Goliath's sword or Moses' staff, which still turns into a serpent when it is thrown down on the floor.

Afterward there are cookies, hot chocolate and Christmas carols.

It is all in good fun and sets the stage to help the less fortunate. Last year the Bethlehem Walk raised more than \$10,000, all given to the Society of Organized Services to help needy families.

It is the spirit of giving. It is the Christmas story. It is light coming into darkness. It is joy to the world, peace and goodwill.

Congratulations to Parksville Fellowship Baptist Church.

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[*Translation*]

TEXTILE AND CLOTHING INDUSTRY

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, about a year ago, the Denim Swift company in Drummondville announced that it was laying off more than 600 employees.

Yesterday, six textile plants in the town of Huntingdon announced their imminent closure, and more than 800 workers found out, just days before Christmas, that they will be losing their jobs.

Rather than sitting idly, the federal government has an opportunity to ensure that import tariffs on clothing and textile products are maintained in Canada. It can also continue to remit customs duties paid by clothing companies and to maintain a quota on Chinese imports, under the WTO access protocol for China.

The government can also develop a program to help modernize the clothing and textile industries by stimulating research, development and creation. Finally, it could establish a program to help older workers who will not have a job to go back to.

There are many solutions available. The only thing that is lacking is a will to act on the part of the federal government.

* * *

• (1415)

[English]

CITIZENSHIP AND IMMIGRATION

Mr. Gary Lunn (Saanich—Gulf Islands, CPC):

'Twas the night before the break, and all through the Nation,
The citizens had decided, the Liberals deserved no ovation.
The immigration requests were hung by her office with care,
In hopes that St. Judy soon would be there.
Her staffers were nestled all snug in their chairs,
While Romanian dancers showed off their wares.
And Martin in his confusion, and his MPs on the take,
The Liberals had settled down for a long winter's break.
When out on the lawn there arose such a clatter,
It turns out, to the people, honesty does matter.
With one minister sinking, Paul must act in a flash,
But dithering is his forté, God forbid he be brash.
When Gagliano was to Chrétien, a serious bane,
He was shuffled out of cabinet to the land of the Dane.
Everyone is demanding Paul act with conviction,
For if he does not, integrity is just Liberal fiction.
A quick dismissal of the minister will stop opposition grilling,
But where to put Judy, as the Danish position no longer needs filling?
What country's ambassadorship can we to Ms. Sgro?
To you Paul, I say, "How about Trinidad and Tobago?"

* * *

KIDS COME FIRST CHILD CARE CENTRE

Mrs. Susan Kadis (Thornhill, Lib.): Mr. Speaker, it brings me great pleasure to rise in the House today to bring news of a wonderful program in my vibrant riding of Thornhill.

The Kids Come First Child Care Centre in Vaughn was recently recognized for its excellence and innovation among non-profit agencies at the community level. It received one of the nine Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services.

The centre was founded in 1991 and currently has over 300 registered students. The education centre was recognized for its amazing child care program.

In the past year Kids Come First has donated over 70,000 pounds of clothing and toys to many northern aboriginal communities within the province and across the country.

It is organizations like this one that look beyond themselves, thereby strengthening the Canadian identity. Bravo.

Oral Questions

ORAL QUESTION PERIOD

[English]

CHILD CARE

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, this is the last day the House will sit before Christmas. My family and I wish to convey our best wishes for the season to the Prime Minister and his family, but before I do so, I have other business.

Canadian children can only hope that Santa Claus is better and more able and willing to fulfill his promises than is the Prime Minister. During the election he promised a universal national child care program for all Canadian children and later it became more precisely the creation of a limited number of spaces.

Whatever it is, could the Prime Minister tell us on what date he will be implementing his child care proposals?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, let me reciprocate by wishing to the Leader of the Opposition and his family, and to all members of the opposition, to the leader of the Bloc, to members of the Bloc, to the leader of the NDP and to his party, and most certainly to all of the people on this side of the House, a very merry Christmas, a happy new year and best wishes for the holidays.

To respond to the hon. member's question, the negotiations are underway with the provinces, as the Leader of the Opposition might know. I can assure the hon. member that we will fulfill all of our obligations because it is a commitment that we feel is very important for the families of this country.

* * *

INFRASTRUCTURE

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, I was worried when I did that, that I would give the Prime Minister the opportunity to talk about something other than his precise plans.

The Prime Minister also promised a national infrastructure program for cities. Gas tax revenues, he said, would be shared with the cities without delay or equivocation. Yet cities, provinces, municipalities, whatever, have not seen a cent in gas taxes.

Could the Prime Minister tell us on this one, on what date he plans to implement his policy?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, once again I want to thank the hon. member for giving me the chance to really speak about the government's program. The fact is that the minister involved has made substantial progress in discussing it with the cities, municipalities and communities. We have been discussing it with the provinces. Those discussions are ongoing and we are very much on schedule.

I appreciate the Leader of the Opposition giving me this opportunity to say just how we are changing the face of Canada for the better.

Oral Questions

●(1420)

NATURAL RESOURCES

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, I think I heard at least one person who did not believe it.

Six months ago the Prime Minister promised 100% of the offshore to Newfoundland and Labrador and Nova Scotia. The provinces of course are still waiting for him to keep his word, so once again, will the Prime Minister tell us what date he has in mind for actually signing a deal?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, once again the negotiations are underway. What I am very pleased to say, and I say this on behalf of the Minister of Finance, is that the proposition that is being debated, that the provinces of Newfoundland and Labrador and Nova Scotia are looking for, is infinitely superior to the one that was put by the Leader of the Opposition. In fact the Leader of the Opposition was actually going to cut equalization in Nova Scotia. We on the other hand have increased equalization for all the recipient provinces.

* * *

NATIONAL DEFENCE

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, as I listen to the Prime Minister, I am reminded of my lawyer who told me that the less he has to say, the more he talks.

[*Translation*]

The Prime Minister had promised to increase the size of the Canadian armed forces by 5,000 personnel. Now, the vice chief of the defence staff is saying that it will take several years to achieve that objective.

By what date can our armed forces expect the promised recruitment process to be completed?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, once again, as with all the other options put forward by the Leader of the Opposition, we are keeping our promises, and we will do so in accordance with the timeframes set during the election campaign. The same goes for national defence.

Indeed, it will take more money. That is why we intend to increase the funds allocated to the Department of National Defence.

As for his lawyer, I think he should get a new one.

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[*English*]**CITIZENSHIP AND IMMIGRATION**

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, I am listening very carefully but I am not hearing any dates in any of the replies.

The Prime Minister promised that in his era, scandal would be ancient history, but the immigration minister is up to her neck in enough scandals for the entire cabinet alone. Since I am in a rather charitable mood, I will not get into the latest today, but could the Prime Minister tell us with certainty that the immigration minister will still be in her post when the House returns?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, the hon. member seems to want specific dates. In terms of specific dates, in all of the examples that he has given, the fact is that we have remained very consistent and very faithful to our commitments. However, the hon. member has some difficulty understanding that.

I have complete confidence in the Minister of Citizenship and Immigration and in what she is doing in immigration in terms of opening up and in terms of settlement. She is doing exactly the job that she was called upon to do. She is changing the face of immigration.

* * *

[*Translation*]**TEXTILE AND CLOTHING INDUSTRY**

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the government has known for 10 years that the import quotas on textiles would end on December 31 this year. The government has known for 10 years that thousands of jobs were in jeopardy. The government has known for 10 years what the solution is and yet more than 800 workers in Huntingdon stand to lose their jobs because of federal inaction.

Since the Prime Minister certainly cannot claim to be surprised at this news, can he explain why his government, which had all the tools necessary to soften the effects of the crisis, has not done anything to help textile workers?

[*English*]

Hon. Ralph Goodale (Minister of Finance, Lib.): Mr. Speaker, the private sector decisions taken by businesses in Huntingdon have serious and regrettable consequences. Civic officials are seeking solutions. I understand they have arranged meetings to discuss the situation with the Government of Quebec and that they also intend to do so with the Government of Canada.

We all need to do what we appropriately can do to help within our respective spheres of jurisdiction to make sure that the very best economic result applies.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, international trade relations are a federal responsibility. Under WTO rules, there was a way to adopt solutions or suggest possible solutions. Proposals were made in the Standing Committee on Finance as long ago as last March. The matter was discussed during the election campaign, and it was raised last week as well. The response was that we were too impatient.

Right now, instead of spending time wishing each other Merry Christmas, could we give some thought to the 800 workers about to lose their jobs in Huntingdon? Could they stop talking nonsense and instead get a move on and show a bit of compassion, and could the Prime Minister for once stop humming and hawing and take—

●(1425)

The Speaker: The hon. Minister of Finance.

Oral Questions

[English]

Hon. Ralph Goodale (Minister of Finance, Lib.): Mr. Speaker, at the instigation of a great number of members in the Liberal caucus, the issues relating to the textile industry and the apparel industry have been under very active consideration, including those recommendations that flowed from the finance committee.

I have indicated on many occasions that we will offer a response before the end of this calendar year when the duty remissions that affect some companies will expire, and that commitment will be kept.

[Translation]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, we have been aware of the coming massive job losses in the textile and apparel industries for many months, and we called upon the government to make use of the trade agreement provisions to establish a transition period for this industry.

What explanation does the government have for not announcing that it plans to use transitional measures, when it could be done without any problem, and would have kept the jobs and made things easier for thousands of workers?

[English]

Hon. Ralph Goodale (Minister of Finance, Lib.): Mr. Speaker, the job issues are indeed important, as are the transitional issues. It is obviously also important for Canada to keep its international trade commitments.

Members on this side of the House have been working to balance all of those factors so we can achieve maximum employment, maximum business investment and maximum trade benefits as well. I am confident that we will succeed in meeting those objectives.

[Translation]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, on December 9, my colleague from Joliette asked the Minister of Finance about his government's inaction in the textile industry and the reply was "Mr. Speaker, the hon. gentleman is jumping the gun".

How can the Minister of Finance say that the Bloc Québécois is jumping the gun when yesterday 800 people learned that they were losing their jobs in Huntingdon? If we are jumping the gun, he is completely missing the boat.

[English]

Hon. Ralph Goodale (Minister of Finance, Lib.): Mr. Speaker, the issues involved in the textile and apparel industry are complex. They are interrelated and interconnected. It is important not just to scribble down answers on the back of an envelope but to give the issues careful consideration, to consult with those who need to be consulted, and to achieve a result that will work, not just one that will get headlines.

* * *

HEALTH

Hon. Bill Blaikie (Elmwood—Transcona, NDP): Mr. Speaker, my question is for the Prime Minister.

When the new Minister of Health was sworn in he said that he wanted to stop the creeping privatization of the health care system. The Prime Minister will know that sometime after we come back in February there will be a report to Parliament on the Canada Health Act. The problem with that report is that it never tells us how much money is being spent on private for profit delivery of health care.

I wonder if either the Prime Minister or the Minister of Health could tell us whether that kind of information will be asked of and received from the provinces this time so we know just what kind of levels of spending on private for profit delivery we are talking about.

Hon. Ujjal Dosanjh (Minister of Health, Lib.): Mr. Speaker, there is an unprecedented degree of accountability in the accord that we arrived at with the provinces in September of this year. We hope to collect all kinds of information based on that accord throughout the country and report that to the people of Canada.

I can say that we on this side of the House are absolutely of one mind when it comes to enforcing the Canada Health Act and doing so vigorously.

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MAHER ARAR INQUIRY

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the government is doing everything it can to ensure the public inquiry into the deportation and detention of Maher Arar is anything but public. Now it is blocking the release of a summary document on the inquiry's proceedings since it closed its doors to the public five months ago, a summary that government appointed commissioner Justice Dennis O'Connor declares "will not harm national security".

When will the government quit stalling and allow the commissioner to release the Arar inquiry summary? What is this government trying to hide?

Hon. Geoff Regan (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, as is the case with many of the responsibilities of the Attorney General, under the Canada Evidence Act, this decision is not made by the Attorney General himself, or me in this case, but is delegated to an official. Section 38 of the Canada Evidence Act has been triggered and justice officials have consulted extensively within government to form a decision that will be conveyed to the commissioner as soon as possible.

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● (1430)

CITIZENSHIP AND IMMIGRATION

Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC): Mr. Speaker, today there are more details of a security probe into the office of the immigration minister involving a staffer who was quietly fired as a possible threat to the country.

The minister denied in the House having any knowledge of that investigation so the question is simple. If she did not know this staffer had been fingered as a security threat, why did she fire him?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, as I have indicated on a number of occasions before, it is singularly inappropriate for us to comment on whether any investigation is ongoing.

Oral Questions

However the other thing I would say and something the hon. member needs to remember is that anyone who works on a minister's staff must go through a security check and, before hiring, must be cleared.

Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC): Mr. Speaker, well yes, that is a problem, is it not? That staffer, who is now under investigation as a security threat, had access to top level files containing sensitive personal information about thousands of immigrants and their families. The minister has a clear duty to protect the privacy and safety of vulnerable newcomers to Canada.

Why did the minister hire a staff member and give him top level clearance to sensitive information without taking the trouble to make sure he was not a security risk?

Hon. Judy Sgro (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, let me speak very calmly and very clearly. These allegations are absurd and unfounded and something like what one would see in the *National Enquirer*. The story is a complete fabrication, word for word.

This kind of sloppy reporting is clearly a disservice to the many journalists who actually write stories and do the research. No one on my staff is or has been under any kind of investigation.

What is the headline tomorrow? Is Santa going to be an elf?

Mr. David Tilson (Dufferin—Caledon, CPC): Mr. Speaker, we shudder at what the next headline will be tomorrow.

Last week we asked the immigration minister if there were any police investigations into her staff and she said, "no". Today we learn that one of her former staffers is being investigated for ties to a terrorist organization.

Granting status to a Romanian stripper who worked on her election, taking campaign funds illegally and now we learn about this investigation.

If I could have just one wish for Christmas, it would be a straight answer from the immigration minister—

The Speaker: The hon. Deputy Prime Minister.

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, we have too many hon. members who feel free to throw unsubstantiated allegations around in this place. I will again reiterate that anyone working for any minister in the government must go through a security and background check.

In relation to any operational matters involving the RCMP or any other investigative agency, it is simply inappropriate for anyone in the government or for those agencies themselves to confirm or deny any details in relation to operations—

The Speaker: The hon. member for Calgary West.

Mr. Rob Anders (Calgary West, CPC): If the Liberals want to talk about inappropriate, Mr. Speaker, the minister misled the House when she denied there were any investigations into her office. Now we find out that it is not just a police investigation but a national security probe.

The minister is no longer just an international embarrassment, she is now a security threat, having a staff member with ties to the Tamil

Tigers who has admitted to using 241 suicide bombers in the last 17 years of a campaign of terror.

I would like to know what the Minister of Citizenship and Immigration has planned for a New Year's resolution. Will she reduce the stress in her life and just resign?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, what we just heard from the hon. member are the most outrageous, unsubstantiated allegations and assertions.

I would encourage people like that to actually have the courage to go outside where they do not have parliamentary immunity and make those statements.

* * *

● (1435)

[Translation]

TEXTILE AND CLOTHING INDUSTRY

Mr. Alain Boire (Beauharnois—Salaberry, BQ): Mr. Speaker, the people of Huntingdon in my riding are calling for help. More than 800 jobs are disappearing from this town. Just before Christmas, that is a disaster.

What is the minister's plan for rescuing the textile industry and helping the communities who are suffering? I demand an answer now.

[English]

Hon. Ralph Goodale (Minister of Finance, Lib.): Mr. Speaker, the government has been working very hard on this file in consultation with industry, with employees and with members of Parliament, including, most particularly, members on the government side. We recognize the importance of this industry and we also recognize the seriousness of the situation, such as those in Huntingdon.

We have been seeking solutions that will not just maintain the status quo but will actually better position the industry for the future.

[Translation]

Mr. Alain Boire (Beauharnois—Salaberry, BQ): Mr. Speaker, the mayor of Huntingdon is calling for government help for his residents. Among other measures, he is asking for speedy payment of EI benefits and retirement measures to help older workers.

Is the federal government able to respond positively—today—to the mayor's request for emergency assistance?

Hon. Joseph Volpe (Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, we have met with the employers, the unions and other representatives in order to begin the process of ensuring that these employees get all the benefits they are entitled to as a result of this tragic event. My department is willing and ready to do anything necessary as quickly as possible.

Oral Questions

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Speaker, yesterday's closure of the textile mill in Huntingdon is a tragic illustration of the usefulness of an assistance program for older workers. The average age of the Huntingdon workers who have completely lost their jobs is over 50.

I ask the Minister of Human Resources if he will re-introduce an improved program for older worker adjustment—or POWA—for textile workers and those in Huntingdon in particular.

Hon. Joseph Volpe (Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, I have already indicated that I am available to look at all possible means of easing the transition for the employees who have lost their jobs, including the POWA.

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Speaker, decisions must be made. A dissenting report by a Liberal member of the other chamber states that the government is on the wrong track in its employment insurance policies.

In her report on dissidence and distress, she demands serious improvements, because she thinks the reforms are insufficient and she blames the bureaucrats in the departments of finance, human resources and skills development, and Treasury Board.

Will the Minister of Human Resources and Skills Development finally show some sensitivity to the plight of older workers and restore an improved form of the POWA as quickly as possible?

Hon. Joseph Volpe (Eglinton—Lawrence, Lib.): Mr. Speaker, I was being very sincere when I said I was available to examine the programs for older workers.

However, it seems the hon. member opposite is not as sincere as he would like to appear, since he is talking about a report that has nothing to do with the problem before us, that of textile industry employees.

Moreover, with the help of my staff, I have already begun setting up a program that may find solutions for the immediate problem.

* * *

[English]

MARRIAGE

Mr. Jeff Watson (Essex, CPC): Mr. Speaker, on Sunday night the Minister responsible for Democratic Reform let slip the government's hidden agenda on freedom of religion. On CPAC the minister said that public officials who refuse to perform same sex marriages for reasons of conscience or religion should be disciplined and fired.

My question is for the Minister responsible for Democratic Reform. Will the minister admit he has let slip the government's hidden agenda to undermine full freedom of religion?

• (1440)

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the Supreme Court decision is clear. The charter is clear. Freedom of religion is protected and people who are not religious officials are also protected with respect to their religious beliefs.

Mr. Rob Moore (Fundy Royal, CPC): Mr. Speaker, it is simply outrageous for members on that side to state that people should be

fired or disciplined for their religious beliefs. This is a direct attack on Canadians' freedom of both conscience and religion.

Why is the government's position that individuals who do not agree with changing the definition of marriage should be excluded from public life?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, I will tell the House what is disgraceful. It is for an hon. member to stand up in the House and make a statement like that, which is not true and, in fact, has no validity. That is what is wrong.

It is creating divisions in the country. It is a statement that goes contrary to the Charter of Rights and to what the court said. That is not the kind of statement that should be made in the House.

Some hon. members: Oh, oh!

The Speaker: Order, please. I cannot hear the answers and I am not going to be able to hear the question. We need to have a little order, please.

The hon. member for Cypress Hills—Grasslands has the floor.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Mr. Speaker, the Prime Minister needs to learn what is going on in his own caucus. It was the Minister responsible for Democratic Reform who revealed the government's hidden agenda on religious freedoms. He said that public officials who cannot perform same sex marriage for reasons of conscience or religion should be fired and sanctioned.

How can the government wallow in the hypocrisy of pretending that it is going to protect religious rights when it clearly has an agenda to remove them?

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the only hidden agenda is with the opposition.

Mr. Rob Merrifield (Yellowhead, CPC): Mr. Speaker, freedom of religious expression is a Canadian right that Canadians are not prepared to compromise. The Minister responsible for Democratic Reform said that public servants should be disciplined or fired if they do not perform same sex marriages.

Why would the government force public servants to forfeit their religious beliefs to satisfy the bigoted view of the Liberal Party?

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the government respects the charter and the Supreme Court decision. I would ask the opposition to do the same thing.

* * *

[Translation]

TEXTILE AND CLOTHING INDUSTRY

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Mr. Speaker, as Chair of the Standing Committee on Finance, I personally tabled the report on the remission order for the apparel and textile industry, which will expire at the end of the year. The Minister of Finance recently announced in this House that he planned to announce concrete measures for these two important sectors shortly.

Oral Questions

Knowing that Liberal members have worked nonstop and that consultations have been held with representatives from these two sectors, I would like to ask the Minister of Finance for an update.

[English]

Hon. Ralph Goodale (Minister of Finance, Lib.): Mr. Speaker, the apparel and textile industry consists of several hundred companies across Canada which employ close to 150,000 Canadians. I have repeatedly indicated that a number of urgent issues affecting the industry will be addressed by the government before the end of this year. In fact, I intend to do so later today.

Combined federal support for the apparel and textile industry currently amounts to about \$41 million per year. Due to the hard work of Liberal government caucus members, that support will more than triple over the next five years in a combination of tariff relief, duty remission and sectoral adjustments.

* * *

●(1445)

COMMERCIAL BANKRUPTCIES

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, hundreds of pulp mill workers in Nackawic, New Brunswick are losing their pensions because Canada's bankruptcy laws are stacked against them.

There are 10,000 commercial bankruptcies in Canada every year and employees lose wages, benefits, and pension contributions because they rank at the bottom of the list of creditors.

When will the Minister of Industry fix Canada's bankruptcy laws so that working people are given first priority in the event of a bankruptcy? How do priorities get so screwed up, so that everybody is taken care of except Canadian voters who support this nation?

Hon. David Emerson (Minister of Industry, Lib.): Mr. Speaker, the Minister of Labour and Housing and I are working on Canada's bankruptcy and insolvency laws. We will have some changes to propose in the new year.

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AEROSPACE INDUSTRY

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, if Bombardier does not have the immediate attention of the minister on aerospace policy, it will be without pension parachutes. The departure of Paul Tellier and the free fall in that stock have created great concerns for the industry. In fact, the Liberals are once again coming in for a crash landing with Bombardier because they do not have a national aerospace policy.

When will the Minister of Industry have a national aerospace policy, so that we do not have the Liberals circling above again and creating a weakness in our national trade policy which puts our companies in this situation?

Hon. David Emerson (Minister of Industry, Lib.): Mr. Speaker, we are well along in the development of a national aerospace policy. Bombardier has been having troubles that are a fallout from the crisis in the airline industry. It has been going on for several years.

Paul Tellier has done a great job. I would like to pay tribute to the good work he has done. We look forward to a stronger, healthier

aerospace industry going forward, and a healthier, stronger Bombardier. We will be there to support the industry.

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[Translation]

TEXTILE AND CLOTHING INDUSTRY

Mr. James Lunney (Nanaimo—Alberni, CPC): Mr. Speaker, "Since he became Prime Minister we no longer exist. We feel unwanted". Those are the words of the former Liberal minister, Gilbert Normand. Nonetheless, the textile and clothing manufacturers feel the same way. This week, the town of Huntington is losing six plants and 800 jobs, a number that, unfortunately, is likely to go into the thousands.

What nice little trinket will the Minister of Industry be putting in the Christmas stockings of the affected families?

[English]

Hon. Ralph Goodale (Minister of Finance, Lib.): Mr. Speaker, as I indicated earlier, in cooperation with the Minister of Industry, the Minister of Human Resources and Skills Development and all members of the government caucus, we have been working on a comprehensive package of measures to assist the textile and apparel industry.

That will consist of a combination of tariff relief, duty remission and sectoral adjustment assistance. Over the course of the next five years we expect to triple our support for this industry.

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FISHERIES AND OCEANS

Mr. John Cummins (Delta—Richmond East, CPC): Mr. Speaker, Liberal hack and failed judge Brian Williams has been appointed to chair an inquiry into the Fraser River sockeye disaster. The commercial fishing industry withdrew from the inquiry in protest due to his bias.

Chief Justice Williams lost his authority to decide resource and aboriginal cases due to his bias. The health minister appointed him to head an inquiry, but he was forced to resign because of his bias. He is a donor and adviser to an advocacy group that sought to shut down commercial and recreational fisheries on the Fraser, another bias.

When will the minister give up on Williams and establish the judicial inquiry sought by fishermen?

Hon. Geoff Regan (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, it is really beneath the hon. member to attack this particular gentleman who was a former chief justice of the Supreme Court of British Columbia, a distinguished British Columbian, and a distinguished Canadian.

It really is beneath that party. It is not surprising that it would want to besmirch the reputation of a judiciary in this country. Those members do not respect the Charter of Rights. They do not respect the courts. That is their nature.

*Oral Questions***NATIONAL DEFENCE**

Mr. Gary Schellenberger (Perth—Wellington, CPC): Mr. Speaker, during the last election campaign the Prime Minister promised that 5,000 full time soldiers would be added to the forces. Recent reports suggest that this will take five years to achieve. My constituents are telling me they want to see us make this Parliament work. Despite our best efforts the Prime Minister's inaction is making it very difficult.

When can I tell my constituents that the Prime Minister has kept his word, and our brave men and women serving in Canada's armed forces will get the reinforcements they were promised?

• (1450)

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, we heard the Prime Minister in the House just now speak to this very issue. He pointed out that he made this promise which will require substantial assets in the budget. The Prime Minister has said that they are coming. We are preparing for this.

The evidence given the other day before the committee made it clear that the armed forces are preparing to do this in a way in which they can absorb, train and put these new resources to the benefit of Canada, the benefit of Canadians, and the benefit of our foreign policy. We will have a stronger Canadian Forces. We are proud of what we are doing.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Mr. Speaker, our military men and women place their lives on the line every day for this country. I believe they deserve a more truthful answer than that.

Not only has the government neglected to recruit the 5,000 new troops which it promised in the last election, but it has no plans to house them, no capacity to train them, and no equipment to provide them. Our military men and women cannot wait five more years.

Is this just another example of a broken Liberal promise? Why does the Prime Minister not increase the defence budget today?

Hon. Bill Graham (Minister of National Defence, Lib.): I will rely on you, Mr. Speaker, to determine whether it is correct parliamentary procedure for the hon. member to suggest that I was not telling the truth in my answer.

However, if I have to put up the word of the Prime Minister and what he has achieved for the country in terms of turning the country around, giving us a strong budget to enable us to deliver for our armed services, I will bet on the Prime Minister and this government any time of the day.

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[*Translation*]

TEXTILE AND CLOTHING INDUSTRY

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, the apparel and textile sectors have seen a huge shift of employment toward countries that use the worst forms of exploitation such as child labour, forced labour, and the total denial of workers rights. This constitutes true social dumping.

Does the government realize that by refusing to ratify the fundamental conventions of the International Labour Organization,

which prohibits the worst forms of exploitation, it loses any ability to exert pressure to put an end to these practices?

[*English*]

Hon. Joe Fontana (Minister of Labour and Housing, Lib.): Mr. Speaker, this country has acknowledged the international protocol with regard to child labour. In fact, we have some of the best labour practices in the world. We share them with the rest of the world. We will ensure that we abide by them and promote them around the world.

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, we cannot accept a liberalization that will end up reducing working conditions here and elsewhere to the lowest common denominator.

In future international agreements, does Canada intend to demand the respect of human rights as a condition of the agreement, for instance agreements on the textile industry? As things stand, workers on the other side are denied human rights and workers on this side, lose their jobs.

[*English*]

Hon. Joe Fontana (Minister of Labour and Housing, Lib.): Mr. Speaker, the hon. member will know that when this country enters into free trade agreements, it does two other important things: an environmental side agreement and a labour agreement. We will continue to do that when we enter into free trade agreements with other partners in the world.

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FIREARMS PROGRAM

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Mr. Speaker, while in Whitehorse in May 2003 the Prime Minister stated that the federal gun registry overrun represented one of the worst examples of governments run amok. A year ago the Prime Minister announced that his new expenditure review committee would examine it.

This committee failed the gun registry on all seven tests that the Prime Minister devised to measure cost effectiveness. Not only is this gun registry blowing another \$119 million this year but the government now promises that it will not be ready until 2008.

Why is the Prime Minister pouring millions of good money after bad money—

The Speaker: The hon. Deputy Prime Minister.

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, I do not know where the hon. member gets the notion that the gun control program is not ready. Of course it is ready. We have registered over seven million guns and millions of people are licensed. Over three million police inquiries have been made to the Canadian firearms information system. This program is not only ready, it has been up and running for some years now.

Oral Questions

●(1455)

TAXATION

Mr. Gary Lunn (Saanich—Gulf Islands, CPC): Mr. Speaker, last week I asked the Minister of National Revenue about the Prime Minister's election promise to help the struggling former employees of JDS Uniphase. He advised that his department was seized of the file and it was working on it. It has been over six months since the Prime Minister promised those people, personally, that he would fix the problem. In February this file will be four years old.

Will the Prime Minister stop dithering? Will he tell his minister to fix this problem right now before the end of the year? Will he help these people, yes or no?

Hon. John McCallum (Minister of National Revenue, Lib.): Mr. Speaker, I would like to single out my colleague, the member for Esquimalt—Juan de Fuca, the Parliamentary Secretary to the Minister of National Defence, for his great work in this area. It is in no small measure due to his efforts that my department and the Department of Finance are really seized of this matter as we speak.

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*[Translation]***TOURISM INDUSTRY**

Mr. David Smith (Pontiac, Lib.): Mr. Speaker, last week, the Minister responsible for the Economic Development Agency of Canada pledged to find a solution in the very short term for workers in the Saguenay—Lac-Saint-Jean tourism industry, which is so important to Quebec federal Liberal members. Where do we stand?

Hon. Jacques Saada (Minister of the Economic Development Agency of Canada for the Regions of Quebec and Minister responsible for the Francophonie, Lib.): Mr. Speaker, I am very pleased to announce that seasonal workers in the Saguenay—Lac-Saint-Jean tourism industry will be able to benefit from the program extending the tourism seasons until March 31, 2005. The initiative taken by Canada Economic Development to help the Saguenay—Lac-Saint-Jean tourism industry is not an income support measure, but it follows up on the support already provided to ATR, the regional tourism association, which works to support tourism promotion in foreign markets. The efforts made by ATR now enable us to take another step to consolidate the businesses involved. This exceptional short term measure will benefit tourism industry workers in the region.

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*[English]***FOREIGN AFFAIRS**

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Mr. Speaker, a 47 year old man, who is the father of two and a graduate of Queen's University, is being held in a Libyan prison after receiving a life sentence in 1998 for helping a group that works toward democratic change in Libya, which is under military dictatorship. According to Amnesty International, Libya's human rights record is horrendous, with reports of torture, death in custody and other punishments on political grounds.

Will the Prime Minister be raising this issue with Moammar Gadhafi when he visits Tripoli later this month?

[Translation]

Hon. Pierre Pettigrew (Minister of Foreign Affairs, Lib.): Mr. Speaker, whenever he travels abroad, the Prime Minister is always concerned about the status of Canadian citizens.

[English]

The Prime Minister uses every opportunity he has to promote human rights on every one of his trips, and I am confident that he will do the same thing when he visits Libya.

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CHINA

Mr. Rob Anders (Calgary West, CPC): Mr. Speaker, on Monday, three more Chinese intellectuals were thrown in jail for being critical of that government. This is part of a widespread campaign to silence opposition. Forcing political prisoners to work in government-run mines, destroying the Tibetan nation and jailing legitimate dissent is business as usual in communist China.

This repressive regime gets away with these human rights abuses because leaders like the Prime Minister only pay lip service to human rights and refuse to take action. Why is the Prime Minister rewarding this despotic nation with a full state visit?

Hon. Pierre Pettigrew (Minister of Foreign Affairs, Lib.): Mr. Speaker, it is absolutely obvious that the Prime Minister cares very much for human rights everywhere around the world. He will use the opportunity when he visits China to promote human rights, but we have a responsibility for all Canadians, and it is to engage with China. China is a very important partner of the international community. It is now a member of the World Trade Organization.

Opportunities are there, and our Prime Minister is promoting Canadian interests when he does these things. We will promote human rights in China and everywhere else.

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*[Translation]***TEXTILE AND CLOTHING INDUSTRY**

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Mr. Speaker, the Canadian Carpet Institute is greatly concerned that the House of Commons apparently included in the call for tenders to replace the rug in this chamber requirements which effectively exclude any Canadian business.

Given the very difficult times the textile industry is going through, could the Minister of Public Works tell us how he justifies his department systematically excluding Canadian carpet manufacturers, when at least two of them, more specifically Quebec based manufacturers, would be able to carry the contract out adequately?

Business of the House

● (1500)

Hon. Mauril Bélanger (Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages, Minister responsible for Democratic Reform and Associate Minister of National Defence, Lib.): Mr. Speaker, the Board of Internal Economy of the House of Commons has been seized of this matter and is currently considering all the options. No decision has been made regarding the carpet of the House. Hopefully, we will some day have a new carpet, which will be green and be made in Canada.

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[English]

JUSTICE

Mr. Marc Godbout (Ottawa—Orléans, Lib.): Mr. Speaker, my question is for the Minister of Justice and Attorney General of Canada. It concerns the very important subject of trafficking of children.

It was brought to my attention that Canada has not yet ratified the United Nations optional protocol to the convention on the rights of the child and the sale of children, child prostitution and child pornography.

What will the Government of Canada do to address this important question, and thus better protect the rights of children, both domestically and internationally?

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the protection of children against all forms of sexual exploitation, including child pornography, is a priority of the government. It was reflected in the first piece of legislation, Bill C-2, introduced in this Parliament. In the Speech from the Throne, we announced that we would take steps regarding the trafficking in children.

We have signed the optional protocol. We are now consulting with the provinces with a view to securing ratification as soon as possible.

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TRANSPORT

Mr. Chuck Cadman (Surrey North, Ind.): Mr. Speaker, the Canadian standard for anti-theft vehicle immobilizers is recognized as the best in the world, yet Transport Canada has published its intent to adopt the much weaker European standard that can be compromised by car thieves using the simplest of tools.

The Canadian standard makes it very difficult to steal vehicles as the systems have proven to be almost impossible to compromise.

My question is for the Minister of Transport. Why is Transport Canada considering adopting an inferior European system?

[Translation]

Hon. Jean Lapierre (Minister of Transport, Lib.): Mr. Speaker, I thank the hon. member for his question. I appreciate it and will discuss the matter with my officials at the earliest opportunity.

[English]

GOVERNOR GENERAL

Mrs. Carolyn Parrish (Mississauga—Erindale, Ind.): Mr. Speaker, my question is with regard to the budget of the Governor General. Since the appointment of the current Queen's representative, some expenses related to her operations or travel have been channeled through other departments such as foreign affairs.

Now that her budget has been cut, will expenses of equal or greater value be rerouted through any other government accounts for the remainder of the budget year?

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, if the hon. member is referring to the expenses appropriated to the Governor General, the answer is no. Her travel that was supported through the departments had already been cut back. Her overall budget had already been cut back in the budget review earlier this year. This additional 10% cut in the last quarter is on her operating budget for Rideau Hall and the activities which she undertakes as Governor General. She will have to address that. It is 10% in the last quarter.

The Speaker: Since this is the last sitting day before our break, I wish to advise all hon. members that there will be the usual reception in Room 216, beginning at 5:30 p.m.

[Translation]

All hon. members are invited to join me there, so that we can raise our glasses to the holidays.

[English]

The hon. House leader for the official opposition has the usual Thursday question, even though this is Tuesday.

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BUSINESS OF THE HOUSE

Mr. John Reynolds (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC): Especially, Mr. Speaker, since we already made it Friday.

I would like to ask the government House leader if he could tell the House what we will do on January 31 when we come back here, so we can get primed. We know we will have a very busy vacation, and hopefully we will all get a bit of a rest.

We are anxious to come back. We would like to know what we will do for that first week.

Hon. Tony Valeri (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, when the House returns, it will take up the business that normally would have been debated for most of the second half of this week, namely the annual prebudget debate itself. We will then turn to bills that have been reported from committee or introduced in the last few days.

Thursday, February 3 will be an allotted day.

I would also like to take this opportunity to congratulate the Speaker as the longest serving member for Kingston and the Islands since Confederation.

Some hon. members: Hear, hear!

Government Orders

Hon. Tony Valeri: I have one more thing. I would like to wish all parliamentarians and all Canadians from coast to coast to coast a very merry Christmas and a happy holiday.

GOVERNMENT ORDERS

● (1505)

[English]

BUDGET IMPLEMENTATION ACT, 2004, NO. 2

Hon. Ralph Goodale (Minister of Finance, Lib.) moved that Bill C-33, a second act to implement certain provisions of the budget tabled in Parliament on March 23, 2004, be read the second time and referred to a committee.

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I appreciate the opportunity to speak on Bill C-33, the budget implementation act, 2004, for second reading today. The bill implements many of the income tax measures that were introduced in the 2004 budget. It also contains proposed legislation included in the budget related to the air travellers security charge and a sales tax agreement between the Government of Quebec and certain interested Indian bands.

I will touch on each of these issues in more detail, but first I would like to begin my remarks with a brief overview of the 2004 budget, which will provide the context for the measures in this bill.

Budget 2004 was introduced as a focused budget with two clear objectives. One was to provide responsible and prudent financial management and the other was to give tangible shape and focus to the vision, presented in last February's Speech from the Throne, of strengthening Canada's social foundations, building a 21st century economy and restoring Canada's place of pride and influence in the world.

This ambitious agenda includes: living within our means by balancing the books, controlling spending, continuing to reduce debt, and enhancing financial management and accountability; giving Canadians greater means to enhance their well-being by taking important new steps in key areas such as health care, learning and communities; and giving Canadians the opportunity to succeed, to enlarge their ambitions and pursue their dreams.

Prudent budget planning has been the cornerstone of Canada's economic track record in recent years. This approach has allowed the government in budget 2004 to take realistic but far-reaching action to build a new agenda for Canadian achievement.

It is, however, an agenda for a government that lives within its means, providing better value for the taxpayer's dollar while making investments needed to help Canadians enhance their well-being and the well-being of their families.

This brings us to the legislation that is before us today. Bill C-33 is comprised of three main parts: amendments to the Air Travellers Security Charge Act; amendments to the First Nations Goods and Services Tax Act; and amendments to the Income Tax Act and related acts. If I may, I would like to outline those measures, beginning with the air travellers security charge.

As hon. members will recall, in response to the events of September 11, 2001, the December 2001 budget allocated \$7.7 billion through 2006-07 for a comprehensive plan to enhance personal and economic security for Canadians. This amount included \$2.2 billion to make air travel more secure in accordance with rigorous new national standards, including the creation of a new federal air security authority, the Canadian Air Transport Security Authority.

At the time the air travellers security charge was announced, the government indicated that it would review the charge over time to ensure that revenue remains in line with planned expenditures for the enhanced air travel security system through 2006-07.

Following up on this commitment in budget 2003, the government reduced the charge on round trip domestic air travel to \$14 from \$24, a reduction of 40%.

Based upon updated revenue and expenditure projections, this budget proposes further reductions as follows: for air travel within Canada, the charge is reduced to \$6 from \$7 for one way travel, and to \$12 from \$14 for a round trip; for trans-border air travel, which essentially includes travel between Canada and the U.S., the reduction is to \$10 from \$12; and for other international travel, it is down to \$20 from \$24.

These reduced charges would apply to tickets purchased after April 1, 2004. The government will continue to review the charge over time to ensure that the revenue from the charge remains in line with the expenditures on the enhanced air travel security system.

The second part of the bill deals with first nations people. The government has expressed its willingness to put in effect taxation arrangements with interested Indian bands. To date the government has entered into taxation arrangements allowing nine first nations to levy a tax on on-reserve sales of fuel, tobacco products and alcoholic beverages. Canada and the eight self-governing Yukon first nations have entered into personal income tax collection and sharing agreements.

In 2003, the government introduced legislation to provide authority to interested first nations to levy on their lands a first nations goods and services tax that is fully harmonized with the federal goods and services tax. The government is also prepared to facilitate the establishment of taxation arrangements between provinces, territories and interested first nations.

● (1510)

In that regard, Bill C-33 proposes amendments to the first nations goods and services tax to facilitate the establishment of taxation arrangements between the Government of Quebec and interested first nations bands situated in Quebec.

The purpose of this initiative is to help those first nations achieve a greater degree of self-reliance and self-government. Hon. members may be assured that this government remains willing to work with interested first nations on putting these types of arrangements in place.

Government Orders

Part 3 of Bill C-33 introduces a number of income tax measures. Time does not permit me to describe all the measures contained in the bill. I would, however, like to outline some of the initiatives that are integral to the government's priority of ensuring that we have a fair and effective tax system.

For example, in Bill C-33 we introduce tax relief for Canadian Forces personnel and police deployed to international high risk operational missions. We improve tax fairness for persons with disabilities and those who care for them. We make the tax system fairer and improve the tax treatment of small businesses. We introduce a new regulatory regime for registered charities.

If I may, I would like to discuss the measures with respect to Canadian Forces personnel, which provide tax relief for Canadian Forces personnel and police deployed in international high risk operational missions.

Canada's military and police serving on international missions provide testimony to Canada's commitment to world peace and stability. They serve on important missions around the globe, working in partnership with the United Nations and our NATO allies. The budget provides special recognition of these brave Canadians.

Effective January 1, the employment income that these individuals earn while deployed on those missions will be exempt from income tax. This tax relief will apply on income up to the highest level of pay earned by a non-commissioned member of the Canadian Forces. It is important to note that this tax initiative includes the extension to additional missions announced on April 14, 2004.

The Government of Canada views greater inclusion of Canadians with disabilities as a national priority. Greater inclusion contributes not only to the well-being of persons with disabilities themselves, but also to the life and economy of the communities in which they learn, work and volunteer.

That is why budget 2004 includes measures to help persons with disabilities, building on past actions taken by the government. Specifically, this includes provisions to allow caregivers to claim more of the medical and disability related expenses they incur on behalf of dependent relatives and to allow a tax deduction for the costs of disability supports required for employment or education, such as talking textbooks or sign language interpreters.

The second measure acts on an early recommendation of the technical advisory committee on tax measures for persons with disabilities.

The government recognizes that entrepreneurs and small businesses are a key source of economic growth and job creation in Canada. The initiatives contained in the bill reflect the government's commitment to helping entrepreneurs and small businesses succeed through supportive tax, regulatory and contracting policies.

It is important to mention that the suggestions from entrepreneurs and small businesses have formed an important part of the budget consultation process over the years. Indeed, the government welcomes all suggestions that support the emergence and growth of small businesses in Canada.

I will briefly touch on two of the income tax related measures contained in the bill that affect small business.

First, the government recognizes that it can sometimes take many years before new businesses begin to earn profits. Small businesses have submitted representations that the existing seven year carry-forward period for business losses is not long enough, particularly for new businesses undertaking risky ventures.

● (1515)

In response to that concern and to provide additional support, particularly in the small business sector, this bill proposes to extend the non-capital loss carry-forward period of all taxpayers to 10 years.

Second, hon. members may be aware that a lower federal corporate tax income rate of 12% applies on qualifying small business income.

This bill proposes a measure to help small businesses retain more of their income for reinvestment and growth. Accordingly, the bill accelerates a previous initiative to increase the amount of eligible income for the 12% small business tax rate provided to small businesses.

This means that small businesses will have access to a \$300,000 limit by 2005, two years sooner than previously announced.

Canadians depend on community based non-profit organizations that have activities as diverse as education, culture, the arts, the delivery of social services, faith, international aid, health, and the environment.

Although some of these charitable organizations rely on volunteers while others have paid employees, they are similar in that they work for the greater good of communities of all sizes in every region of the nation. In recognition of their contribution to the well-being of Canadians, budget 2004 contains a number of initiatives that benefit the voluntary sector of the social economy.

The 80,000 charities registered under the Income Tax Act form a significant part of Canada's voluntary sector. These charities deliver social services and financial support tailored to meet the diverse needs of individuals and communities. Canadians recognize the value of charitable giving and the important contribution that Canada's registered charities make toward improving quality of life.

Canadians must be able to donate to charities with full confidence that their moneys will be spent on charitable programs and services. Registered charities, for their part, need to know that the rules are clear and are administered fairly and transparently. They must also have the flexibility to effectively manage the gifts entrusted to them by Canadians.

Budget 2004 proposes significant changes to the tax rules for registered charities that will help advance these goals. Let me explain.

Routine Proceedings

First, the budget responds to the 75 recommendations of the joint regulatory table, a key component of the voluntary sector initiative that was launched in 2000 by the government. These recommendations relate to the improvements to the rules governing charities under the Income Tax Act.

Budget 2004 responds to the large majority of these recommendations concerning registered charities by proposing: first, a new compliance regime; second, a more accessible appeals regime; and third, improved transparency and more accessible information.

The government will invest \$12 million a year to implement these reforms.

This is not all that the 2004 budget measures contained in Bill C-33 offer to assist charitable organizations. The bill also takes important steps to improve the rules that determine the portion of charitable donations that registered charities must devote to delivering charitable programs and services, including proposals to support more effective gift management practices by charities. These proposals will help ensure that capital endowments can provide a stable and sustainable flow of funds for the delivery of charitable programs and services.

Finally, as I mentioned at the outset, budget 2004 was introduced as a focused budget plan with two clear objectives, one to provide responsible and prudent financial management and the other to give focus to the vision of strengthening Canada's social foundations and building a stronger economy.

The vicious cycle of chronic deficits has been shattered and Canadians now enjoy the benefits of a virtuous circle. This has led to increased confidence in the Canadian economy, lower interest rates and the robust growth of well-paid jobs.

As the Prime Minister said in the response to the October Speech from the Throne, "The virtuous cycle enables us to lower taxes in an equitable way and to invest in social programs. We will continue in this vein."

The measures contained in this budget before us today speak to the Prime Minister's words. Therefore, I urge all hon. members to support Bill C-33.

• (1520)

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I thank the member for highlighting the elements of the implementation bill.

I am seeking some amplification on one item from the member. It has to do with the corporate tax points on the extension of the non-capital loss carry forwards from, I believe it was seven years to 10 years.

This matter had been discussed for a number of years, even back when I was on the finance committee in the early 1990s. It had to do with whether or not the public was to be on the hook for mismanagement of corporations any further than the seven years. It was a matter of how many years was reasonable to take into account. It could be economic downturn or extraordinary circumstances which businesses were not able to protect themselves against.

There is this question at some point in time that businesses may have made bad business decisions, may have experienced mismanagement, the cost of which effectively would be transferred more to the taxpayers than otherwise would because of the extension.

I wonder if the member could give us a little insight as to why there is the extension to 10 years.

• (1525)

Hon. John McKay: Mr. Speaker, the hon. member raises a good question and one which deserves a full answer.

The answer is that a loss is a loss is a loss. Whether the loss occurred because of a downturn in the economic cycle, whether it became a loss because of poor planning, or whether it became a loss because of poor management, it is still a loss. I do not know that the Income Tax Act actually recognizes why people lost money, but they did in fact lose money.

The only extension is the additional three years and whether the losses that occurred in the previous seven years had to do with poor management, poor planning, or whatever, I think the same losses apply to the previous seven years as do now apply to the additional three years.

I hope that is a response to what was a thoughtful question. The member has literally served on the finance committee for years and years and has made a major contribution to the function of that committee.

Hon. Don Boudria: Mr. Speaker, I rise on a point of order. Earlier this morning the procedure and House affairs committee met and adopted a report and I would like to seek unanimous consent to present it.

I understand there has been discussions among all the parties in the House and agreement so that I could table the 20th report of the Standing Committee on Procedure and House Affairs.

The Speaker: Does the hon. member for Glengarry—Prescott—Russell have the unanimous consent of the House to revert to presentation of committee reports?

Some hon. members: Agreed.

ROUTINE PROCEEDINGS

[English]

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the 20th report of the Standing Committee on Procedure and House Affairs regarding changes to the Standing Orders.

GOVERNMENT ORDERS

[English]

BUDGET IMPLEMENTATION ACT, 2004, NO. 2

The House resumed consideration of the motion that Bill C-33, A second Act to implement certain provisions of the budget tabled in Parliament on March 23, 2004, be read the second time and referred to a committee.

Mr. Loyola Hearn (St. John's South—Mount Pearl, CPC): Mr. Speaker, I listened with interest to the hon. member's speech. One of the things which he brought out quite clearly was that mistakes of the past should not be visited upon the future, as we would say, and that we always try to improve our legislation to make sure that any wrongdoings in the past are corrected. I agree with the member on that.

In light of that, I will ask him, has he now changed his mind in relation to the fact that poor interpretations of regulations in the past have seen provinces, particularly resource rich provinces, being robbed of their resources? Should commitments to change be done as soon as possible to make sure that these benefits go to the people who are deserving in the first place?

Hon. John McKay: Mr. Speaker, I did not realize that the hon. member was so interested in my speech. It is unique on his part.

He has asked something of a generic question which I am having trouble relating to my actual speech. Assuming that somewhere in it there is some relationship to the actual question asked, I would not claim perfection for the government. I am sure that my hon. colleague would similarly see that this is not a perfect government. However, my argument would be, and I doubt my hon. colleague would agree, that this is a good government. When we see errors, egregious mistakes, things that could be done better, we do respond in an expeditious fashion. I am sure my hon. colleague would agree with that.

Mr. Monte Solberg (Medicine Hat, CPC): Mr. Speaker, it is my pleasure to rise and address Bill C-33, the budget implementation act for 2004.

First, I want to wish all members a very merry Christmas and a happy new year. It will be my last chance to do that before we adjourn.

Let me get to the matter at hand, which is the bill that is part of the March 2004 budget. There are a number of initiatives in it that are very supportable. In fact I spent a fair bit of time with finance officials talking about some of these things. I generally agree with many of the measures in it. Some of them are certainly overdue and they are very welcome.

My problem is not that the government is doing these things; my problem is that the government is not doing enough. If we look at some of the things that are being proposed, the government is basically talking about small ways in which it wants to reduce the tax burden that people have to carry, in small ways to help out. That is fine as far as it goes, but put in context set against the situation Canada is in today, it is just not good enough.

Government Orders

When the parliamentary secretary spoke earlier today on a different bill, on a tax treaty, I said to him that there was nothing wrong with the bill, but my point was that we should be introducing bills in this place where we are actually bringing about substantial tax relief. That is not what is happening in this bill or in any other bill that has been brought forward by the government. That is very disappointing.

I want to talk about that in the context of the parliamentary secretary's speech. He talked about how the government recognizes the importance of small business for instance. He mentioned that in his speech. I thought, I just do not believe that; I just do not believe that the government recognizes the contribution of business.

The reason I say that, and the parliamentary secretary knows this, is that before the finance committee this year, dozens of people came forward and said, "Do you not recognize that we are in the middle of what amounts to a productivity crisis in Canada?" Over and over again witnesses would come to us and say, "You have got to do more. You have got to be aggressive when it comes to addressing this productivity problem that we have".

My colleague from Peace River mentioned it. I thought he said it well. He said that we are sleepwalking toward mediocrity in Canada. I agree with him. That is a very good way of putting it. What we mean by that is in Canada today our standard of living is stuck at about 85% of that of our largest trading partner. The reason is that we have not taken the public policy decisions that would allow our economy to operate at full capacity, to create more jobs, to create better paying jobs, to raise the standard of living, to provide government with more and more revenues to deal with some of the big social problems that we have today and other ones that will be coming at us down the road when we hit that demographic wall in about 10 or 15 years.

We heard this I do not know how many dozen times at the finance committee. However we just do not see it reflected in any of the government legislation.

We are very disappointed that Bill C-33 does not really acknowledge the situation that we are in today in Canada with respect to improving the business climate. I just do not believe that the government takes the problems that face small business seriously. That was the claim of the parliamentary secretary but I just do not buy it.

The government often claims that it stands up for the little guy. I do not know how many times I have heard that over the years, many times. If the government were here to stand up for the little guy, it would not ignore the testimony of dozens of people who face these productivity challenges every day.

Government Orders

There are 1.2 million unemployed people in Canada today. I would argue that if for no other reason we must start to address the productivity problem so that we can start to help those people. What does a productivity problem mean to the average person? It means that if the economy is not moving at capacity, if the government is not taking the steps necessary to unfetter business and entrepreneurs so that they can go about making more money for their businesses, expanding their businesses which leads to hiring more people and leads to rising incomes, if we cannot take that problem seriously, then the government should pack it in. It should give up.

That is fundamental to what a government is supposed to do. A government is supposed to make public policy decisions that address the biggest problems that face the country today. One of the biggest problems we have is 1.2 million unemployed people.

In many regions of the country that is a big number. It is in some ways so big that it masks the problem at a local level. In some regions of the country, Atlantic Canada, the northern regions and various rural areas, unemployment is through the roof. When unemployment is through the roof, there are all kinds of social ills that follow.

• (1530)

Unemployment is also a serious problem in parts of the country, such as Atlantic Canada. In some areas of Newfoundland there is 20% to 25% unemployment. We have to be aggressive in addressing these problems.

As my colleague from Peace River said the other day, the government is sleepwalking toward mediocrity, and that is what we are doing in Canada today by failing to address this.

The parliamentary secretary in his speech today said that the government has been running surpluses and that it is a great thing. Yes, it is a great thing but the problem is that the government is not managing the surpluses in the proper way. I want to give an example of what I am talking about.

Since we started to run in the black the government has spent an inordinate amount of money on all kinds of things that do not produce a more productive economy. Witnesses who appeared before the finance committee talked about this. I have forgotten which witness it was, it might have been Dale Orr, but one of the witnesses said that about 25% of all the spending the government has done since we have gotten into the black has been on things that are productivity enhancing. In other words, 75% has not been. Now some of these things we have to spend money on, even though it does not necessarily strengthen the economy or cause more jobs to be created and those kinds of things, but to see that kind of a skew tells me something, which is that the government's spending is way out of balance.

The situation that arises when so much of that spending goes toward things that do not cause the economy to be more productive, create more jobs and generate more revenues for the government, is that eventually the surpluses get smaller and smaller because businesses are not getting the breaks that allow them to compete so that they can create the jobs that create more revenues ultimately for the government. The problem with that is that as we move toward that demographic wall that we will hit in a few years when baby

boomers start to retire, we will put a huge strain on our social programs.

We had all kinds of witnesses come before the finance committee and talk about that and about the need to deal with this problem now. If we do not start to manage the size of the surpluses now and broaden the tax base so that we have more income coming in down the road, then we will not be able to deal with it at that time. In other words, we cannot address it when it happens. We have to start addressing it 10 years ahead so that our surpluses are big enough to fund those social programs down the road.

This may be counterintuitive for some people but for me it makes sense that one of the most important ways to do that is to cut taxes. People will say that if we were to cut taxes that would mean a lot less revenue would be coming in. I have heard that argument from members on the government side but even the government has had to acknowledge in the last couple of years that when it brought in its tax cuts, which were very tepid in my opinion, revenues went up.

We saw that in the annual financial report this year where we had finance officials expressing surprise that corporate taxes were going up and had gone up dramatically even though corporate taxes had been cut. That is not counterintuitive to me. That makes sense because all of a sudden these businesses have the capital that allows them to expand which then helps them to generate more profits. It also means that they hire more people because those people go out and gather more business for them or produce more for them and ultimately make them a profit, and of course those people who were hired pay more taxes too.

Ultimately we get the virtuous circle that the member spoke of. I would like to argue though that the government often confuses a virtuous circle with wandering in circles, which I think is what it does a lot of the time. My point is that one of the ways the government can deal with this looming demographic crunch is to begin reducing taxes in a strategic way so that the economy becomes more productive.

• (1535)

I have used the word productive many times today, but this is not about working more hours every week. This is about ensuring that businesses have the capacity to buy state of the art equipment that will allow them to produce more and do more. In doing that it will allow them to compete with the Americans, the Japanese, the British and the French, all of the people we have to do battle with every day in the world of business. We need to have the capacity to buy that equipment, buy that knowledge in some cases, and buy services from people in order to compete.

As I said, this is not about working more hours. Canadians work very hard. We work as hard as anybody else. It is just that bad public policy decisions have deprived us of the ability to buy the equipment and obtain the knowledge and the skills that are necessary to compete.

Government Orders

Without that, it means that our standard of living will remain about 15% lower than that in the United States. It never used to be that way. We never used to have a big gap in unemployment either. We never used to have a big productivity gap. We used to be on a par with the United States. We saw that reflected in our currency a generation ago. However that has all changed, notwithstanding the rise and now the sinking of the dollar. My point is simply that we must start to reduce taxes.

The parliamentary secretary talked a bit about taxes so I started to make a list of the taxes that people in Canada pay. Sometimes we forget how many different taxes we pay. In Canada today we pay personal income tax, corporate tax, goods and services tax, capital gains tax, capital tax and excise tax. In fact we pay the GST on excise tax on fuel. We pay surtax, property tax, sales tax and payroll tax. We also have to pay various sundry fees and levies of all kinds. For example, to get a passport we have to pay for it. We have hundreds of user fees in Canada on top of all that.

What this boils down to is that 49% of the income of a family earning the average income in Canada today goes toward taxes according to the Fraser Institute. If we set aside the productivity argument for a moment, and think about what that does to a family that is trying to save money to send their kids off to university, or save money for their retirement, or to buy a home, how do they do it when half of their income is eaten up by taxes? The problem is getting worse.

The Fraser Institute produces a study every year which determines when tax freedom day will occur in Canada, which is the day in the year after which people start working for themselves and before which every cent they earn goes toward government. We have to work more days in a year now to pay taxes when it should be going the other way.

We have a serious problem, not just on the productivity front but we have a serious problem when it comes to ensuring that people have enough income to look after their own needs. It is at the point now where people pay more in taxes than they do for food, shelter and clothing. That is absolutely crazy.

I am not going to suggest the government does not need some revenues for important programs. We think it does. We think there should be some smart spending, such as some spending on defence for instance. However we also argue that the government has let spending get out of control.

Since 1997 we have seen spending on programs go from \$106 billion to \$150 billion now. Spending in the last number of years has gone up an average of 5.7% a year. That is simply unsustainable. Revenues have gone up a fraction of that. Revenues have not gone up nearly as quickly as spending has gone up.

• (1540)

We will run into a problem down the road when we start dealing with the demographic crunch and trying to find ways to ensure we can look after people when they hit those retirement years.

I appreciate the parliamentary secretary making his case for the bill. I do not want to argue on the bill, but I do think the government could have done so much better. It could take this problem seriously.

We have had many witnesses allude to the problems that we have in Canada today because we do not address this issue. That concerns me. It tells me that the government is guilty of what it has been accused of, which is that it dithers. It does not grapple with problems in a serious way. I want to argue that it is time for Canadians to think about another option, which of course is to look across the aisle at the Conservative Party. I want to argue that it is time for a new approach, an approach that takes this problem seriously.

We believe personal and corporate taxes should be cut and that we should get rid of the capital tax and take a look at capital gains. Capital tax is destructive and it has to go. We think this is a way to begin dealing with the many problems that I have talked about.

We need to unleash the potential of the Canadian economy and give people hope, people who, in many cases, have lost hope after years of not being able to find a job or who live in a region that is chronically in the doldrums or in places where industry will no longer locate. We need to turn that around.

The only way to do those things is to make those public policy decisions that allow businesses to compete, entrepreneurs to start businesses and individual Canadians to begin fulfilling their dreams. Canadians need to find jobs in order to look after their families, save some money and buy a house. Those are very common dreams that people have and they should be attainable in a country such as Canada, but for too many they are not, which is regrettable.

For that reason I hope that the government will heed our words on this side with respect to these issues that I have raised. We also hope that Canadians will heed this as well and put pressure on their government and also consider their options when we get to that next election. We know that is probably not very far away.

Again, in the Christmas spirit, I want to wish my colleagues a merry Christmas and a happy new year. We look forward to seeing all hon. members in the new year.

• (1545)

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I always enjoy the member's commentary. It is very important for members to put an opinion on the floor that allows others to differentiate themselves. The member has ably labelled the Conservative Party as, let us have tax cuts for our friends and let us anticipate revenue and if tax cuts are given then good things will happen in the economy.

It is a good wish but Brian Mulroney, the Conservative prime minister, found out what happens when a government makes tax cuts but does not take care of other things like paying down debt. As an example, he introduced a \$100,000 capital gains tax exemption that was not even grandfathered. It was not even for prospective gains. This was \$100,000 freebie to people who had holding gains of \$100,000. Then of course it disappeared.

Government Orders

During the Mulroney years, the last Conservative years of government, no debt was paid down and in fact the record is clear that the national debt went up. The difference between the Conservative Party and the Liberal Party is that in good times we must pay down some debt, as well as give some tax cuts, as well as deal with programs and the needs of people.

Yesterday the Governor of the Bank of Canada was asked a question about how we should deal with the looming demographic of Canada which will hit the fan, as it were, down the road. He said that we should deal with that by paying down debt at a reasonable basis and that a target of 25% debt to GDP ratio should be able to generate the savings on interest expense, which is the single largest expenditure of the Government of Canada. Therefore, when the baby boomers reach retirement age the savings would deal with that bubble that the member talked about. That is a responsible strategy.

The difference here is do not anticipate revenues but to deal with not only tax cuts but also good, solid, responsible social programs and debt repayment. It is a balanced plan.

● (1550)

Mr. Monte Solberg: Mr. Speaker, I was elected to this place 11 years ago on a platform that called for balanced budgets, and ultimately for tax reductions and for paying down debt. These were the things on which I was elected in 1993. The government said that if we did those things, we would slash and burn and people's jobs would be lost. Ultimately, the Liberals were forced to do it. They were forced to admit they were wrong, and they are wrong right now.

I point out to the hon. member across the way that the government was forced again in 2000, when we ran on a platform of cutting taxes. The Liberals said that we could not do that, then they brought in their own tax cuts. They said at the time, when they were attacking us, that it would cause them to not have revenues to coming in. However, when they cut taxes, more revenues came in.

The member says that we cannot anticipate revenues. How do we plan spending down the road, then? If we cannot anticipate revenues, we cannot have any plans into the future. Pretty obviously, we have to anticipate spending down the road. The question is, how do we do it? Do we do it the way the government has done it? Do we try to hide the size of the surpluses, which is what the government has done for a number of years? In fact, over the last five years, the government has underestimated surpluses by \$30 billion, not including the end of the year spending it has done, which was not budgeted. It is probably closer to \$60 billion.

When the hon. member across the way talks about being unable to anticipate revenues, I agree that members on that side do not do a very good job of it. However, there are ways to do this and a responsible government would do some of those things we have recommended.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I want to thank the Conservative member for his kind words and his accurate analysis of the measures that are presented to us.

I wonder if he could also comment on what I will say about the federal government's debt. Is it not true—and the public should remember these facts—that the Mulroney government inherited a

precarious budgetary situation, because it came to office after we had had several Liberal governments? The first major deficits were incurred by the former Prime Minister, who was a former Minister of Finance, Mr. Chrétien. So, when the Conservatives came to office, they found themselves dealing with a situation that had been created by the Liberals, in addition to having to deal with two major recessions under your government.

Does this bring back some memories to the hon. member?

[*English*]

Mr. Monte Solberg: Mr. Speaker, my friend from the Bloc is absolutely correct. There were a string of deficit budgets under the Trudeau government. For a number of years, the Liberals ran up the debt to I think around \$180 billion before Brian Mulroney's government took over. It was an unmitigated disaster at the time, and that is why they were thrown out.

It is true that the Conservative government of the day was unable to make as much progress as it would have liked. It is also true that the genesis of the problem started with Liberal government overspending.

For the benefit of my Bloc colleague, he is a champion of pursuing the concept of fixing the fiscal imbalance in Canada today. I want to applaud him for his work on that. He has done a great. I look forward to working with him in the new year when the finance committee tackles that issue.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Mr. Speaker, I would like to broaden the overall theme that the hon. member for Medicine Hat has constructed for us.

He pointed out the essential difference between this side of the House and that side of the House. On this side, we believe in economic freedom, that it is individuals, not big government, who create wealth. It is entrepreneurship, not politicians, who create jobs.

That theme of overall individual freedom was further illustrated today in the House of Commons when numerous members of the House on this side had to stand up and defend charter provisions, which protect religious freedoms and the rights of individuals to exercise their own religious morality, against the position of cabinet ministers on that side of the House who oppose religious freedom and who want to impose their values on various different religious and cultural groups. People who come here from other countries to enjoy religious freedoms will have those freedoms impeded by a government that wants to force independent religious organizations to perform weddings that are against the religious values of those religious institutions.

Ironically, we saw the minister on democratic reform stand in the House repeatedly claiming that he believed in the charter, when in fact he stated on CPAC that those marriage commissioners who refused to carry out same-sex weddings should lose their jobs. Other ministers have said that churches that fail to perform same-sex weddings should lose their charitable tax status.

I bring it back to the ultimate question of individual freedom, and I ask my friend from Medicine Hat this. Is it not true that it is us on this side of the House of Commons who are defending the Canadian constitutional values of individual freedom, economically, religiously and in other facets of Canadian life?

• (1555)

Mr. Monte Solberg: Mr. Speaker, my friend is absolutely correct that the Conservative Party stands for the concept of individual freedom, that we believe ultimately that the best way to create wealth is to have government stand out of the way of business and entrepreneurs striving to do what they are born to do, which is to go out and build businesses, hire people to help them do that and create all kinds of wealth.

Unfortunately, the government has it the other way around. It does seem to think that if the government meddles and intervenes, that it is somehow helpful. Ultimately, we find that it is the source of every boondoggle and scandal that we have seen the government go through.

When it comes to the issue about the minister of democratic reform speaking out against the freedom of a marriage commissioner to say no to marrying a same-sex couple, it is like something out of 1984, something out of an Orwell novel. The minister of democratic reform is being smoked out on this issue. It is unbelievable that the government would state that it favours religious freedom. It is obviously the instinct of certain members on the other side that it should not be the case. They want to impose their views on them, and it tells us a lot about the Liberal Party.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, we even have friends among the Liberals, who believe that we do serious work, not only in terms of criticism, but also in terms of the suggestions that we make to the government. In fact, the ultimate goal of any opposition party is to make much better governments. I think that, since September, the opposition, whether we are talking about the Conservative Party, the Bloc Québécois or the New Democratic Party, has made this government govern somewhat better than it had over the previous 11 years.

I think that this bill includes measures that are a big step in the right direction, but they fall totally short. There are a lot of missed opportunities that the government could have seized to really improve things. Here is just one example. In Bill C-33, they talk about reducing the air traveller security charge. This is the airport tax that has been imposed since the September 2001 events in the United States.

Right from the start—and the government does not want to admit it—having an airport security tax is an extremely bad idea. Not that security is a bad idea, but funding security by taxing travellers, in various airports in Canada, compromises the competitiveness of this sector. Since this tax was introduced, all the representatives of the airline industry and related sectors, at various levels, have stated that repeatedly. It must be eliminated.

A reduction has been proposed, and this is a good step forward, but the tax must be eliminated. Small regional airports must collect this tax and follow extreme security measures. I think that this tax and security issue has been exaggerated, particularly in small airports

Government Orders

in a number of rural regions in Quebec and Canada. This airport tax must be eliminated. I hope that, in the next budget, the Minister of Finance will see that good old common sense must prevail in his decisions, especially with regard to such a tax.

I want to take this opportunity to address another point. We have just finished pre-budgetary consultations. There was a consensus everywhere, be it in Quebec—the Bloc Québécois held its own pre-budgetary consultations across Quebec—or in the Standing Committee on Finance across Canada, where representatives came to see us in Ottawa. There is one tax needs to be reviewed and that is the fee immigrants must pay to enter Canada.

It is not normal for immigrants, who are experiencing socio-economic problems in their country of origin, to have to pay an entry fee that represents a fortune to them. The entry fees should be reduced; keep them but scale them according to the socio-economic situation in the country of origin.

It is not normal for a refugee, who is fleeing a country where civil liberties do not exist and where there is extreme poverty, to arrive in their new country and have to pay this fee. Immigration is essential. It is not a gift we are giving them. Given our declining population, we need immigrants and we need to welcome them. We should not impose a tax on them. I am taking this opportunity to stress this point.

Bill C-33 contains a hypocritical provision. It always looks good when, in the throne speech and the various budgets, persons with disabilities are mentioned. Is the government ever compassionate. It is great how it wears its heart on its sleeve.

There is a problem with how persons with disabilities are treated in Quebec and in Canada. The tax legislation passed in this place is not even enforced. I am talking about the disability tax credit. I notice my colleagues around me, the hon. member for Compton—Stanstead in particular, and all the new members who were sent here following the June 28 election.

My colleagues and I are all aware of the problems persons with disabilities are facing with respect to the disability tax credit they had been receiving for years. The year they visited us, the revenue agency had decided to audit them, asking that they provide pretty incredible proof of their disability. In some cases, these are totally degenerative diseases. They cannot get better, yet these people are asked to provide more documentation from the doctor proving that they still have a disability, when that is obvious.

We have heard horror stories. One person who was really disabled in every way, who could not walk, even the length of a short desk, was instructed to go back to her doctor's office to get papers filled again.

• (1600)

They even disputed money that had been paid in past years. It is total nonsense to hassle people whose lives are already difficult enough, often horrendously difficult.

Government Orders

Now we find ourselves with a proposal for a special deduction for products and services for the disabled. I am no different than anyone else here in my desire to improve things for the disabled, but we need to start by properly respecting the credits available under the federal Income Tax Act and properly applying its provisions.

We are still being treated to all the government's flowery speeches about the disabled, as we have been since 1993. When the lack of investment in the social housing sector is being discussed, they always forget that this issue includes the component of adapted housing for the disabled. There has not been one red cent for that since 1993. It is all very fine to talk about this measure or that, but the government's decisions never include what is really essential.

We hope that the government, in the person of the Minister of Finance, will be a bit more attuned to the situation of the disabled when he tables his next budget. A major surplus will be generated during the next fiscal year, regardless of all his creative calculations, all his fancy manoeuvres, up to and including a triple flip if he so desires. I think it would therefore be a good idea to keep the disabled in mind on an ongoing basis.

In connection with the disabled, according to a Finance Department study, for the fiscal year 2002-03, 148,000 of them were unable to benefit from the tax credit because they had no taxable income. It would be a good thing for this credit to be converted into a refundable tax credit for the disabled who have low incomes and therefore cannot benefit from it. Since it is not refundable, the only way to benefit from this credit is to pay taxes to the federal government.

Another missed opportunity involves a review of personal income tax, especially income tax for low income earners. I am referring to low income families. The federal government has huge surpluses. I think the cumulative surplus over the past eight years is roughly \$63 billion. Again this year, the surplus will be \$9.1 billion when they estimated it would be \$1.9 billion. Is it normal in such a budgetary context that the federal government does not even think about reviewing personal income tax, especially for low income families? Is it normal that among the G-7 nations, Canada most readily taxes the earnings of low income families?

They talk about a zero tax threshold, which seems to be a rather complicated phrase. It is the point at which taxpayers start to pay tax. For the federal government, the zero tax threshold here in Canada is \$8,200. Unless I am mistaken, this is far below the poverty line or the low income cutoff. Experts go to great lengths to try to be more politically correct and use gentler terms than "poverty line". That is too harsh, so they talk about "low income cutoff" instead.

The poverty line is well above the taxable income amount of \$8,200, in terms of federal income tax. Among the G-7 nations, the Canadian government is the one that most readily taxes the earnings of personal and family incomes. The last budget—which was the premise for Bill C-33—was a good opportunity for the government to review personal income tax.

If memory serves me correctly, in 1996 the Bloc Québécois had presented a series of measures to make the personal income tax system more equitable. We had done this for businesses as well. I remember that the then Minister of Finance, the current Prime

Minister, rose in this House to congratulate the Bloc Québécois for having conducted such a comprehensive study. However, since that time there has not been any true taxation reform in order to include some tax equity in the federal system.

Aberrations like a zero tax threshold of \$8,200 for individuals and approximately \$10,000 for families still exist. That makes no sense. Do hon. members know who the first victims of such inefficiency are? Single mothers with one or more dependent children. With \$9 billion in surplus, possibly up to \$10 billion or \$12 billion for the current year ending on March 31, 2005, why is it so difficult for the government to see exactly what we are seeing and to take measures accordingly? It always comes up with half measures, producing alarming statistics. For example, since 1993, the number of children living in poverty in Canada has not decreased in real terms. We still have 1.2 million children living in poverty. And children live in poverty because their parents live in poverty. In this respect, taxation can do a lot. Taxation is a major determinant of the relative wealth or poverty of citizens.

● (1605)

Measures can be taken to improve the situation somewhat in terms of the management of the tax conventions signed between Canada and various countries considered by the OECD to be tax havens, that is, countries or regions which provide undue benefits with respect to taxation. In Barbados, for instance, the tax rate on corporate dividends is between 1.5% and 2.5%, while it is around 28% or 29% in Canada. So, we are talking about countries that do not have transparency as a watchword, be it concerning bank accounts, or banking and industrial activities of Canadian or other foreign subsidiaries established in Barbados or elsewhere, in Fiji, for example.

These are often countries where money is laundered, making them veritable laundry machines, which the OECD denounces every year. But, except for a handful of European countries, no one has really taken any drastic measures to put an end to the tax evasion made possible because tax havens exist.

At present, there are two measures in this bill that affect tax agreements. They are positive measures, but they do not tackle the heart of the problem. The heart of the problem stands on two feet: he was elected Prime Minister on June 28, 2004. We cannot set an example for businesses who invest in tax havens and send their billions every year to tax havens. We cannot set an example here, because our Prime Minister does not set an example.

Government Orders

I have mentioned the tax agreement with Barbados because it is the worst example of tax avoidance and the flight of capital to countries considered tax havens. Businesses are taxed at a ridiculously low level on their profits, and when they return their money here, they are exempt from taxes in Canada. Barbados is one of the worst tax havens identified by the OECD. The Prime Minister, the former finance minister, owns a family business called CSL International. It is an international marine shipping company that has an office—not called a head office or headquarters and I will explain that in a moment—in Barbados. He himself profits from the existence of a tax agreement.

When one looks at the tax agreement itself, it seems fine. But we have been analyzing it for a long time now, and denouncing it, too. It appears proper. There are even clauses stipulating that businesses paying only 1.5% or 2.5% as Barbadian income tax, when they return their profits to Canadian subsidiaries, will be taxed on the difference between normal Canadian tax they would pay if their business were in Canada and what they have paid in Barbados.

But a few years ago the government adopted tax regulations. Regulations do not go through the House of Commons, but are defined by the executive. We analyze the bills that become law, but there are regulations to go with the laws.

• (1610)

However, paragraph 5907(11.2)(c) of the income tax regulations allows businesses such as CSL International, and the major Canadian banks—nearly two weeks ago, a study was made public by a university professor who said that the banks had benefited from this kind of tax evasion—to proceed in a way that, when they pay tax once in Barbados, they circumvent the provision in the tax treaty with Barbados that states that they still have to pay tax here.

Under a regulation adopted by this government, not this Parliament, an exception is made for companies that pay Barbados an initial tax of 1.5% or 2.5%, depending on the type of business. When these profits are repatriated, the federal regulation adopted by the government, by the governor in council, and not put before parliament, ensures that this company does not pay taxes twice.

So, they are taxed once at 1.5% or 2.5% of profits or dividends. When this money comes back here, it is not subject to the federal Income Tax Act. This is not normal. An exception was created by a regulation voted by the executive, and the Minister of Finance, the current Prime Minister, was there when this regulation was passed.

This is not normal. We must abolish this regulation to ensure that all businesses, be it CSL International, the Prime Minister's family business, or the major Canadian banks, pay their fair share of taxes. Billions of dollars are not going into federal and provincial coffers because of a regulation adopted by the governor in council, meaning the government, because the regulations are not subject to approval by parliament but are determined by the governor in council.

Worse still—members will say I am exaggerating, but I am not, because these are facts—I was here in 1998. The finance minister at the time, the current Prime Minister, introduced omnibus legislation containing various measures, a bit like Bill C-33. There were small and big measures, things that were clear and things that were not, because it was extremely technical at times.

However, there was a small paragraph at the end of the bill that said, “And we are amending the Income Tax Act for international shipping corporations”. This statement was followed by references to all sorts of things. Of course, that got my attention. I began reading this omnibus bill from the end of it and discovered that the Prime Minister had tabled, when he was the Minister of Finance, through Bill C-28, provisions that benefited his own company, which has since become a family business, since he supposedly gave it to his children.

What did Bill C-28 say? It added more things. Not only did we have regulations, so that companies would not have to pay taxes twice, even though tax rates were ridiculously low compared to the North American average and to those that apply to us, but there was also an additional exception that applied strictly to international shipping corporations. There are eight of those in Canada and he is involved in all of them.

What was contained in this somewhat technical provision with the incredible impact? It said that even dormant corporations, that is companies that are not directly involved in international shipping, but that are part of conglomerates, can benefit from the tax provisions found in the regulations to avoid double taxation, even if the first tax rate is very low.

In other words, the then Minister of Finance and current Prime Minister introduced an act that was custom made for his own company to avoid having to pay deferred tax here, and to ensure that his type of corporation could benefit from the tax provision, even though it does not qualify.

Worse still—and some might think I am exaggerating, but I am not—in order to benefit from a tax convention, a Canadian corporation that has a subsidiary abroad, such as in Barbados for example, must be a business whose mind and management are located in that country. In other words, all the managerial and administrative decisions must be made in that country.

A CBC broadcast aired several months ago indicated that a reporter had tried to get answers about CSL International in Barbados, but was referred to CSL in Montreal. This means that the management and planning of CSL International is not even located in Barbados, but in Montreal.

• (1615)

So, the first condition is not met to be able to benefit from such a tax treatment, according to the federal income legislation for corporations. This is serious. These are missed opportunities, but now we know why.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I do not have a lot to offer him other than to ask for his opinion on the issue of taxation of the poorest in our society. He talked about low income Canadians and it is an issue that we have wrestled with for many years on the finance committee. It has been an annual subject of how to deal with this.

Government Orders

There are about 14 million Canadians who pay income taxes. If we were to deliver \$100 into the pockets of each and every taxpayer, the price tag would be \$1.4 billion. It demonstrates that across the board tax cuts are a very expensive proposition. It would be much better to focus the \$1.4 billion on those who really need it.

However, the member will also know that in the Income Tax Act even the highest income earners pay the lowest rate of tax on the first \$30,000. Therefore, if we were to make any adjustments at the first range of tax levels, it would also benefit all Canadians.

Would the member give consideration to the following proposal? Instead of amending the rates, there would be a special adjustment at the end of the return, so that if one's income was below a certain level and the amount of taxes otherwise owing was less than say \$500, the amount payable would have no tax?

It is a way to sense those in our society whose incomes are low for reasons beyond their control. Notwithstanding the tax act, which provides for income even at low levels, it would be appropriate to basically make a blanket exemption for low income earners who do owe taxes.

• (1620)

[Translation]

Mr. Yvan Loubier: Mr. Speaker, I thank my colleague for his question. I want to extend him my best wishes for 2005. We have known each other since 1993 and he does excellent work. His only fault is that he is a Liberal, but no one is perfect. He is an outstanding colleague. We also went on interesting missions together in foreign countries. There are nice stories to tell about that.

My colleague is right. It is difficult to change personal income taxation. We tried to have different proposals. Since 1993, I cannot say that the Standing Committee on Finance has examined the issue very seriously, because somehow there is no political will to do so. He is right. When we reduce tax rates on the first income bracket, this also affects other brackets. Thus, not only low income earners, but also very high income earners, can benefit.

There must be a way. Perhaps he showed us the way earlier when he talked about a differential tax rate for some income levels. This is done elsewhere. We could look at some European countries. I often refer to Scandinavian countries. They are ahead of us with respect to personal income taxation.

They created low income categories, and the tax rate varies according to those categories. They do not use universal tax brackets, where the first slice of income is taxed at one rate and the second slice at a higher rate. The change on the first slice of income ends up in the pockets of taxpayers, even those who earn \$150,000.

The hon. member for Miramichi feels strongly about this issue, as do we in the Bloc Québécois. In committee, he came up with a proposal that we took into consideration. The problem is that, if there is a lower tax rate for people with an income below \$10,000, then we need to provide these people with a tax credit to give them back the income tax they have paid. For instance, a taxpayer with an income of \$9,999.99 would get a tax credit of \$372 to compensate for the income tax he or she has paid, whereas a taxpayer earning \$10,000 will have to pay Ottawa \$372, which is an incredible difference just for an extra penny in income. So, we need to look into that matter.

We started to sort out the problems in 1996, but we must take it a step further. And to do so, there must be political will. As my hon. colleague who sat on the Standing Committee on Finance knows, we have been trying for years now to put this issue on the agenda. Maybe we should think about it now that we have huge surpluses. It would help low income families.

[English]

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Mr. Speaker, here we are again speaking on the legislation to implement the budget of last year. We have a chance to reflect on the past and make connections to the present process involving prebudget consultations for the next budget. I think the timing is good. It is time to reflect on the past and look to the future.

I want to address one very important issue in Bill C-33. There are many issues to touch on. If one looks at the overall summary of this bill, we are dealing with a couple of dozen specific changes to the Income Tax Act, the First Nations Goods and Services Tax Act, the Air Travellers Security Charge Act, and other statutes as indicated.

There is one recommendation in this package that must be singled out. It is a symbol of an obvious glaring loophole, of a wrong that is in our system today. It took an enormous amount of pressure on the part of members in the House to have corrected. There is one line in Bill C-33 under the summary that says "eliminate the deductibility of fines and penalties". The words say it all, do they not?

Finally, the government is recognizing the importance of eliminating the fact that one can deduct fines charged against a person from his or her income tax. It is hard to believe in this day and age, is it not? It is hard to believe that up until this very moment it was possible to deduct fines and penalties accrued for wrongdoing because to do so there was a tax benefit from that kind of wrongdoing.

Indeed, we might not even be here today addressing this issue or even debating this bill except for the determination of New Democrats. People will know that many New Democrats have pursued this issue in Parliament in different ways from different vantage points and on numerous occasions.

I want to reference the work of my colleague, the member for Windsor West, who out of concern to finally put an end to the rewarding of corporate corruption with tax deductions initiated the following motion at the Standing Committee for Industry, Natural Resources, Science and Technology. His motion stated:

That this Committee suspend hearings of Bill C-19 until the Government introduces its proposed amendments to the Income Tax Act Section 18 (1) (a) allowing the deduction of fines as a business expense into the House of Commons and Second Reading is completed on the proposed amendments.

Government Orders

Members will know that Bill C-19, which is an act to amend the Competition Act, includes changes to the fines levied against corporations for a wide variety of anti-competitive offences. My colleague from Windsor West felt that dealing with those changes before an outstanding question of deductibility of fines was settled once and for all was putting the legislative cart before the horse. Interestingly, the committee agreed.

Miraculously, here we are debating this long overdue budget implementation issue today instead of some time in the new year. I think it is worth acknowledging the hard work of my colleague from Windsor West and congratulating him for this initiative.

As I said, we have been pressing the government to address this issue for some time. We have been pushing hard to convince this Liberal administration to stop allowing the deduction for corporate fines and penalties. Naturally, we have been appalled, as most Canadians have been, as corporations guilty of any number of offences walk away with a backhanded sort of reward for their wrongdoing.

Ms. Alexa McDonough: It is perverse.

Ms. Judy Wasylycia-Leis: My colleague from Halifax says that it is perverse.

•(1625)

As an example of that perversity let me mention one pharmaceutical company that was fined \$50 million in September 1999 for a variety of conspiracy offences related to its sale of bulk vitamins and citric acid. This company was able to deduct no less than \$10 million or 21% of that \$50 million from its total taxable income. That is unbelievable. It is just one example of what the government has allowed to happen in the year 2004. Not only has this been totally unacceptable from a justice perspective but it adds to the already huge hole in our tax revenues caused by corporate tax loopholes.

Thank heavens we are finally dealing with this issue. However, why did it take so long? Perhaps the Parliamentary Secretary to the Minister of Finance can answer that question. Maybe he can tell us why it would take several years after this issue was brought to the attention of the government for it to finally close such a big loophole we could drive a huge diesel truck through.

Perhaps the Parliamentary Secretary to the Minister of Finance can give us some insight as to why there has been so little action since my colleague, the member for Winnipeg Centre, brought this matter before the House. In May 2002 my colleague from Winnipeg Centre stood up and said:

Mr. Speaker, I cannot deduct my traffic tickets from my income tax yet a recent court ruling says that businesses can deduct fines, penalties and levies as a legitimate business expense. I find this outrageous. Will the Minister of National Revenue agree that it undermines the deterrent value of a fine if a company can write it off as a tax deduction?

My colleague from Winnipeg Centre said again a little later in 2002:

Mr. Speaker, six months ago I asked the revenue minister to plug the tax loophole that allows businesses to deduct fines and penalties from their income tax as a business expense. Since when is breaking the law supposed to be tax deductible?

That is the question of the day. Since when was it possible for business fines to be tax deductible? Since when was it okay for corporations to break the law and then to make money off of that kind of breach of the laws of the land?

My colleague from Winnipeg Centre did not stop there. He continued to ask questions on numerous occasions, in 2002, 2003, and right up to 2004. In fact, other colleagues joined with him in raising specific issues. I want to reference something that my colleague from Halifax said on June 27, 2003:

Second, and equally absurd, is the reality that it continues to be available for corporations in some instances to write off as legitimate business expenses fines that have been imposed upon them for breaking the law. Whether it has to do with environmental issues, with environmental irresponsibility for which they have been convicted, or whether it has to do with labour practices that are completely unacceptable for which they are fined, such as violations of health and safety provisions, for example, or other forms of irresponsible, anti-social behaviour, it remains the law of the land, laws continuing to be supported by the government, that such offences can in some instances be written off by corporations.

Rewards were given for breaking the law. That is the issue that we are finally dealing with today. Finally, I want to reference my colleague, the member for Windsor—Tecumseh, who said in 2004:

It is time that the government gets serious with polluters and makes it illegal to write off fines for poisoning our environment.

•(1630)

I could go on in regard to that issue but I think the point is clear. We have had an abhorrent situation in our society. We have been raising the issue for years. It finally got addressed today; at least it is in the bill today. How long it will take for this to actually come into effect is the next question. When will it actually matter? When will corporations actually be fined and be unable to deduct this as a business expense?

That is one important part of this bill. Obviously we support this particular change.

The question is whether we can support the rest of the bill. That really depends on how one views the budget that this act flows from. Members will know that we had nothing but harsh criticism for the 2004 Liberal budget. We were very concerned with the fact that the government, once again in a very lucrative position with considerable surplus dollars available as a result of cuts that Canadians have had to deal with over the years, was suddenly able to take that surplus and put it toward more tax cuts and against the debt.

I know the member from Mississauga is going to ask me a question about what is so wrong about putting this money against the debt. I want to tell the member that there may not be anything wrong with putting some surplus against the debt, but I think he will agree with me when I suggest to him that this ought to be a matter for public discussion and parliamentary deliberations. It ought not to be something that happens after the fact, that is done in secret without the full benefit of having the facts available to Parliament.

Government Orders

Surely the member from Mississauga and all members on that side on the Liberal benches will agree with the importance of being transparent in this day and age, especially when one considers the difficulties that are happening on that front in other countries like Ukraine, or when one considers the difficulties that some of our big corporate entities are facing in terms of scandals and abuse of investors' money.

Surely if we can agree on one thing in this day and age, it is to be fully transparent, open and accountable in term of taxpayers' dollars that are here for our safekeeping and our careful deliberations.

We are not here to say that no money should ever go against the debt. We are going to point out that in fact what has happened over the last number of years by a process of deliberate miscalculation of the surplus is that the money available to Canadians for their priorities automatically goes against the debt. We have seen \$86 billion just automatically go against the debt without consultation and deliberate decision making by this place. That is what is wrong.

We may disagree on how much money should go to the debt, to tax cuts and to program spending, but the fundamental problem here is the way in which the government has kept hidden the actual dollars available and would appear to have deliberately miscalculated so that in fact the money does automatically go against the debt. Because that in fact that is what the big corporations seem to want.

I was shocked when we learned about this year's actual surplus being \$9.1 billion as opposed to \$1.9 billion. I have been trying to discuss this with opinion leaders in our country today. In a public debate on a local Winnipeg radio station I heard from the head of the School of Business Administration at the University of Manitoba that it was okay for the government to do this, that it was okay to have this secretive approach because the money went against the debt. What was the big deal? I find that reprehensible and appalling coming from a leader in our community.

I think that has been the attitude of many large corporations and banks. They have been quite silent in their actual criticism of the government and certainly silent in terms of trying to ensure a more accurate forecast of the surplus. In fact, it is to their benefit or it serves their political agenda to have that money go against the debt.

•(1635)

As we have said on so many occasions, what is the point of putting all of our available surplus against the debt if that means people go hungry, employment stays high, people cannot access education and housing is crumbling around us? What is the point?

What is the point of ensuring that we have achieved the great target the Liberals keep setting of 25% debt to GDP ratio in 10 years' time if in fact we have a huge social deficit and a huge human deficit? What is the point? As I have said over and over again, what is the point of paying off the mortgage if at the end of it all the roof is leaking?

In this day and age, a family tries to balance the needs of the family with the mortgage payment. The government ought to do the same.

We are at a critical juncture as we head into the next budget. There has been considerable talk about more tax cuts. We have deep concerns about the Liberal agenda of a \$200 billion cut, as has been rolled out by them over the last number of years. We would like to ensure that the available money is actually directed toward meeting the needs of Canadians and invested in this country so that we can grow the economy and deal with both the social deficit and the fiscal deficit together.

We want to achieve the same objective that the Liberals have in mind, but we want to add the human element. We want to add that element of caring and compassion that Liberals pride themselves upon. We would ask them to consider that in this upcoming budget.

The consultation process is over in terms of our official role as a finance committee. I am not so sure we actually have accomplished what many of us had hoped to do, which was to be an actual barometer of Canadians' feelings and to have that reflected in a report. We will see next Monday when it is finally tabled. We wanted to have the views of Canadians reflected in our report that is going to the Minister of Finance for inclusion in some measure in the next budget.

Members will understand and appreciate the fact that over the last number of years the consultation process has really become quite meaningless under this administration. Very little effort is made and very little attention is paid to the pre-budget consultation process put in place by the finance committee. Very little attention is given to the results of that process by the Minister of Finance.

I think it is fair to say that the real power is happening as we speak, in the minister's office, as he consults with opinion leaders in round tables day in and day out, and at this very moment. He is getting his advice, rightfully so, from a number of individuals, and I hope he is getting good advice, but I also think it is a shame that the 200 to 300 individuals and organizations that appear before our committee regularly do not get a chance to see their views reflected or mirrored in any way in terms of the budget.

Certainly the last budget did not reflect the wishes of Canadians. I hope that in the budget to be presented to Parliament and all Canadians on February 22, 2005, we will finally see some of the dreams and aspirations of Canadians reflected in that road map that will be presented to Parliament and to all Canadians.

•(1640)

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I really did not have a question but then I was prompted by the member. We have had a good joust. I very much respect the member.

The hon. member finished her comments with regard to the consultation process. I think I have to disagree with her. Having been on the finance committee for about four years, I very much enjoy meeting Canadians right across the country and travelling to their communities as well as having some come and give their views here. The member will know very well that if all of the inputs from all of the people who came forward were costed out, we would be talking about \$50 billion or more. Clearly we could not do everything that everybody wants.

Government Orders

Notwithstanding that, the process is meaningful simply from the standpoint that Canadians do have an opportunity and governments do have to make choices and each budget is not a budget wherein all things must be dealt with. Budgets have to be dealt with in the context of prior budgets and all the things that change.

Let us look at what has happened over time, over the last decade. We have balance in terms of \$100 billion in tax cuts, balance in terms of \$50 billion of debt repayment, and savings of \$3 billion a year. Then there is balance in terms of a massive injection into health care, child care and the cities agenda. There are some very good things that go on. I just raise it with the member. Maybe she would at least concede that Canadians still should be heard. We can always do better.

• (1645)

Ms. Judy Wasylycia-Leis: Mr. Speaker, I appreciate the question and I want to say at the outset that under no circumstances should my comments be interpreted to suggest that I have less than full respect and admiration for the hundreds and hundreds of Canadians who participate regularly in the pre-budget consultation process.

My concern rests completely and solely with the federal Liberals who, on a regular basis, refuse to consider the deliberations and advice of Canadians. If that were the case, if it had been considered, we would not have seen in 2004 a privatization budget that moved and advanced the whole area of health care and other areas of public sector responsibility into the realm of private, for profit delivery. We would not have seen a budget that was so focused on tax cuts and so focused on debt reduction.

We would have seen a budget that tried to balance out spending on issues of importance to Canadians' health and well-being, coupled with some targeted, selective tax cuts that pertain to low income and middle income earners, with some planned allocation of resources toward the debt.

We would not have seen \$9.1 billion in surplus from that budget go automatically against the debt. That is appalling. That is what Canadians object to.

I want the member for Mississauga South to take heed of some advice from the words of some experts who observe our committee and Parliament. Dobell and Ulrich, in their 2002 Policy Matters piece entitled "Parliament's Performance in the Budget Process: A Case Study", observed:

The broad lines of the government's intentions were reasonably apparent in advance and there is no automatic connection between what a committee hears and what it recommends.

That was the case back in 2001. It is certainly still the case today.

Mr. Rob Anders (Calgary West, CPC): Mr. Speaker, the hon. member in her speech talked about the Income Tax Act, competition, corporate fines and penalties, tax loopholes, making money off breaking the law, rewards for breaking the law, fines on polluters and the idea there should be transparency, accountability and an end to secrecy. She talked about people serving their own political agenda, meeting the needs of Canadians, the human element of some of these decisions and caring and compassion. On that note, I would like to get the member's thoughts on the following.

Noranda is posed to sell some of its Sudbury assets, its nickel basin. We have an offer on the table by China Minmetals, which is owned by the government of China. That company has an egregious record of using slave labour with regard to its mining operations. It has the worst safety record in the world in terms of the operation of its mines.

Supposedly, this will be reviewed by the Foreign Investment Review Agency. However, the track record is that out of 11,000 potential reviews over the past number of decades, not a single one has ever been overturned.

I would like the member to postulate, if she can, on why she thinks our government and Prime Minister is so set on going ahead and selling this strategic and valuable natural resource to a company that has used slave labour and is part and parcel of one of the worst human rights records in the world.

My theory, as best as I can figure it out, is that the Prime Minister and Canada Steamship Lines has some of their ships built in China, and as a result of that, turns a blind eye to some of these things. We all know tax avoidance strategies are practised by that corporation and what not. I would like the member to talk about the fact that the government is turning an absolute blind eye to these human rights violations and, in a sense, is giving over a valuable Canadian asset, preparing a rubber stamp and overriding any concerns on foreign investment review.

• (1650)

Ms. Judy Wasylycia-Leis: Mr. Speaker, I appreciate the question from my hon. colleague from the Conservative Party. It is a very important issue that we are very concerned about as well.

First, for the last decade or more, we have felt that the Foreign Investment Review Agency is a toothless tiger. It has not proven to have been effective on any front and is certainly now not likely to provide the kind of careful deliberations around any prospects of a country like China buying up Noranda in Canada.

The member will know that the New Democratic Party has rejected for years and has spoken out furiously over the whole way in which we are selling off our economy to foreign corporations. We are just as concerned now with the thought of a country like China, with a very questionable record on human rights and workers protections, to have that kind of holus-bolus control over our economy. That is a sellout of the worst kind.

There has to be a deliberate new mechanism for dealing with this new situation. I would hope the government does not leave it to the normal procedures under the Foreign Investment Review Agency, but sees this as an unique development that has to have a certain change in approach.

I would hope, especially given the member's comments about CSL, that the government is particularly diligent about doing so. I would not be surprised, as the member said, that Canada Steamship Lines ships are being built in China. I look at the list now. In terms of the flag registry, Liberia, Bahamas, Vanuatu, Germany, Singapore, and the list goes on, of the flags that are flown by Canada Steamship Lines. We know there are some intricate holdings involving many countries, and many questionable interests. I applaud the member for raising the question and I look forward to working with him on this.

Government Orders

Mr. Don Bell (North Vancouver, Lib.): Mr. Speaker, I listened carefully to the comments of the hon. member for Winnipeg North. I sit on the finance committee with her. I have respect for her and welcome her point of view.

I hope the member would recognize the willingness of members of government to listen to people and to get their input for the budget. I hope she would acknowledge that the Liberals on that committee are just as attentive as the other members to the over 250 groups we have interviewed so far in the process this fall.

With respect to the issue of the surplus, the comment I would throw back to the hon. member is this. I presume she is aware that when this government took over from the previous Conservative government, we were in a situation where about 39¢ of every dollar went to the national debt. It is now around 19¢ of each dollar and the goal is to go to 12¢, which would represent 25% debt to GNP ratio. This will coincide with the time baby boomers start to achieve retirement age and will enable the government to deal with the increased costs associated with an aging population.

There is no suggestion that all the surplus should go there, but enough of it should go to do that. An error in the 1% projection either way in terms of both expenses and revenue projections will result in approximately a \$4 billion shift. The \$9 billion—

The Deputy Speaker: The hon. member for Winnipeg North.

Ms. Judy Wasylcia-Leis: Mr. Speaker, I wish this were the case. He says that the money invested in the surplus has produced savings in other areas, but it has not. We have tried the debt reduction tax cut route for the last number of years. There has been no boom for our economy. There has been no boost in productivity. There has been no lifting of people out of poverty.

What has happened is that money has gone into a deep, dark hole and has not allowed for us to have the double benefit of investing in Canadians and still bringing down the debt.

I hope the member will take heed of those economists who have empirical evidence showing that putting these available surplus dollars in terms of spending and investing in Canada will bring us to the same debt to GDP ratio, which his government wants, at the same time, maybe one year later.

Will he choose to put all that money against the debt or will he start to put some of that money toward housing, education, health care and all of the other needs in society?

• (1655)

Mr. Gary Lunn (Saanich—Gulf Islands, CPC): Mr. Speaker, I am very pleased to rise on our last day of 2004 and speak to the budget implementation act. I want to talk about a few of the things that are absent from the bill.

This is my third term in the House. Ironically, year after year when we talk about prebudget consultations and when we look at budget implementation bills, it always strikes me how the government can forget about some of the most important things about which we should talk.

Let me begin with the JDS Uniphase employees. This is a file with which the government should have dealt. It is a finance item. It is a phantom tax that the government is proposing to collect of hundreds

of thousands of dollars from hard-working Canadians who have never earned a dime of that money.

The irony is that I brought this matter to the attention of the current Prime Minister when he was the minister of finance. That will be four years ago this February. We had numerous meetings then. We spoke about it at great length. I met with his officials. Obviously, they acknowledged that this was not right and something needed to be done. They said that they had to look at it.

Four years later, I am still asking questions in the House of Commons. We have gone through three ministers. I am now dealing with the Minister of National Revenue. I actually believe we are likely getting closer to a solution. Today the talk began about giving credit to who solved this, and they looked at other members. Aside from that, the most important thing is we need to help these people. These people should not be dragged through the wringer for four years. They deserve help.

We talk about how we spend taxpayer dollars. It boggles the mind that the most obvious things that should be addressed are not.

Let us talk about the gun registry. At its infancy, Parliament was led to believe by the government that the total cost would be \$85 million, but it would collect revenues. The net cost to the taxpayer would be exactly \$2 million. The government forgot a few zeroes. It is actually close to \$1.4 billion and climbing. I think the government is spending another \$120 million for it.

I know there was great interest by members of the Conservative Party to cut the funding for the gun registry. I want to emphasize here that no one wants people running around on our streets with guns. However, we believe the money could be spent so much more effectively.

What have we actually received for this money? We have two million completely innocent federally licensed gun owners having to report their change of address. If people have licensed their firearms under the gun registry and then they have moved, they have 30 days to report their change of address or they could go to jail for 30 days.

Guess who does not have to report their change of address? This is all very relevant on how we spend money in the budget implementation act. There are 176,000 convicted criminals who have been prohibited from owning firearms. They do not have to report their change of address.

A person has to wonder about the government's priorities.

I look at the things that are not in the budget implementation act. There is silence. Silence is consent. When the government refuses to deal with things, we have to question why it blatantly leaves things out.

Let me also talk about a few sore spots. We hear all kinds of talk on these files, lots of pledges from the government, such as the mad cow crisis, the BSE file. The people in western Canada and across Canada are still struggling with this matter. We hear the commitments. We hear the government talk about it. Why are the hard-working owners not seeing that help?

We have the softwood lumber issue in British Columbia, from where I come. This government might as well be non-existent. According to the Liberals, the country ends at the Rocky Mountains. The government thinks the Pacific Ocean is on the other side of the mountain range and it does not know another part of Canada exists there.

• (1700)

Let me talk about a current matter, one since I was elected in 1997. We have heard in the House for months and months about the actions of the immigration minister. One question is how she is still in that office.

Why are we not spending resources to clean this up? Right now something like 25,000 people are making claims for refugee status in this country. We need more immigrants in this country than ever before. People from various countries are waiting in queues. They have great qualifications and want to come to this country. For those who come into our country and claim refugee status, it can take years and years to process them. Why are we not changing the laws? There are bills that could clean up this mess, but the resources are not being put into that.

I have huge problems in this area. People are coming from the United States and claiming refugee status. That is absurd. It is ridiculous. They show up in Canada and we spend millions and millions of Canadians' hard-earned dollars on systems that are obviously broken. I have not seen the immigration minister table any legislation to deal with any of these issues. It goes on year after year after year.

The refugee system was established to bring to Canada people who live under oppressive regimes or who face persecution. We as a caring and compassionate nation need to bring those people to Canada. The problem is that the government's policies, and I emphasize the word "policies", have allowed the system to be abused so badly that when people arrive, they know they can make a claim and drag it out from two to five years. It is time the government looked at priorities and decided where we need to spend some money.

The hon. members across the aisle say they are very proud of the fact that they have eliminated the deficit. Let me say something I have advocated for a long time. I want to acknowledge a former member of Parliament, Mr. Preston Manning. He was the leader of my party when I was first elected. He talked about getting rid of the deficit long before it was popular to do so. He brought that issue to the floor in 1993. He drove the government to do it.

Unfortunately, the government has done it on the backs of hard-working Canadians. It has cut billions and billions of dollars in transfers to the provinces. We have seen taxes go up and up. We do not have a federal deficit but we have massive surpluses. In the government's own forecasting once again this year we see a \$9 billion surplus. This is absolutely unacceptable. We predicted this before the election.

The government said that the Conservative Party numbers had no credibility, that we could not live up to the numbers. It turns out that our numbers were right.

Government Orders

The Liberals have overtaxed Canadians. Nine billion dollars is a fair chunk of change. They tax the backs of hard-working Canadians. They continue to slash money that is supposed to be transferred to the provinces. To top it all off, the Liberals go on massive spending binges to look after their friends and their own patronage programs.

Over the years we have seen the sponsorship scandal, Shawinigate, \$1 billion lost at HRDC, and hundreds of millions of dollars wasted on cancellation fees on defence contracts. The Department of Public Works and Government Services is a place where there has been no accountability, as well as the Department of Indian Affairs and Northern Development where, with no accountability, billions and billions of dollars have been lost.

• (1705)

Why are we still talking about this today? Why are we not making progress in these areas? Why are there still new revelations? We are still reading headlines in the newspapers. The government claimed a year ago it wanted to come clean on these files, that it wanted to put all the information out there. We now learn through the Justice Gomery inquiry that in fact it provided very little information. The Liberals hived this off to an inquiry so it could get into an election. Now some of the facts are being revealed, far more serious than anyone had ever possibly anticipated. Documents have gone missing. Blank documents have been submitted. It is not okay.

It is time the government started looking at its priorities. It is time the government took heed of Canadians' interest on how it spends their hard-earned tax dollars. It is absolutely disgraceful when there was an opportunity to cut the funding for the firearms registry that the government said no. It is going to pour another \$120 million into the firearms registry. It is incredible. The Liberals even tell us that the registry will not be fully implemented I think until 2008. It is outrageous that anybody could try to defend those types of spending programs.

The Liberals wonder why the Canadian people cringe, why at tax time they protest. We hear it all the time, "We pay our taxes but let us have some accountability on how it is spent".

What are the Liberals doing in this budget implementation act? They are going to lower the air security tax. Imagine that. This is the other thing that they do. This is right out of this budget. They are going to lower the airport security tax.

They take a dollar from Canadians and give back a dime, and then they ask for thanks. It is an amazing concept. They come along to the taxpayers, rob them blind, give them back a little bit, and ask for a pat on the back for giving back 10¢ on the dollar. It is absolutely mind-boggling how they can get away with it.

I see some of them shaking their heads. I would be shaking my head too if I were on that side of the House. I absolutely would. We have seen it time after time. They will announce a tax cut. I have seen it in the House, and I call it the paycheque stub test. They will stand and say they are lowering taxes, yet when I talk to hard-working Canadians and they show me their paycheque stubs, they have less take home pay than the year before. They actually did not get a tax cut.

Government Orders

The Liberals might tinker with one tax and lower it a little, but then they will raise taxes on a number of other things. At the end of the day there is only one taxpayer, only one paycheque, and Canadians are left with less money than before the government started these programs. That is what I am talking about when I say the Liberals take a dollar and give back a dime, and then they want Canadians to thank them.

I will talk about a couple of other areas now that we are on the issue of airports.

Hon. Wayne Easter: Talk about the surplus.

Mr. Gary Lunn: I would be happy to talk about the surplus. Nine billion dollars is absolute robbery. That is overtaxation. Anyone who has any competence at all in forecasting numbers could do a better job than that. It is something like \$30 billion or \$35 billion that the Liberals have had in surpluses, year after year, \$9 billion, \$10 billion, \$11 billion of surplus, and that is absolute robbery.

What they should do, and I have always argued this, is have a line item in the budget of how much they are going to pay down on the debt, how much there will be for the debt repayment plan, and then collect that much in taxes.

If they put the money back in the pockets of low and middle income Canadians, if they gave hard-working Canadians a little more disposable income, gave them some freedom and choices as to how to spend that money, the economy would rise, Canadians would be better off, there would be jobs for people. Unfortunately the government thinks that it knows best, that it wants to take every thin dime it can get out of the taxpayer, and that it should decide how to spend it.

• (1710)

Another sore spot for people in western Canada is airport rent. Some airport authorities, like the one in my riding in Victoria, are paying outrageous amounts to the federal government in airport rent. Some could say they signed an agreement. They are paying almost \$1 million a year. Airports of virtually the same size, like the one in St. John's, are not paying a dime, not one thin dime. Members opposite know it.

Vancouver, Victoria, Edmonton, and Calgary airports are paying outrageous amounts of airport rent to the federal government. I have been told that some of the airport rents, Calgary for example, could almost double. The rent could go up to almost \$40 million a year from around \$20 million right now. Yet other airports in the country have cooked up some kind of special sweetheart deal with the government where they are paying nothing. Where is the equity in that? It is incredible. These things need to be addressed so there is equity and fairness and people right across the country are treated fairly.

The Liberals wonder why they have very few members of Parliament from places like British Columbia and Alberta. It is because Liberals do not normally give those provinces the time of day. They almost treat them like they do not exist. The facts speak for themselves. British Columbia and Alberta are not treated equitably like every other place in the country.

Hopefully at some point in time through the budget process we will see genuine reductions in taxes for low and middle income families. The Conservative Party of Canada put forward an amendment to the throne speech. The government needs to implement it so there is meaningful change.

Hon. Wayne Easter: We already did that. That was the biggest tax cut in Canadian history. You guys voted against it.

Mr. Gary Lunn: The member opposite said we have had the biggest tax cut in Canadian history, Mr. Speaker, but what he did not tell us was that the government raised fees and a number of other taxes so there was a net loss to the taxpayer.

Canadians are not better off. Their disposable income, their buying power, is less today than what it was five years ago. It is less today than it was 10 years ago when the Liberal government took office. Canadians do not have the same amount of buying power for their dollar as they did when the Liberals took office.

It is important that we start making real progress in some of these areas. The government needs to take heed of some of this stuff. It actually voted in favour of this. Hopefully when we see the full implementation of the budget, we will see tangible tax cuts that will make a difference, that will be measurable, that will not be swallowed up in other fees.

Another Conservative Party amendment to the throne speech was that the government tell the truth in its budget forecasting. I urge the government to look at some of the amendments to the throne speech. Tell the truth in government budget forecasting. Let us reduce taxes for low and modest income families. Let us ensure that employment insurance funds are only used to benefit workers. All these things need to be implemented.

The government supported the amendments to the throne speech put forward by the Conservative Party of Canada. Liberals supported it in the House. Hopefully they will finally show us that their vote in this place is meaningful and we will see true implementation of these numbers.

• (1715)

Mr. Rob Anders (Calgary West, CPC): Mr. Speaker, my hon. colleague mentioned the gun registry and the lack of priorities and misplaced priorities of the government.

When we run the numbers for the \$2 billion that the government has spent on the gun registry, I think of all the repeat offenders, the rapists and the murderers who could have been kept in jail longer and should not have been allowed early parole. I think of the extra police officers who could have been put on the street. I think of the ways we could have stopped drugs from being pushed on our kids. I think of all the great things that type of money could have gone to in our justice system, but it did not.

Hon. Wayne Easter: Mr. Speaker, on a point of order, the member used the figure of \$2 billion and he knows it is \$1.1 billion.

*Government Orders***ROUTINE PROCEEDINGS***[English]***COMMITTEES OF THE HOUSE**

PROCEDURE AND HOUSE AFFAIRS

Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I move that the 20th report of the Standing Committee on Procedure and House Affairs be concurred in.

(Motion agreed to)

GOVERNMENT ORDERS*[English]***BUDGET IMPLEMENTATION ACT, 2004, NO. 2**

The House resumed consideration of the motion that Bill C-33, a second act to implement certain provisions of the budget tabled in Parliament on March 23, 2004, be read the second time and referred to a committee.

Mr. Gary Lunn (Saanich—Gulf Islands, CPC): Mr. Speaker, I want to respond to the question from my hon. colleague from Calgary with respect to the gun registry but I first have to comment on the intervention by the former solicitor general from Prince Edward Island. He used the number \$1.1 billion. I acknowledge that there are other numbers out there, some as high as \$2 billion, but I would be embarrassed to stand up and admit that I spent \$1.1 billion on a database for law-abiding citizens in this country.

What could that money have been used for? In my hometown of Sydney, British Columbia, we have an RCMP detachment that has usually been about 20% short of officers. I know they are training more at Regina now but for years and years the government cut the RCMP training academy to the point that we were not able to fulfill the RCMP positions across the country. We could put more police on the streets.

How can the government spend \$1.1 billion on the most useless registry that makes not an iota of difference and then try to spin it by saying that it does not want people carrying guns on the streets? Nobody on this side wants that either. People never did before they had this registry. It is not the Canadian way and it would never be accepted.

However, then, after spending \$1.1 billion, to add insult to injury, the government wants to crank out another \$120 million. At some point in time the government should cut its losses and admit that it did a stupid thing and that it was a really bad idea.

But, no, the Liberals try to torque and spin this issue so that it is all about people not walking the streets with guns, which is ridiculous. As I said, not a Conservative member of Parliament wants anyone walking around on our streets with guns.

The people the gun registry impacts are farmers who have rifles. My father was an avid outdoorsman and when I was a child he would take me grouse hunting. He was a judge for 30 years and I remember him having to register his firearms. He said that it was the most ridiculous thing.

Mr. Rob Anders: Mr. Speaker, if that hon. member wants to draw attention to the fact that the government said it would only be \$2.2 million and he is admitting \$1.1 billion and there are a lot of other estimates that put it up to \$2 billion, that is his fault, not the fault of anyone on this side. He is the one who should be ashamed for having wasted that much money.

I would like the hon. member who just gave his speech, as opposed to the interrupter on the other side who cannot get his numbers straight, to respond to the idea that the \$2 billion could have been used to prevent real crime instead of going after duck hunters and people who had firearms as holdovers from the war in Korea or World War II and forcing them to go through all the loopholes to register their guns or be penalized.

I know people who have been waiting for years to qualify because they have not received proper service through that registry.

I would like the hon. member to address what could have been the case had that money been spent wisely.

Hon. Don Boudria: Mr. Speaker, I rise on a point of order, and I apologize to my distinguished colleague. There have been discussions among House leaders concerning a report that was tabled by the procedure and House affairs committee a little earlier this day and if you were to seek it, I believe you would find consent for concurrence in the 20th report of the Standing Committee on Procedure and House Affairs.

The Acting Speaker (Mr. Marcel Proulx): Is there unanimous consent?

Mr. Paul Szabo: Mr. Speaker, I was in attendance when we reverted to tabling that report but at the time it was simply described as some report on regulations. There was no indication as to what specifically the report is.

I assume the member is now asking that we revert to committee reports in order to move concurrence in a report, the content of which we know nothing about.

The Acting Speaker (Mr. Marcel Proulx): The hon. member for Mississauga South will recognize that we have a request to verify if there is unanimous consent for this procedure.

Does the hon. member for Glengarry—Prescott—Russell have unanimous consent?

• (1720)

Mr. Paul Szabo: Mr. Speaker, I wonder if the member could advise the House on the nature of the items in the report.

The Acting Speaker (Mr. Marcel Proulx): Let us please get back to my original question. Does the hon. member for Glengarry—Prescott—Russell have unanimous consent?

Some hon. members: Agreed.

Government Orders

I am absolutely amazed. I always thought it might have been the former prime minister's pet project. I thought the current Prime Minister would actually see the light and say that the money should be put into law enforcement or into our health care system where people have been struggling. The money could be put to good use in so many other areas but, no, the government continues to pour more and more money on top of bad money already spent and it is not making any difference.

I would urge members on the other side of the House, at the first opportunity they have, to kill the funding for this incredibly wasteful program

Mr. Rob Anders (Calgary West, CPC): Mr. Speaker, this is once again misplaced priorities. Last year the government gave \$50 million in aid to the People's Republic of China. That money is now being used to make offers to buy our mining companies. It is money that supports a regime that has egregious human rights violations, that uses and abuses children. It does all sorts of nasty things to Falun Gong practitioners and then goes ahead and commits cultural genocide against Tibet. The government is giving money to a regime that is corrupt.

How can the government justify taking hard-earned Canadian tax dollars and giving it to a government that abuses its own citizens, abuses other citizens and tries to abuse our own?

• (1725)

Mr. Gary Lunn: Mr. Speaker, being the caring and compassionate nation that we are, we do give out foreign aid I think we do a very good job around the world, but we could do a lot better. I think we should be tying the money to results.

Where there are oppressive regimes, where there are dictatorships and places for abuse and the money is not being spent the way it is supposed to be, we should be tying foreign aid to results. We have many examples of where that is not being done now and we need to look at that.

It is all about accountability and results. It is all about doing follow up to measure those results. When we send money we should ensure that it is actually helping the people it is intended to help, that it is not being swallowed up in administrative programs or bureaucracies or being used by various oppressive regimes or dictators.

There are regions throughout Africa that have horrendous human rights records. We are caught in a little bit of a catch 22 situation because some of the people in these countries live under terrible conditions. At the same time, it is our duty as a government to ensure that we take every step possible to ensure we see results.

Mr. Rob Anders (Calgary West, CPC): Mr. Speaker, I will probably wind up being the last speaker before we break for Christmas so I want to make this speech about the Canada that could have been and the Canada that should be.

First, we should look at the problems the government is embroiled with. When I look at the bill, I see that it is all about taxation and priority. I look at the terrible tax and spend record of the government where it gives away hard-earned Canadian tax dollars to regimes that abuse their own citizens, abuse their children and do all sorts of nasty things with slave labour conditions, et cetera. Our government

rewards those people for bad human rights practices by taxing Canadians in order to give aid to thugs.

Second, the Liberals suffer from elitism. They have a cabinet that disregards a lot of what their own backbenchers have to say on things. I think of the Minmetals deal. I know the cabinet is in favour of it but I also know a lot of people in their caucus do not want to see Canada's resources sold to a regime, which uses slave labour and has committed egregious human rights abuses, so it can go ahead and further its agenda.

Third, the Liberals suffer from top down problems as well. We have the Prime Minister's handlers who abuse and mistreat MPs and disregard them. I have heard complaints from many of the MPs across the way on the green buses as we travel about this place. They suffer from that too.

That brings me to my fourth point, which is the arrogance that is suffered on the other side. I look at the sponsorship scandal and how the Liberals can stand up day after day and defend tens of millions, hundreds of millions of dollars that were spent to advance their own aims and own little political agenda and how they lined the pockets of their friends and gave payola to their cronies.

Fifth, they suffer from broken promises on the other side. The Prime Minister promised there would be 5,000 new troops for the Canadian Forces, but he stood in the House today and on many days in the past defending the fact that they will not be putting those soldiers forward. We have many people, some being my former staff, serving in Afghanistan who are overworked, tired and do not have the equipment and the government chintzes them right, left and centre.

Sixth, the Liberals also suffer from being out of touch. They want to give the Governor General all sorts of ridiculous amounts of money so that she can gather dozens of her friends and fly to Russia to try to twist Vladimir Putin's arm. Can hon. members imagine the ludicrousness of that. The idea that government wanted to give Adrienne Clarkson, our Governor General, millions of dollars to twist a former KGB agent's arm on the idea of Kyoto by bringing artists to Russia is obscene.

I want the hon. minister who is heckling across the way to think of the millions of dollars that were spent on that and what that could have done for Canadian kids and for housing. It would have gone much further than housing the Governor General in Russia.

I come to the seventh point and that is the failed policies of the government. Over the last 30 years, we have seen the government pull funding from things that are core functions of government only to waste it on things that are non-core functions of government. I think of the RCMP. The Liberals have sucked money out of the RCMP and have deprived the RCMP of the resources to crack down on crime and do their jobs. To what end?

That only covers seven of probably fourteen points that I have, but my time is up. We will continue in the new year and I hope the priorities of the Liberals will change over Christmas.

PRIVATE MEMBERS' BUSINESS

● (1730)

[*English*]

PENSION OMBUDSMAN ACT

The Acting Speaker (Mr. Marcel Proulx): Order, please. I wish to inform the House that there is an error in today's order paper. Two identical private members' bills appear on the list of items outside the order of precedence under the private members' business section of the order paper.

Bill C-228 establishing the pension ombudsman act, standing in the name of the hon. member for Winnipeg Centre, was introduced and read the first time on Monday, October 18, 2004. Yesterday, Bill C-320, a bill identical to Bill C-228, standing in the name of the hon. member for Winnipeg North, was introduced and read the first time. Only the first such item should have appeared on the order paper. I am directing the Clerk to remove Bill C-320 from the order paper.

I regret any inconvenience this may have caused hon. members.

It being 5:31 p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

* * *

INCOME TAX ACT

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.) moved, seconded by the hon. member for Lethbridge, that Bill C-273, an act to amend the Income Tax Act (deduction for volunteer emergency service), be read the second time and referred to a committee.

He said: Mr. Speaker, it is with great anticipation and a little excitement that I stand to speak to Bill C-273, a private member's bill which is being put forward and co-sponsored by my colleague from Lethbridge here in the House.

I want to recognize as well the work that has been done by my friend and colleague from Malpeque. In the 37th Parliament, the member for Malpeque put forward a similar piece of legislation toward recognizing the volunteer contribution of volunteer firefighters and first responders. At that time, I was the seconder of his bill as it went forward. Unfortunately, the bill died on the order paper. That piece of legislation died with the last Parliament.

However, the significance and the importance of the contribution that volunteer firefighters play within our communities, especially the rural communities across this country, have not died. The intent of this bill is to recognize the special status they hold within our communities, the important role they play and the sacrifice they make.

It is with that spirit of cooperation with the member from Lethbridge and the member from Malpeque, as well as in the conversations we have had throughout this House with members from all parties, really, who have recognized the importance of such legislation, that we go forward with this debate.

Private Members' Business

In order to understand the importance of the bill I think we first have to recognize the contribution of volunteer fire departments around our country.

Within many cities, services are provided by paid firefighters. In rural communities and smaller towns and communities, we do not have access to the same revenue or the same funds. For the most part, those services have to be provided by volunteers. Those of us who live in rural communities are very fortunate that there are these men and women who give of themselves to make sure that those services are provided to rural communities.

In my own constituency of Cape Breton—Canso, I have over 50 small volunteer fire departments dotted along the coast, from Cheticamp to Donkin and from Louisdale to Louisbourg to Canso. They are all different communities, but what we see is that their volunteer fire departments are really the heart and soul of those communities. We see it in so many different aspects of community life. If we go to any community festival during the summer, we see that it is the volunteer fire departments that are usually the ones carrying the mail and pulling the cart at the community festivals.

Where I have my office in Dominion, Nova Scotia, there is a great volunteer fire department. We have a seaside day celebration there with a spectacular fireworks display. Work is put forward by the volunteer fire department on that display, not only in raising money to put on the big display, but in actually putting in the volunteer training hours to get certified and then on the night of the celebration actually do the firing or the discharge. It is like a war zone down there, but the celebration is one that is enjoyed by the entire community and certainly beyond Dominion.

This past weekend I was in Glace Bay for the volunteer fire department's Santa Claus parade. Everybody in the community comes out and supports it. Those hours put in by those volunteers I think should be recognized.

Volunteer firefighters go far beyond just these community events. There is education. We see the firemen going into classrooms for preschoolers with their colouring book programs and their various initiatives to educate young children about "stop, drop and roll". The firefighters take on these initiatives all the time. Different communities put forward different programs. But it is all time and all hours and time away from their families; it is all part of their commitment to that fire department.

Of course there is the training, because we want our firefighters and our emergency responders to be trained. In that way they at least reduce or limit the amount of risk they place themselves in when they actually have to respond to an emergency. It is those hours of training that I think really have to be recognized as well.

● (1735)

In most rural communities, I think, the fire departments receive some type of support from their municipalities, from their regional municipalities or their towns or counties. That is all well and good, but for the most part the firefighters have to go beyond that and they have to raise their own money for their own safety gear. It could be bunker suits or breathing apparatus. In a lot of cases, it is the actual fire trucks. They have to go out on an ongoing basis and do this.

Private Members' Business

We just had the dedication of a fire truck in one of the communities, in Bateston, where the community really rallied around the initiative. The Cape Breton Regional Municipality contributed a fair amount, about half, and the community raised the rest of the money. It was a significant undertaking.

I also have the Grand Lake Road volunteer fire department in my riding. It has adopted something that is really very novel. They have a number of very skilled welders, plumbers and tradesmen. They actually have started retrofitting old fire trucks and building new fire trucks. They sell them and the money they get is put into their own operation. It goes back into the department. It is very novel and it is really providing a great service to the other departments in my constituency.

When we talk about tax concessions for volunteers, I think it is important to note as well that in no way is this a slight against any other volunteer sector. I ask members to please understand that this is not a slight against any other volunteer sector, against the canvassers and the Cubs and Scout leaders; I have coached a fair amount myself in hockey and soccer. I think they are all noble undertakings. I think they are all important. We are very fortunate to have people who come forward to volunteer their time.

But let us identify the significance of the volunteer firefighter. Let us realize that firefighters go beyond what is asked of a normal volunteer. They place themselves in danger on an ongoing basis, on a regular basis. They place their own safety and well-being at the rear while they try to provide for somebody else. When everybody else is running out of the building, these are the guys who are running into the building. That is why they stand apart. That is why they deserve to be recognized.

That is what this bill is about. That is why we want to recognize their special contribution.

I do not think we can underestimate what we ask of these people. They place their lives on the line and in danger. Quite often the outcomes of these tragedies that these everyday men and women must face are tragic. We have fishermen, farmers, mechanics and plumbers, whatever they are in the community, who come forward and are asked to go face to face with a fire. Sometimes the outcomes of those situations are tragic.

Two weeks ago, the small department in Mabou had a fire related death. In Glace Bay back about a month and a half ago, we lost a grandmother and grandchild. These volunteers are the people who have to go in and gather the remains. They are the ones who have to go into the buildings and hear the cries.

Mentally and emotionally, these volunteers stand apart from others. As noble as other volunteers might be, they are not the same. Volunteer firefighters stand on a piece of real estate that is pretty exclusive. That is what we hope to do with Bill C-273. The intent of the bill is to recognize that departure.

I was in Port Hood, Nova Scotia, for an awards ceremony back two weeks ago at the volunteer fire department. I was invited by their chief, Donald Frances Beaton, to be part of their awards ceremony. As I walked in, Clarence Cameron, a long-time member of the department, pulled me aside and we entered into a discussion. The

news had just been released that this private member's bill was coming forward.

● (1740)

Clarence and a couple of the other guys told me that a provision like this, in the Income Tax Act, had been talked about in Port Hood 15 years ago. The merit of this cannot be questioned; it is the circumstances around that. I think members on both sides of the House recognize the wisdom of the Clarence Camerons and the D.F. Beaton and see that these volunteers deserve special recognition.

What would Bill C-273 do? With any bill we want some intended outcome. In the rural communities in my riding young people are moving to bigger centres for employment opportunities, educational opportunities, or new experiences. There are fewer bodies to get the job done back at home, and that is really unfortunate.

Our volunteers are getting a bit older and we are asking a bit more of our more senior firefighters. They have to ask themselves how much longer they can stand in. Hopefully, my bill would retain some of those firefighters. I am going to put forward an amendment in a short while that will add some numbers to this even though they are only small amounts.

The other aspect of this involves some of the younger people in the community. There is so much to do. Young couples have a lot on the go, chasing their children around. I have three boys myself and I know how busy it is at home. There has to be some type of incentive. Hopefully, this recognition within the Income Tax Act would help recruit some new bodies to become volunteer firefighters.

I want Bill C-273 to recognize and reward those who are going to be there anyway, the people, the heart and soul, the guys who can be counted on to be at every fire and every function, and not miss a training session. These are the people who continue to put the fire department right after their family. We must reward them. There are three things we want the bill to do: retain, recruit and reward.

Mr. Speaker, I hope that you will find unanimous consent for the following amendment. I move:

That Bill C-273, an act to amend the Income Tax Act, be amended by replacing in the bill, 50 hours of volunteer service with 100 hours of voluntary service; replacing 100 hours of voluntary service with 200 hours of voluntary service; replacing the amount of \$500 with the amount of \$1,000; and replacing the amount of \$1,000 with the amount of \$2,000.

The substance of the bill itself is unaltered. Only the hours of service and the dollar values are increased.

● (1745)

[*Translation*]

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Mr. Speaker, I have a question for the hon. member for Cape Breton—Canso. His presentation focussed mainly on volunteer firefighters. But the legislation deals with those who perform volunteer service as ambulance technicians, firefighters or persons who assist in the search and rescue of individuals or in other emergency situations.

I must tell the hon. member that the Bloc Québécois will support this bill, because good measures are being put forward. We must not, however, forget the situation where, in disasters like the ice storm in Quebec and the floods in Saguenay, large numbers of volunteers are mobilized. In Saguenay, there were 1,800.

I would like the hon. member for Cape Breton—Canso to tell me what control measures he is considering putting forward. We know that, to claim a deduction on their income tax returns, volunteers will no doubt have to provide proof of the number of hours of volunteer service. These control measures will have to be simple, uncomplicated and relatively hassle-free. Under the bill, I also know that the municipality or other appropriate authority will probably have to prepare a report or sign some document.

I would like to hear the hon. member for Cape Breton—Canso on the types of control measures that could be put forward. Hopefully, they will be as simple as possible, for the benefit of the public.

• (1750)

[English]

Mr. Rodger Cuzner: Mr. Speaker, I would like to thank my colleague from the Bloc for his intervention and his question.

The one thing that we do not want to do is create additional stresses or pressures, or complicate things for the local volunteer fire chiefs. We think that the tax aspect of it can be done with an attachment to the regular income tax form that can be filled out and signed off by the fire chief.

We think there may be an incentive here as well. Things vary from department to department, but there is always that solid core of volunteers that one can count on and that a chief can count on. So maybe now the chief holds a bit of a hammer. When we are looking for volunteers to turn out, to train or take part in whatever function it might be, the chief then holds some type of carrot or whip to ensure that the participation is there.

For the most part these elected fire chiefs, more often than not, are men of integrity and honesty. They will see the merit in this. They will see that it is to the benefit of their department. They will work to ensure that the rules and regulations are complied with.

It is important and I agree with my colleague from the Bloc that it must be simple, concise, and an attachment to the income tax form.

The Acting Speaker (Mr. Marcel Proulx): Does the hon. member for Cape Breton—Canso have the unanimous consent of the House to propose the amendment?

Some hon. members: Agreed.

The Acting Speaker (Mr. Marcel Proulx): The House has heard the terms of the amendment. Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

(Amendment agreed to)

The Acting Speaker (Mr. Marcel Proulx): The chief government whip on a point of order.

Private Members' Business

ROUTINE PROCEEDINGS

[English]

COMMITTEES OF THE HOUSE

AGRICULTURE AND AGRI-FOOD

Hon. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, I move:

That, in relation to its study on the avian flu situation, eight members of the Standing Committee on Agriculture and Agri-Food be authorized to travel to Abbotsford, B.C., from January 17, 2005 to January 19, 2005, and that the necessary staff do accompany the committee.

Conversations have taken place, and I believe that if you were to ask it, you would find unanimous consent for this motion.

The Acting Speaker (Mr. Marcel Proulx): Does the hon. member have the consent of the House to move the motion?

Some hon. members: Agreed.

The Acting Speaker (Mr. Marcel Proulx): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

PRIVATE MEMBERS' BUSINESS

• (1755)

[English]

INCOME TAX ACT

The House resumed consideration of the motion that Bill C-273, an act to amend the Income Tax Act (deduction for volunteer emergency service), as amended, be read the second time and referred to a committee.

Mr. Rick Casson (Lethbridge, CPC): Mr. Speaker, it is a pleasure to rise after passing the amendment. We have a Liberal sponsor and a seconder from the Conservative Party, and the Bloc has already indicated that its members will support the bill. I am sure the NDP will as well. The hon. member is indicating that.

This may very well become law. That is something, because in the last Parliament, the member for Malpeque had a private member's bill that did not make it to the floor of the House. I did have one. It was somewhat different from this, but it lost by three votes, 96 to 93. It was a sad day in the life of volunteer firefighters. However, we have come a long way since then. The cooperation that exists in the House with the present government will create a truly valuable piece of legislation and recognize a special group of people in Canada who truly do need recognizing.

Private Members' Business

The last time I spoke to this matter was when I had my bill before the House a couple of years ago. At that time I said there was a group of unselfish, dedicated Canadian men and women who lay down their lives on a volunteer basis every day for their fellow man and they needed to be recognized in a concrete way for what they gave to society as a whole. When we give to society as a whole, I believe it is society as a whole that should recognize that contribution.

Through the amendment to the tax code, that is exactly what will happen. Canadians in a general way will be able to recognize the contributions of volunteer firefighters and emergency responders.

I had an issue with the amendment that was brought forward. I tabled a bill earlier, but it is not in the rotation yet. The standards that I had were somewhat different from this, and the dollar value was different. The bill that was previously tabled by the member for Cape Breton—Canso was also somewhat different. To do the best for the firefighters and emergency responders, we have agreed to meet in the middle. That was a major step to making this happen today. I know there is a long way to go. I hope the government will last long enough to get this through. I am almost tempted to ask for the motion to see it through all stages at this point, but I am not sure that would happen. I do not want to jeopardize the bill in any way.

The preamble of my bill states that the deduction should apply to income from any source. I know that is the intent of the mover of the bill on the government side of the House. I want to ensure that point is taken.

This was a situation I found myself in when I was a volunteer firefighter. I was a volunteer firefighter for 17 years. We did not draw an hourly wage when we were practising or firefighting, so we had no income. There was a tax deduction at that time of \$500 based on the income that we earned as volunteers. However, that aspect of the bill says that it applies to any income from any source. Therefore, it can be used on income from a person's regular job.

That will truly be a benefit to volunteer firefighters, emergency responders and their families. Speaking from experience, when one is a volunteer firefighter, it is a family issue. When there was a call, I would roll out of bed. It could be 3 a.m. and 32° below zero outside. Most of the time when I got out to the driveway, my car was started. I do not know who did that, but I think it was my wife. She would go out ahead of me to get things rolling. The stress and the angst that exist in that atmosphere, when we are out protecting other people's property and lives, is shared throughout the family.

I am grateful to have been the co-sponsor the bill and to get up to speak to the amendment which was passed.

The member for Cape Breton—Canso spent some time in western Canada, and he learned a few things there. However, he went back to his roots in Cape Breton, and that is from where he is promoting the bill.

It is truly a national issue. The last time I dealt with this, I sent out letters to every fire department in Canada. The response I got back was encouraging. One thing I tried to point out was fire departments and rescue teams were having trouble attracting volunteers and retaining them. The amount of training it takes in this day and age to fight the type of modern chemicals and building materials is incredible. The amount of training it takes to be an EMT and to go

out in ambulances is incredible, and it takes a huge amount of dedication.

We have said that if a person puts in hours training or on actual duty, those hours combined should be applied toward the tax deduction.

● (1800)

I want to read one letter I received from a firefighter the last time that we debated this. This comes from the village of Nobleford from Marvin VandenHoek. He is on the Nobleford volunteer fire department and he sums it up pretty well. He said:

I would just briefly like to express our support for [at that time] Bill C-325 regarding the amendment to the deductions that can be claimed by volunteer emergency services personnel. As a member of a small town fire department, I know first hand how much we do to provide this service to our community. Although we do it primarily because we enjoy it, it takes a tremendous amount of time and dedication to keep everything operating smoothly. There is no such thing as doing a half job in this service. People are depending on us and often trust us with their lives. Also, because the service is becoming more and more complex, it is becoming increasingly difficult to recruit new members. We need ways to encourage people to join. Therefore since we are, in essence, providing a public service free of charge, I sincerely believe that the government of Canada should be doing everything in its power to enable us to continue.

That pretty much sums up my feelings on this issue. I think it is something that Canadians in general need to recognize.

Regarding the issue of the cost to the treasury for this, there were different numbers thrown around last time. I disagreed with the numbers that the government came up with as to how many volunteers would qualify and what it would cost. We do not know how many will meet the criteria of the bill. We do not know what tax bracket most of them are in, so we have no way of quantifying that. However, if we look, in comparison on the other side of the ledger, at the value of the service they provide this country free of charge, it is absolutely astronomical.

The emergency responders is only one sector of volunteerism in the country. My colleague alluded to the fact that this is not putting down any of the other volunteer work that goes on in Canada. Without them, the country would grind to a halt. People are out there day after day supporting the Heart and Stroke fund, the Kidney Foundation, juvenile diabetes, all these issues. These people do a tremendous job.

If we can get this aspect through, I believe a vast number of Canadians will be safer in their homes. They will be protected by people who not only have the dedication and the heart to do that job, but they have the wherewithal to do it. They will have the proper training and equipment.

Private Members' Business

Volunteer firefighters in every one of our ridings raise funds for all kinds of things. People in my town of Picture Butte have raised funds to buy a Zamboni for the skating rink. They have raised funds to buy their own trucks and equipment such as the jaws of life. All that fundraising went on within the community. Whenever people in the community have a project they want help with, the first stop is at the volunteer fire department to get that association onside. They know it has the ability, the desire and the understanding of what it takes to make a strong community, by working together and looking out for each other. The firefighters get out and do those jobs.

I am very pleased with what has happened tonight. I know we will be hearing more on this from the government. I encourage the government to support this initiative. It is doable.

My friend from the Bloc asked about the procedures that it would take to get this done. They are already in place. All the organizations keep track of time and their members. They know how many hours are put in by each individual. If those are given to the municipality or the association in charge, it is a simple thing for it to issue certificates and put them in with their tax rolls. It is not a complex issue, and it is very much needed.

I look forward to moving on this. It would be nice if we could move through all stages tonight, but I do not think we will push for that. When this comes back for second reading, and I believe this feeling of support exists throughout the House, maybe at that time we could ask for a motion that would see the bill go through all stages immediately.

• (1805)

[*Translation*]

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Mr. Speaker, I will make it clear from the start that my party, the Bloc Québécois, is in favour of this bill introduced by the hon. member for Cape Breton—Canso. We support it because we feel these are good measures. I would be surprised to see opposition from the members of this House to a bill that is so worthwhile to those who get involved on a volunteer basis in emergency situations or disasters.

I will be telling hon. members about two disasters, one I experienced in Saguenay, and the other the great ice storm of 1998.

I hope that this legislation will also apply to those who volunteer during disasters, such as the 1996 floods we experienced in the Saguenay. I had a very close connection with this because I was a manager for the Ville de Chicoutimi at that time, with responsibility for emergency measures.

Official bodies like public safety agencies or the Red Cross cannot always respond to the needs of disaster victims. When disaster strikes, volunteers provide the public with reassurance as well as ensuring their safety.

I have seen victims with my own eyes, the ones accommodated at the Chicoutimi campus of the Université du Québec, which was the command centre for our flood situation, the Saguenay flood, the ones sheltered in the schools. I have seen vast numbers of them, people who have lost everything to the flood, people who had to be evacuated as a precaution, and others who had to be relocated. A whole army of volunteers was there to help them.

During the 1996 floods, the Red Cross directed the work of some 180 volunteers. I might point out, speaking of the Red Cross, that somewhere in Quebec, at least twice every day, the Red Cross intervenes in some emergency situation.

There are other organizations, such as the St. Vincent de Paul Society, whose 600 volunteers provided approximately 175,000 hours of assistance to the flood victims. Then there were the bush pilots, the divers, the ham radio operators, who turned out to help

As a result of this ecological disaster, the Saguenay region—because this was the area most hit by the flood—found itself with 16,000 people who needed to be fed, housed and even clothed. Such a huge task requires committed volunteers, citizens who want to help their community.

There was also another crisis: the ice storm we went through in Quebec in 1998. That is another example that illustrates the importance of volunteer work in emergency situations. Through their dedication, magnificent work and commitment, the 2,000 Red Cross volunteers were able to meet the many needs of those who were affected by this disaster. This event confirmed the theory that without volunteers, we would be nowhere.

• (1810)

I can attest to that. This happened, not only in my region of Saguenay—Lac-Saint-Jean, but in the region of Montérégie and in greater Montreal. In my region, several hundred volunteers took part in the huge collection of firewood to help the victims of the ice storm that hit part of Quebec. Several thousand cords of firewood were delivered to these homes for heat because there was no electricity.

Volunteers who give their time in emergency situations do so in order to help out their fellow citizens. They do so for humanitarian reasons and to help their community. However, we know that volunteers end up using their own money in these situations. Bill C-273 provides for the reimbursement of some of the expenses these volunteers incur to help disaster victims.

All that explains why we support Bill C-273. I have here a letter sent to me by the Red Cross director general in my riding, Mr. Donald Harvey. He supports this bill and he claims that it will encourage more people to help in search and rescue activities or in emergencies or disasters. I agree with him.

This bill will also make it possible to help citizens who are struggling with special problems that require an intervention by civil defence.

This involves a legitimate form of compensation. We can even suppose that it will encourage Quebecers to volunteer during search and rescue activities during emergency situations. This is a reasonable, compensatory, social measure contributing to public safety.

Private Members' Business

Earlier, I asked a question of the hon. member for Cape Breton—Canso who introduced the bill. I asked about control measures that should be in place from the start. I think it is necessary to set up simple and effective control measures. We must ensure that they are hassle-free.

The bill stipulates that municipalities must issue certificates confirming the volunteer hours worked. This should not be an extra burden on the already scarce resources of municipalities. The application of this bill should not generate too much work for those who have to write reports and fill in forms, nor should it force them to hire more staff.

The bill must not result in too many extra expenses for the citizens, municipalities or other appropriate authorities. Otherwise, we have failed in our objective. This was pointed out to me by a municipal representative who supports this bill and warned me about control measures.

Who does not know a volunteer personally? In my riding there was the flood; elsewhere there was the ice storm. I can say that in disasters and emergency situations, nothing gets done without volunteers.

In closing, Bill C-273 has as its goal the common good and it reflects the values the Bloc Québécois defends here in Ottawa. Thus, I would like to reiterate my support, and that of my party, for this bill, but emphasize that we want it to be simple and effective in its application.

• (1815)

ROUTINE PROCEEDINGS

[English]

COMMITTEES OF THE HOUSE

CITIZENSHIP AND IMMIGRATION

Hon. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, there have been discussions and I believe you would find unanimous consent for the following motion:

[Translation]

That, notwithstanding the motion adopted by the House on Wednesday, December 8, 2004, that the Standing Committee on Citizenship and Immigration be authorized to travel to Winnipeg, Regina, Calgary, Edmonton, Victoria, Vancouver, Toronto and Kitchener—Waterloo, it should read “in April 2005” and that the necessary staff do accompany the Committee.

The Acting Speaker (Mr. Marcel Proulx): Does the hon. member have the unanimous consent of the House to move the motion?

Some hon. members: Agreed.

The Acting Speaker (Mr. Marcel Proulx): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

PRIVATE MEMBERS' BUSINESS

[English]

INCOME TAX ACT

The House resumed consideration of the motion that Bill C-273, An Act to amend the Income Tax Act (deduction for volunteer emergency service), as amended, be read the second time and referred to a committee.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, I thank the House for the opportunity to speak to this very special bill. I also commend my colleague from Cape Breton—Canso for bringing forward this initiative.

As my colleague from Alberta rightfully mentioned, this bill was debated in the House before and I agree with him that it is most unfortunate that it was four votes shy of a victory. Why it did not pass, I will never know. I know how mildly upset the hon. gentleman was at that time, but he has a good-natured temperament and as Saskatchewan beat Edmonton in the last playoff game, he understands defeat. However I know he is a very happy man today because he is a very strong advocate for our firefighters and first responders.

Again, I thank the hon. member from Cape Breton. I also thank my colleagues in the Bloc for supporting this initiative.

One of the things that is overlooked tremendously is when firefighters, especially those who are volunteers have basic training every Tuesday night. In Fall River where I live every Tuesday night the firefighters get together. They practise, train and do a great job. They truly love what they are doing. That applies to all the firefighters at the other community halls throughout the area I represent. They never know when that phone call is going to come in or when that bell is going to ring.

I can only imagine in my greatest depth of fear what it must have been like in West Lincoln when Mark Woerlen lost his wife and seven children in a house fire. I pray to God that no one on the planet ever has to go through that. It was tragic for the family, and we extend our condolences to the family, we can never do enough to offer our sentiments for their grief. The first people on the scene, the first responders, were firefighters. Imagine the horror they must have felt.

This bill will assist them financially and will recognize their sacrifices in terms of the hours they put in, but it will never replace the horror that they feel. I mention this because we should be concentrating on further assistance for firefighters when it comes to incidents of that nature.

Every day in this country three people die from a fire, either in their home, their business or their vehicle. Usually the first people on the scene are first responders, firefighters, search and rescue, people of that nature. It takes a unique and very brave individual to enter a building when everyone else is leaving.

We only need to reflect upon what happened in the United States on September 11. We saw the firefighters and the other first responders. We heard the stories of what they did.

This is a bill that we wholeheartedly support. We are very glad to see it. We hope that we can move this bill forward very quickly. With cooperation from the four parties there is no reason it cannot be fast tracked to third reading, sent to the Senate and make it happen very soon.

I also have a private member's bill that recognizes volunteers. Volunteerism in Nova Scotia alone is a \$2 billion activity. Some \$2 billion of economic activity is driven by volunteers alone.

According to my bill, people who volunteer in a registered organization such as the Lions Club, Kiwanis, a church or the legion and who put in 250 hours a year or more should be able to claim a \$1,000 tax deduction.

I am very hopeful with the passing of this bill in the very near future that we can quite possibly revisit the other volunteers who are out there, such as the people who volunteer with Meals on Wheels.

Friends of mine in Sheet Harbour, Nova Scotia are with the Lions Club and they drive people all the way into Dartmouth and Halifax for their medical appointments, shopping and so on. They do not ask anything in return. They do not get a per diem for their mileage. They just do it out of the goodness of their hearts. That money comes out of their own pockets. They do it because it is the neighbourly thing to do. They do it because as the Lions Club says, "We are here to serve". They do not ask for anything in return.

I am hopeful that in the near future there will be an opportunity for us to stand in the House and recognize all the volunteers in Canada. I hope we will be able to offer them not only recognition but a financial consideration with regard to their income tax at the end of the year.

One of the nicest things about where I live in Fall River is I happen to know most of the volunteers at the Fall River fire hall. There is a fire hydrant right in front of my home which knocks \$10 off my insurance, thank you very much. The reality is I can sleep at night knowing very well that if anything happens to my neighbours or to me, almost instantaneously someone from that fire hall will be there to help us.

I have seen it happen many times in our area, be it a brush fire, someone who had a heart attack, someone who cut their leg with a chain saw. In any kind of incident they are always there to help. They do not ask any questions. It does not matter what the incident is. All they want to do is help. They do not ask for anything in return, except perhaps a cold beer and pizza after their training on Tuesday nights. That is something we can handle. They are some of our finest Canadians.

● (1820)

I want to say how proud the New Democratic Party is to support the bill. We also want to thank the hon. member for Lethbridge for his work in the previous Parliament. We thank the Bloc Québécois for its steadfast support. We also thank the member for Cape Breton—Canso. This is another great idea, although it might have been copied a bit, that comes from Nova Scotia. What else would we expect from a maritimer?

On behalf of the federal New Democratic Party we salute all the firefighters of this country. We hope for speedy passage of the bill.

Private Members' Business

At this time, Mr. Speaker, I would like to say Merry Christmas to you, all members of Parliament in the House and members of the Senate, all the pages, and everyone who works on Parliament Hill, and I wish everyone a very Happy New Year.

Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.): Mr. Speaker, it is a privilege to engage in debate today with my fellow hon. colleagues on the matter of Bill C-273 sponsored by the hon. member for Cape Breton—Canso.

It is a particular pleasure to have the member for Malpeque in the House tonight considering all the work that he has done on this matter in the past, as well as the member for Lethbridge. It is also a pleasure to have the support of the two other parties. Everybody is pulling in the same direction on this issue. It is nice to see this recognition of the work of volunteer emergency workers in our country.

As I understand the bill, it is supposed to provide a graduated tax deduction to qualifying emergency service volunteers based on the number of hours volunteered. Basically, the more they volunteer the more they would receive in tax assistance. Moreover, the deduction would be claimed against income from all sources. Let us look at what this means. It means that the number of hours these people would have to put in to start to touch back would be a minimum of two hours a week, essentially. These are people who give a lot of time.

I believe that all members of the House appreciate the valuable roll that volunteers play in our society and we are grateful for the unwavering dedication of volunteers who sometimes risk their lives to help their fellow citizens in emergency situations.

● (1825)

[*Translation*]

Indeed, these volunteers respond to thousands of calls each year and in doing so expose themselves to danger, such as going into a home engulfed in flames and filled with toxic smoke in order to rescue a fellow citizen or responding to a rail accident where there may be an explosion at any time.

[*English*]

It is plainly evident: these volunteers underpin the security and safety of our country and citizenry. They accept risks and dangers while gallantly performing their duties for the sake of protecting others. Their role is particularly important in many rural communities that are not in a position to have full time emergency service personnel, in handling extreme circumstances such as hurricane Juan, the ice storm, the floods in Quebec. We can talk about all of these and we can talk about the recent snow storm in Nova Scotia, when all these fire halls, these voluntarily operated fire halls, became EMO centres where people could find refuge and warm food.

We see many examples of things like that. These people are involved in emergency measures organizations within their communities, which goes beyond what they do regularly. We see them dispensing first aid.

Private Members' Business

[Translation]

It was entirely appropriate for the member of the Bloc Québécois to indicate that the bill does not concern only volunteer firefighters but other people too.

[English]

But let us just talk about firefighters. They take their first aid training and are ready to dispense first aid. They attend fires. As for fires, we can all imagine the burning house, but in my community in rural Canada volunteer fire departments attend weekly to chimney fires, which tend not to happen on nice warm summer days. Chimney fires tend to happen when there is freezing rain, snow and wind.

Search and rescue is another matter. Volunteer firefighters are always involved in search and rescue. It is not only the search and rescue personnel who are involved, but also the volunteer firefighters. Often they are first responders at accidents, and even if they are not designated as first response, they attend accidents. They have to get out of their homes and out of their businesses to attend.

We talk about their homes, but a lot of these people are small businessmen. They are tradesmen. They are plumbers or carpenters or electricians. They are service station operators who must leave their places of business and do their volunteer work.

We see them at community events quite often, events that are not emergencies. We do not see the gallantry at that time; they are parking vehicles so that we can have our fall fairs, our summer festivals and all these other things, so that they can raise a few dollars for their departments or assist the community. Again that is time away from their businesses, their leisure, their families and their other interests, time that they are dedicating to their community.

What do they do except put out fires and fight fires? They do training. It is important that they be properly trained and that they train the new recruits within their departments. They give a lot of time to that.

They also do fundraising. They do not necessarily depend on the tax base for all of their equipment. I just opened two new fire halls in my riding, in Wedgeport and in Little Brook, and most of the money was raised by these fire departments and their auxiliaries. They do all that in addition to training.

More important, and I think it was mentioned very well by the member from Lethbridge, who is, I understand, is a volunteer firefighter himself, it is a family contribution. It is not only a family contribution when there is an emergency, but a family contribution when there is a training night, when there is a fundraiser or when there is community event. One or two or both members of the family, the parents, are not there for their children those evenings or to do other family events. They are contributing to the community, so it is a cost to the family. It is a contribution to us.

Each Canadian who has been on the receiving end of the vital assistance provided by an emergency volunteer knows the value of their service and every Canadian should appreciate that one day that they may be the ones in need of help. Knowing that these volunteers are there gives us all great comfort and for that we should all be thankful.

This government knows that the safety and security of Canadians is an important issue. I have figures on the amount of money that is put into emergency preparedness and to security. They have been given in the House in many instances, so I will not repeat them.

[Translation]

The priority that the government gives to security is clear. It is also clear that the government agrees with the member for Cape Breton—Canso on the important role of emergency services.

Under the Income Tax Act, emergency service volunteers can receive tax-free compensation of up to \$1,000 from a public authority, which represents an increase of \$500 since 1998.

[English]

The measure that is now in place is reasonable. I will have to run through my notes because there is not enough time to do it all and there is a lot to say about this. What is being put forward is reasonable. I fully support the principle.

There is a question I must ask, which we must face in debate and which the committee will grapple with. Is this the best way? Is it too bureaucratic, as was raised by the Bloc? We will have to look at that. On the marginal rate, does it have the same impact for all volunteers? The marginal rate of taxation can be different, so is there a way that would have the same input? Not all volunteers pay taxes, so they would get no contribution.

Other volunteers in our community who contribute as much might not get similar treatment and we do not want to draw away from other services toward one where there might be a special treatment. I do not know that it would be an issue, but I think it would be important to hear this debate and hear from the committee.

I support the idea. I think it is a great idea. I look forward to the debate. I can assure the House that I will vote in favour.

• (1830)

[Translation]

The Deputy Speaker: The time provided for the consideration of private members' business has now expired, and the order is dropped to the bottom of the order of precedence on the order paper.

[English]

Pursuant to order made earlier today, the House shall now resolve into committee of the whole to consider the textile industry. I do now leave the chair for the House to go into committee of the whole.

GOVERNMENT ORDERS

[Translation]

TEXTILE INDUSTRY

(House in committee of the whole for consideration of a motion on the textile industry under Government Orders, Mr. Strahl in the chair.)

Hon. Jacques Saada (Minister of the Economic Development Agency of Canada for the Regions of Quebec and Minister responsible for the Francophonie, Lib.): Mr. Chair, I am pleased that the House is having this debate, and my first words will be for the people in Huntingdon who are experiencing today the anxiety of knowing that they will lose their jobs. My heart goes out to them not as a politician, but only as the father of a family, and I am wondering how it is possible to live through such hardships just before Christmas.

If I may, I will do tonight something I seldom do, that is being totally apolitical. I would like to deal briefly with the challenges ahead. What can we do to prevent the reoccurrence of similar events, and what can we do to help people affected by this?

Globalization is not just communications and knowledge but also includes trade. Globalization cannot be avoided, and it has consequences. To rise to the challenges of the 21st century, the Canadian textile and clothing industries are trying to adjust. Trade barriers are coming down, and international competition requires companies to broaden their horizons and explore new ways to do business, and to promote themselves and their products more effectively.

All industries are subject to this new dynamic. Of course, textiles and clothing are no exception. In this context, there are two key words: innovation and creativity.

We believe that the role of a responsible government, which in my opinion we are, is to support such innovation and creativity. I want to tell the House about various measures implemented over the past months. This matter is not new to us. We have been working on it for a long time already.

For example, on February 27, 2004, almost one year ago already, after having heard the recommendations of a joint industry-government task force, the former industry minister, now Minister of Intergovernmental Affairs, announced new measures to help Canadian textile and clothing manufacturers become more competitive abroad.

These measures, set at approximately \$53.4 million, include the allocation of \$26.7 million to CANtex, a three-year Canadian initiative to assist companies to enhance their productivity and improve efficiency, as well as reduce tariffs on imported fabrics used by clothing manufacturers.

If I mention CANtex, it is because, in Quebec, Economic Development Canada, my department, is responsible for implementing this program. It targets textile manufacturers that want to refocus their activities, lower production costs and increase productivity.

I just said so, but I will repeat that we all recognize the importance of fostering innovation and competitiveness in an increasingly

Government Orders

competitive world market. CANtex has been in operation since last October 13 and comes with a budget of \$14.6 million over three years for Quebec alone.

One project was approved in Quebec; 11 applications were received under the CANtex program; five information sessions were held to provide businesses with details on CANtex; sessions were organized in partnership with regional organizations. I am referring to those sessions held in Sainte-Marie-de-Beauce, Drummondville, Sherbrooke, Bromont, Montreal.

These measures designed to enhance the competitiveness of Canadian businesses build on the success of the Canadian Apparel and Textile Industries Program, or CATIP. This program is the result of the hard work of several parliamentarians. I would like, if I may, to name at least three, for obvious reasons that, everyone will agree, transcend political differences. They are, first, the hon. member for Ahuntsic, second, the hon. member for Beauce and, third, the hon. member for Brome—Missisquoi. Other members, from both sides of the House, have shown concern for these issues.

The CATIP led to the completion of 159 projects in Quebec. The Government of Canada contributed nearly \$9.5 million under that program, which generated \$28 million in investment and led to the maintenance of 12,000 jobs and the creation of a further 436 jobs.

• (1835)

To give a few examples of successes, first of all there is Régitex. Five years ago, Régitex Inc. in Saint-Joseph-de-Beauce was a small operation with a handful of employees producing leading-edge yarns for industrial, apparel and home furnishing purposes. Today, it has a staff of 140. One of the keys to that change was financial assistance provided by the program I have referred to, which enabled it to introduce new business practices. This has enabled Régitex to better promote its products to furniture manufacturers in the United States.

A second example of success, the Children's Apparel Manufacturers' Association on-line credit bureau, which was established in this way, provides credit checks and enables members to assess the risk of a specific sale.

Empire Shirt Ltd. of Louiseville, Quebec, is a thoroughly modern company with a century-old tradition of excellence. It specializes in designing and manufacturing top-quality uniforms for police forces, schools and dozens of other organizations across Canada. With financial assistance from the Canadian Apparel and Textile Industries Program, the company hired a consultant to conduct a comprehensive analysis of its operations. Each workstation was scrutinized and every process reviewed. The analysis led Empire Shirt to implement a series of new procedures. As a result, operations are much more efficient, delivery times are shorter and production costs are down.

Confections Alizée plein air of Sainte-Aurèle, has combined a love of the outdoors and a talent for design to establish a thriving business. With the program's help, the company doubled the floor space of the existing facility to accommodate a staff of 27 and introduced a computerized pattern-grading system, which has led to significant improvements in productivity.

Government Orders

I could not do justice in the few minutes available to all those who have benefited from this program to move their companies forward, develop a competitive edge and finally beat, even dominate the competition.

I could tell you about the Canadian Apparel Federation, which hopes to address the marketing gap through an industry portal and e-business infrastructure.

Of the industry association CTT Group/SAGEOS of Saint-Hyacinthe, dedicated to improving the productivity of Canada's geotextile industry. With financial assistance from the Canadian Apparel and Textile Industries Program, the association has initiated the Geotextile Awareness Project, which aims to improve market share and production levels of geotextiles in Canada, and to increase knowledge and understanding of the product's many uses.

I could tell you about Groupe VR2, in Asbestos. This business, which used to focus only on clothes manufacturing, now acts as a contract manufacturer for a range of international clients and, on occasion, it imports and exports finished products. Once again, CATIP, the Canada Economic Development program, was present, was helpful, useful and effective, and served a purpose.

Of course, we all know what the situation is in Huntingdon. Let me just say two or three very brief things on this subject.

In fact, we must give credit where credit is due. For over a year now, following representations by Quebec MP Serge Marzil, the regional office in Montérégie has been working closely with parties concerned, including people responsible for the Haut-Saint-Laurent RCM, which Huntingdon is part of, to develop and implement a regional strategy of intervention for Suroît, to diversify the regional economy and enhance key natural sectors. This issue is a priority.

Yesterday, my colleague from Brome—Missisquoi organized a meeting with industry representatives and concerned parties and departments. Despite all these efforts and many others, Huntingdon Mills and Cleyn & Tinker are closing.

● (1840)

Whole families are experiencing pain, uncertainty, an unknown future and fear. My department is willing to examine any project that is submitted to it to diversify the local economy.

I do not know if, in five or six seconds, I can say how, for me, before being an economic question, what the people of Huntingdon are going through is a human problem. I do not know if this is enough, of course it is not, but I would like to tell them how I feel for them and how I want to find solutions with them and for them.

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Chair, we all sympathize with the people from Huntingdon, but let us be clear: the federal government has known for 10 years now that the tariffs and quotas would disappear on January 1, 2005. Today, they hastily made a few announcements, but nothing that will help this industry get through this crisis. Last week representatives from the apparel and textile industry came to the Standing Committee on Foreign Affairs and International Trade and talked about how discouraged they were at the federal government's inaction.

It is quite frustrating for them to hear today's announcement making Huntingdon a priority. I want the minister to explain how he can announce two pilot projects for Laval and Ahuntsic, which may be justified, but announce absolutely nothing for Huntingdon the same day we learn that 800 jobs are being lost.

We do not understand this attitude of the federal government. In April 2004 there was a unanimous report from the Standing Committee on Finance that proposed three measures. Why then did we have to wait until today for the federal government to confirm part of these measures? The Huntingdon case is not an isolated situation. This is a tidal wave. There is an extraordinary offensive, namely the Chinese, at the ready to take over all these markets.

Again today, the federal government has delivered half measures. There are no conclusive results. If the programs they are talking about, namely CATIP and CANtex, had resolved the problem, we would not be here talking about it today.

A year ago someone was working with the people of Huntingdon and today the plant is closing. What does the minister think about that? Obviously it did not work.

And it gets worse. Does the minister not agree that the first thing that should have been put on the table today was an aid package for older workers so that those who have been laid off can have decent employment insurance benefits and a decent future? These are people who dedicated their lives to working in companies where salaries were not particularly impressive and neither was the pension fund.

Does the attitude of the Minister of Human Resources and Skills Development not suggest that it is business as usual, that nothing special has happened and that nothing will be done any differently? Why has there been no announcement by the government to help older workers?

Hon. Jacques Saada: Mr. Speaker, I thank my colleague for his question. If I may, I would like to put this into perspective, because the question contained a few things that are inaccurate and incorrect.

The CATIP program has been in existence since 2002, and it is almost 2005. I gave concrete examples of CATIP success stories. If you like, I will go through them once more. I had to be brief because I did not have enough time. But there were at least seven to ten success stories thanks to the CATIP program.

An hon. member: Oh, oh!

Hon. Jacques Saada: In the case of Huntingdon, I would like to finish my answer, if I may. In April 2004, we had meetings there with CED, Industry Canada and the minister of economic and regional development in Quebec. Together, we explored the possibility of using either CANtex, or another program in my department, IDEA-SME, to foster economic diversification.

We then put everything together and asked two local companies to tell us whether they were interested. Huntingdon Mills was interested, but it did not apply to the office in charge of this program for assistance. We never had any feedback from the other company.

Government Orders

I do not want people to start pointing fingers and saying who did what, and who should have done this or that. What I see now is people in trouble. I accept my colleague's question, but I wanted to set the record straight so that everybody is talking about real facts and not allegations.

•(1845)

Mr. Alain Boire (Beauharnois—Salaberry, BQ): Mr. Speaker, some people say that programs like CANtex can help some businesses, but they have not done anything for the businesses in my riding and in Huntingdon.

The member says that meetings have been held with businesses in Huntingdon, but how is it that nothing happened? It is a failure. Nothing concrete was done. Things were said to the employer, but the unions were not allowed at the meeting, at the negotiation table. Other things were thus said to the union and the employees. It was only smoke and mirrors for the Huntingdon businesses.

According to the government, the CANtex program could help solve the problem. Unfortunately, these programs are no substitute for an appropriate policy implemented in the present context. When our industry, the textile industry, has no more opportunities, what good will these programs do?

These programs are nothing but empty shells. I would like the member opposite to give us an answer to these questions and to explain to us how it is that nothing has been done for the benefit of the Huntingdon industries.

Hon. Jacques Saada: Mr. Chair, the question raised by my colleagues touches on a very sensitive issue and I will do my best to explain it as clearly as possible. My department and the government can intervene as much as they want, provided that businesses make some effort to show an interest in proposing something. So, we are willing to support businesses.

My colleague points out to me the fact that unions were not involved. I am sure he is not telling me that the Government of Canada has a responsibility to go in and manage labour-management relations in those private companies. This does not make sense.

There was a program that was open to everybody. Not only that, but since I still have a few minutes left, if I may, I will go back to a few concrete examples. Regitex in Saint-Joseph-de-Beauce was a successful business. The Association des manufacturiers de mode enfantine in Montréal was a success. Chemise Empire Ltée in Louiseville was a success. Confections Alizée plein air inc. in Sainte-Aurèle was a success. The Canadian Apparel Federation, and their work, were a success. The Groupe CTT/SAGEOS in Saint-Hyacinthe was a success. The Groupe VR2 Inc. in Asbestos was a success.

All those businesses have this in common: they have decided to work to take advantage of the services offered by the programs we have set up. I am certainly not going to ask the heads of the businesses in Huntingdon "How come your unions are not present?" I do not want to suggest that they were not present because I was not present at the meeting, and I do not know who was. However, I know that we have taken the initiative and we have invited them. We have asked for plans to be submitted. We have said that the money

was there. We have said that we were extremely flexible on the mode of application to help them.

What more can we do to help a business? There are eight, nine, ten, fifteen that have achieved something, and two whose failure has been revealed today. I am sorry, but if we have made it with 10 or 12 businesses, it may be because the program was not so bad. So we really have to see what the problem was.

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I am very pleased that we are having this debate tonight, at the request of the Bloc—an emergency debate on a tragic situation. The people of Huntingdon are living in a tragedy. More than 800 people will soon be out of work. That is the result of the federal government's inaction.

I repeat the quote that was read earlier to the hon. minister who preceded me.

This government appears to believe that the latest measures they have announced, CATIP and CANtex, are the solutions to the problems. Unfortunately, these programs are no substitute for appropriate and realistic policy for today's context. When our industry has no markets left, what good will these programs be?

Do you know who said that? The president of Denim Swift, which has had to terminate hundreds of jobs in Drummondville. The minister can slip away. I would naturally expect him to slip away while we are giving him a close-up view of this business's reality. In this file, the current government's action has come terribly late.

An hon. member: Oh, oh!

Mr. Paul Crête: I would like the minister to let me speak.

The people of Huntingdon were expecting one thing today, that they would get some help with employment insurance and that they could count on the existence of a program to help older workers. To add insult to injury, today, two undoubtedly very relevant pilot projects were announced in Laval and Ahuntsic. However, the 800 layoffs announced yesterday are in Huntingdon. The town's mayor came here to the House of Commons to hold a press conference asking the federal government to intervene. Not a word is being said about Huntingdon. That is the proof that the federal government was not ready to participate and not ready to do its share toward revitalizing the textile and clothing industry. And yet it has known for 10 years that the quotas would disappear. Moreover, it has known since April about the three proposals the Standing Committee on Finance made in its unanimous report aimed at correcting the situation. Despite all this, it did not offer any of them.

Attempts were made to make partial announcements after the House of Commons recessed. Yesterday's sad news concerning Huntingdon was given new impetus here today, with the Bloc Québécois putting the issue on the table. We had been demonstrating for a while already that the federal government's action on this issue was inefficient. Unfortunately, we have had tragic proof of that. This kind of tragedy is bound to keep happening if the federal government does not improve on the measures it is currently putting forward.

What was announced today was a few increases for programs such as CANtex, which the minister referred to. But that particular program did not achieve the expected results, as evidenced by the jobs that continue to be lost. Much broader measures are required.

Government Orders

There are things missing in today's announcements. The Bloc Québécois and the industry would have liked a quota on Chinese imports to be maintained. That is allowed under the WTO access protocol for China. This measure could have provided adequate protection for the industry, while it starts implementing adjustment measures. This could be done, but was not acted on.

Moreover, no measure for a stricter enforcement of rules was announced. This will ensure that only the least developed countries will benefit from the elimination of tariffs.

Not a word either about the issue of the bilateral agreements between the United States and Caribbean countries. The Americans have understood that it is necessary to allow clothing manufacturing activities to be finalized in southern countries. In return, for the manufactured clothes to re-enter the U.S. market, these countries will have to have used American textiles. In this respect, the federal government should have taken the initiative, but failed to do so. That is why we are going to have to stay on their case even if the House adjourns this evening, as scheduled. Fear not, we will still be there to assist in ensuring that a real program or action plan is implemented to correct the situation.

In the same vein, the federal government failed to implement foreign manufacturing programs. Yet these would have been very beneficial to the textile industry. Pilot projects were suggested by industry stakeholders. For example, when textile is manufactured in Canada, we should have the possibility of having clothes made out of it abroad and, upon its return, it should be appropriately tax free. That is not exactly what the federal government is proposing.

It is sad that we do not have an comprehensive action plan. There is however a new program called Technological Partnerships Canada as well as projects to buy new equipment. We will be able to invest up to \$3 million, fully refundable. That is something the Bloc asked for in committee as early as September so that we could get more than the mere \$50,000 or \$60,000 subsidies from CANtex. We need to develop new sectors such as geotextile or the use of textile in areas like health care and the aircraft industry.

● (1850)

A great number of new sectors can be developed. In order to do so, we will need help in research and development to buy new machinery and things like that. The government has made an interesting announcement on this issue.

The tragedy is that the government tried to set aside all the initiatives that could have helped the industry to better position itself and to deal with the elimination of the quotas. It is as if the federal government had decided to forget about the apparel and textile industry and to target other markets in this global economy in order to capture parts of the marketplace, and that it was too bad for the communities that would end up in trouble and could disappear but they would have to deal with all that change without any additional assistance.

In fact, no assistance for older workers has been announced. There is nothing to permit the diversification of the regional economy of affected regions. The softwood lumber package could have been used as a model and additional measures proposed, but this was not done. That is why today, the federal government must clearly

understand that it has not done its homework properly. People are not applauding the result of proposals made. If the programs had been effective for x number of years, the situation we are seeing today would not have occurred or there would have been only isolated examples. These are not isolated examples.

In my riding, there are a number of businesses in all sectors. I could name a few, for example, Consultex, Bermatex, Confections Lamartine, GMP, Industrie Troie, which unfortunately has closed. We are talking about 300 jobs in the ready-to-wear industry. All these industries and workers are very concerned by the message the federal government is sending them on the night before quotas are to disappear. It is going to put a few things on the table because, today, there was greater pressure given the dramatic situation in Huntingdon and because the Bloc Québécois asked to hold this debate in the House, but no comprehensive action plan has appeared yet.

Why is the federal government never able to propose complete economic policies and adequate strategies? The same delays are happening with regard to the aerospace industry. Now, it is the textile and clothing industry. Again last week, in committee, the main representatives of the two sectors appeared to tell us they were waiting for a clear policy from the federal government. There is none.

The minister himself came to tell us that there had been a meeting yesterday between someone from the Prime Minister's Office and representatives of the textile industry to discuss the situation and to see if measures could be proposed. I am convinced that, had the closure in Huntingdon not been announced yesterday, nothing would have been announced today and absolutely nothing would have been put on the table. They would have used the parliamentary break to try to sweep it under the rug, between now and Christmas or January.

I want to tell the government that we will not give up, we will keep a close watch as long as it does not do justice to these workers. We will not give up because justice must be done for these workers.

● (1855)

Ms. Pauline Picard (Drummond, BQ): Mr. Chair, the government has known for 10 years that import quotas for textile and clothing will end on December 31. The government has known for 10 years that thousands of jobs are threatened. Ottawa has been aware of the solutions for 10 years and yet, today, in Huntingdon, 800 workers are losing their job.

In the riding of Drummond, the great textile and clothing sector has been losing ground since 1998. There were closures at Celanese, at Cavalier Textiles and, recently, 600 jobs were lost at Denim Swift. The Celanese plant had been closing progressively, laying off a total of 5,000 workers in March 2000. Seven months later, Cavalier Textiles ended its production. In December 2003, Denim Swift management announced that it was ceasing its denim production activities in April 2004, putting 600 people out of work. We have been talking about this for a year, and the government has known for 10 years what will happen by December 31 and it has done nothing.

On December 21, there will be 215 jobs left at the Denim Swift plant, and management is expected to announce its intention to close, which will cause the loss of the last jobs, unless the government does something, of course.

Government Orders

The Minister of the Economic Development Agency of Canada makes me laugh when he talks about the measures that were taken by the former industry minister. When there was a strategy for Denim Swift, all local stakeholders and myself had a meeting with the minister, here in Ottawa. We were really disappointed with the outcome of that meeting, because nothing allowed us to save jobs at the Denim Swift plant. So, do not tell me that many things were done. There were programs, but they were totally inappropriate for this type of multinational businesses.

I would like to ask my colleague what he thinks about the government's inaction on these issues and about the solutions that the Minister of the Economic Development Agency of Canada has put in place to save perhaps a few businesses, a few employees, but not the thread businesses.

• (1900)

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Chair, I thank my colleague for her example. A while ago, the minister was saying that they did not want to talk to the unions. Talk to them? That is nonsense. However, it was not the unions that did the talking, but rather the president of Denim Swift. In May, 2004—that is, close to 10 months ago—he wrote to the Minister of Finance, telling him something had to happen. Absolutely nothing happened.

The current Minister of Finance has a totally free market approach. He is utterly insensitive to the situation faced by several communities across Quebec and Canada. The people there face hardships and, over the coming months and years, their living conditions will become even harsher. Indeed, with the massive arrival of Chinese products, this will be a very difficult period in the textile and apparel sector.

We would truly have needed a global and comprehensive strategy and, above all, we should have made full use of temporary measures for a few years, of the kind we were entitled to in order to allow the industry to bounce back. This is not what was done. Little programs like CATIP or CANtex, were introduced, and they made some investments possible. But the results clearly indicate that it does not work.

But most of all, the government has turned its back on highly skilled workers, who will have a hard time retraining in some other fields, and has nothing to announce to them today.

The transport minister, who is the minister for Quebec, said they might consider something for older workers. Well, they should think about it soon, because for the last 10 years we have been asking for the Program for Older Worker Adjustment to be restored. We are going through some tough times. Globalization is a new reality we have to deal with. Although some sectors are doing very well, others have been hurt by all the changes.

Together, we have met the globalization challenge. So, why not give a chance to those on the front line? They are losing jobs in industries where they have worked all their lives to support their families. Today, the federal government is telling them that it has nothing to offer them, nothing to put on the table, that they might starve to death, but that is not its problem. The message the federal government is sending is totally unacceptable today.

[English]

Mrs. Joy Smith (Kildonan—St. Paul, CPC): Mr. Chair, I would like to put some comments on the record this evening because I have found it very disheartening on how the minority government is working.

As some of the members on this side of the House have said previously, the present government knew for 10 years that this industry was in jeopardy and in trouble. It knew that on December 31, 2004, tariffs would disappear.

During that decade we had immigrants come to Canada. Many of them went into these textile factories. They have entry level jobs. They build their families. They learn to communicate. A lot of these immigrants learn how to speak English. They socialize and learn what it is like to be in this great country.

However, in this great country we had an incompetent government that knew for 10 years that this industry was going to be in trouble. The government knew for 10 years that something had to be done.

Today, on December 14, we suddenly get a news release, an announcement. Suddenly in question period we have a heads up that maybe later on in the afternoon we would hear something that would be of some use to the textile industry. It was a very disappointing announcement, too little too late.

On the up side of this debate, the pressure from the opposition has caused the government to take some action. Members from our side of the House recommended that the current duty remission orders be extended to benefit textile and apparel manufacturers, to be extended so that we could arrive at solutions. We also said that we had to do more than that. We had to problem solve. We had to come up with solutions for the textile industry. No long term solutions have been proposed by the government.

The sad part is that the government is so terribly disconnected from ordinary people. A lot of these workers do not have the money to fly down to a nice, warm climate to spend the Christmas break. They have other things to worry about. They have to worry about buying the groceries, buying the Christmas presents, and having a life where they can pay the mortgage.

The government has deliberately turned its back on the common people in this nation. It has happened in a most dismal manner. This is irresponsible governance. When a government knows that an industry in Canada is in trouble for a whole decade, it should have the resources and the wherewithal to do something about it.

This is December 14 and Christmas is coming on the 25th. How does the government think the families feel? I am sure that a lot of the families are not even aware that there has been this great announcement. Many businesses prepare at least six to eight months ahead of time for employment opportunities and for buying the raw materials that they need to make the garments.

What makes the government think that this is any kind of a solution at the ninth hour? There has been no pre-planning. There has been no business plan. There has been no action to cause the textile industry to grow. We have the raw materials. We have the people to work. Unfortunately, we have an industry in trouble. It is because of the poor planning of the current government.

Government Orders

Members from this side of the House have pressured the government on a regular basis to do something about this, not in December. As soon as this session started we rose and said that the time is up on December 31, 2004. We said that we will have real troubles. Members opposite turned their backs. They made no reply. Suddenly, December 31 is coming very close and the House is about to recess.

The government had to do something. Some 800 jobs were lost in Huntingdon. All of this is too little, too late. There is no problem solving. There is no vision. There is no business plan. The cost to human lives has been phenomenal.

● (1905)

For many families who are recipients of this news release, it is too little, too late. Businesses are closing down and plans have not been made. As we celebrate Christmas this year, government members opposite must understand that the ordinary people have lives too. They have children too. They have hopes and dreams too. We are the ordinary people and we are supposed to be representing the country in which we live.

Ten long years have gone by before anything was done and it was done at the ninth hour. When we look at the announcement and recommendations, we know that the finance committee unanimously voted that the government immediately extend, for a further seven years, the duty remission orders covering the apparel sector that are set to expire on December 31. That was unanimous. Why did it take so long to take action? It is plainly because of the dithering.

The current Prime Minister has a reputation for dithering and that trickles down to all the ministerial portfolios. In this instance no decision was made until it was too little, too late. The announcement said there would be an elimination of tariffs on fibre and yarn imports worth up to \$50 million per year and on imports of textiles used by the apparel industry worth up to \$75 million effective January 1. That is no surprise. This has been talked about for months in the House.

Why could this announcement not have been made months ago? If it had been made months ago, families would have sighed with relief, bought a little bit of time, and would have been able to do something more with their textile jobs.

The announcement today said that the current duty remission orders would be extended benefiting the textile and apparel manufacturers for five years. Is this a surprise? This is no surprise. Members on this side of the House have been advocating this for months. How long does it take to whip up a press release? I am certain that members on this side of the House would have been very happy to give the government a little help to get this press release out. Unfortunately, on December 14, 2004, a lot of families will feel the impact of this dithering late announcement.

● (1910)

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Chair, the thrust of the hon. member's speech was that this is a 10 year program that expires at the end of this month and that somehow or another the government is to blame that this program is to expire.

Can she honestly say that there is not a person in this industry that did not know that this program was to expire at the end of this month? Is there a CEO of any of these industries who did not know that this program was to expire at the end of this month? Is there any union leader that did not know that this was to expire at the end of the this month?

It is curious to blame the government because this program was to expire at the end of this month. The taxpayers of Canada are effectively subsidizing an industry. A duty remission order is nothing other than the Government of Canada providing \$26 million, in this case, to buy down the cost of the units that go into the production of apparels and textiles.

Similarly, the tariff protection of \$75 million and \$15 million is nothing other than protection for an industry which was scheduled to expire. The \$30 million provided for adjustment programs is nothing other than money from the taxpayers of Canada to provide protection to the workers of this industry.

Would the member prefer that this program just continue on in perpetuity? Or would she prefer that these programs come to an end? I would like to know what she prefers. Would she prefer it to be scaled down over time or would she prefer the method that the previous government chose which was to simply end it and end it on a particular date?

Given the ideological views of her party, presumably she prefers something in the order of the taxpayers of Canada not supporting particular industries.

● (1915)

Mrs. Joy Smith: Mr. Chair, everyone knew about this. Everyone knew the time was up. The problem is that members opposite are the government body. They are supposed to be the people taking care of Canadian industries. They knew for 10 years that they were supposed to govern properly and did not do so.

Do I think subsidizing industries like this should go on forever? Nobody does. The government had 10 years to solve this and it did not do it. It is called incompetence. The members opposite should learn how to do a business plan and how to take care of industries in Canada, and stop blaming everybody else. Everyone knew about it. Everybody knew the time was running out.

Why did the government not problem solve? Why did it not build the industry? Why did it not do something about it?

When we came into this session, the only thing we could ask for was to extend those subsidies because the government dithered so much that nothing was done. It was the ninth hour. I love that question because it shows how empty and vacant the government is in terms of its plans to build up industry here in Canada. It is shameful.

[*Translation*]

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Chair, I really appreciate the opportunity to speak to this extremely important issue tonight. I congratulate the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup for requesting this debate. This issue is really important.

Government Orders

Two weeks ago, my colleague from Winnipeg Centre introduced an emergency resolution about remission orders. He actually suggested a seven year extension to help the Canadian textile and clothing industries adjust. We did not have any discussions then. The government did not move. We held a debate, but in the end, no resolution was passed and no decision was made.

Today, as we know, in a very unfortunate turn of events, the Cleyn & Tinker company announced that it will close down its plant in Huntingdon, eliminating 800 jobs in a city where they are badly needed.

A moment ago, I was listening to the news, and a worker in the Cleyn & Tinker plant clearly said the government had done nothing. This is not me talking, but a worker who was venting his frustration because of the lack of government action.

Other members of the House in the Bloc Québécois, the Conservative Party and the New Democratic Party, have been saying clearly for years that we need transition measures to help the textile and clothing industries.

As this worker told it very clearly, the government did not do anything. All of a sudden, it is waking up today, and it is announcing measures for this industry after these jobs were lost in Huntingdon. Despite all the concern about the textile and clothing industries throughout Canada and in Winnipeg, Vancouver, Montreal and Toronto—we knew there was a problem—the government waited until now to announce all of a sudden, like the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup told us, that it will do something.

They are thus announcing three different things. First, the duties on imported fibres and thread, worth up to \$15 million per year, and on textile inputs for the Canadian Apparel Industry, worth up to 75 million per year, will be cancelled as of January 1, 2005.

We all know that representatives of the Textile and Apparel Industry have been coming here for months, seeking help. The Standing Committee on Finance studied the question. The Subcommittee on International Trade, Trade Disputes and Investment talked about the importance of these measures. A resolution was even passed on that subject. Today, the government is finally making this announcement, at the very last minute.

Second, in the next five years, an additional \$50 million will be given to improve the effectiveness of textile production and to encourage Canadian textile companies to choose higher valued products, to serve specific niches and to increase their productivity. We are talking about \$50 million in the next five years.

There are 3,900 businesses across the country. If we share this amount equally between all of them, it only gives a few hundred dollars per month for each one of them over the next five years to help them serve specific niche, chose higher valued products and increase their productivity. We are talking a few hundred dollars for an industry that is hurting and that has been calling for help for months now. We are only giving them a few hundred dollars. It might be enough to buy a little more coffee or a few pens.

● (1920)

It is ridiculous to see the government rushing in to provide 3,900 businesses that are so sorely in need with a total of \$50 million over the next five years. There are tens of thousands of jobs involved across the country, and the government comes up with \$50 million over five years.

Recently, it was decided to extend the duty remission orders by five years. The advantages these provide to textile and apparel manufacturers will be phased out over the final three years of that period. The industry called for seven years. My colleague for Winnipeg Centre introduced a resolution several weeks ago, and it mentioned seven years.

At present, there is an extension of 24 months only, for an industry that is so much in need of support at this time. After that 24-month period, the remission orders will be phased out. That is very little.

There is not much said about these measures and they are, as my Conservative colleague has said, too little and too late. Now it is being rushed in, whereas the three other parties in this House have been calling for action to be taken, for weeks now, months even. It seems to have taken the closing of Cleyn & Tinker and the loss of 800 jobs, combined with the context of a party in a minority government position being subjected to pressures from the other three parties in this House to get the government to finally take some action.

We ought not to be surprised by this. Since the Liberal government has been in power, there have been 40,000 jobs lost in this industry. Now we are talking of an industry that is surviving with 75,000 or so workers, despite the fact that export figures are \$3.5 billion.

The urgent action taken today is not a match for the challenges faced by the textile and apparel industry. There are still fears for jobs, not only in Huntingdon and Montreal, but also in Winnipeg, Vancouver and Toronto. We know enough to expect the same inaction from this government and we know that the other three parties in this House will have to put the same pressure on this minority government if we are to see any reaction, like we did with the health care system.

A hospital was closed in my riding. Child poverty is on the increase, as is homelessness. There are crises everywhere, worsening crises, and the government is doing nothing.

In my opinion, we will continue to work on this as we do on other measures. The voters will not, however, forget the lack of action by the government, and the very limited action it has taken in panic mode today, even though they have had plenty of warning, for months and even years.

● (1925)

Mr. André Bellavance (Richmond—Arthabaska, BQ): Mr. Chair, first I want to thank my colleague of the New Democratic Party for his excellent speech. I used to know him before we both became members of Parliament and I can say that he is very sensitive to workers, especially during times as difficult as the ones that workers in Huntingdon are going through right now.

Government Orders

He is right when he says that it is not only Huntingdon. There are other regions. I come from a region where there is a textile and clothing industry. About 1,500 people work in this sector. There used to be a lot more, but this government's inaction has caused all the problems that my colleague opposite so eloquently described.

I would like to ask him what he thinks about the statement of the Minister of the Economic Development Agency of Canada, which said earlier that the government does not talk to unions. It only talks to employers, it seems. Is this not a symptom of this government's action or inaction to precisely ignore unions, for example, which is totally unacceptable? We heard him say this a few moments ago. I would really like to know what my colleague thinks of this.

Mr. Peter Julian: Mr. Chair, I thank my colleague for his question.

I certainly recognize that it shows the government has not consulted for a very long time. In fact, it consults only a few people; of course, it does not consult unions or people who are knowledgeable. It does not do that kind of consultation.

Moreover, as we know very well, it has difficulty in consulting generally. On all other issues, it will maybe hold bogus consultation, but that only shows the extent to which the government is ossified and incapable of acting and consulting the right people to be able to take the right actions it has become.

I totally agree with him. It is terrible.

Ms. Pauline Picard (Drummond, BQ): Mr. Chair, I would also like to congratulate my colleague from the NDP for his speech, which reflects our position perfectly.

I would like to tell him of a visitor who came to us a few years ago after Celanese and Cavalier Textiles closed down. We were visited by the current Minister of Foreign Affairs, who had come to tell the Chamber of Commerce and the manufacturers to forget about the textile and apparel industries, because of globalization, and move on to something else. According to him, we had to come up with specific measures. It was a lost cause, because he thought it was.

This is an example of this government's lack of action. Another proof of this, as I said earlier, is that when Denim Swift closed down, a strategic committee made recommendations to the then industry minister. We came out of that meeting very frustrated, because there was absolutely nothing on the table to try and save those jobs. The minister had promised to set up a committee, but what she gave us was a sham committee to make her look good. That committee was supposed to examine the textile situation a year ago, even if we all know it should have been done 10 years earlier. We never saw any report from this committee. This goes to show how this was, again, just window dressing.

I would now like to ask my colleague what he thinks of the bilateral agreements that the U.S. signed with Caribbean countries. The Government of Canada did not see fit to sign any such agreement in order to save our businesses.

• (1930)

Mr. Peter Julian: Mr. Chair, I would like to thank my colleague from Drummond. I know that she and my colleague from Richmond—Arthabaska are working very hard since the apparel and textile

industry is so important for the Eastern Townships. I thus know that they recognize it and that they are fighting hard to continue protecting the interests of the workers in that industry.

When we talk about the government and all those international trade issues, everybody can see an obvious failure. It is not only with respect to the apparel and textile industry that the government is taking hasty measures and not doing the necessary negotiating or planning.

We only have to look at the softwood lumber industry, which is vital to my home province of British Columbia. For years we have been seeing inaction on the part of the government. The same is true with respect to agriculture. Today, several farming organizations made presentations to the subcommittee. It is the same problem.

The government is not acting. It is systematic. The government is ossified and, unfortunately, is unable to make decisions and plan ahead for the good of communities across the country.

Hon. Denis Paradis (Brome—Missisquoi, Lib.): Mr. Chair, I thank my colleagues from all the parties for taking part in this important debate on the apparel and textile industry.

This evening I want to talk about the apparel and textile industry from the perspective of my riding of Brome—Missisquoi. I especially want to talk about a few companies located in my region, namely C.S. Brooks and Difco in Magog and Consoltex in Cowansville. There are many other companies in my riding as well. I want to pay special tribute to the workers in this industry, who do such extraordinary work.

The role of the MP is to be a liaison between the needs and concerns of the people from his riding and Ottawa. He must take these needs and express them here in Ottawa.

The textile industry as a whole is a sector with problems. It is in crisis. This entire industry in Canada employs roughly 150,000 workers, nearly 50,000 of which work in the textile sector proper, whereas the other 100,000 work in the apparel sector. My riding of Brome—Missisquoi has far more workers in textile than in apparel. This is important because each group has to be able to find its way in the current economic context.

In the apparel sector, last year I had the opportunity to visit, among others, an industry in Montreal called Peerless. In that one plant, 3,000 workers were spread out over three floors, thus 1,000 workers per floor. The work they do there is quite extraordinary. These people also need support. The textile industries in Brome—Missisquoi, like all the other regional businesses in Quebec, certainly need our support.

Government Orders

Earlier some of my colleagues mentioned the importance of consultations. I held consultations in Brome—Missisquoi. Just a few weeks ago, in Magog. I met with employers and employees from plants in that town as well as the mayor, Marc Poulin, the industrial relations counsellor and Ghislain Goulet from Magog's economic development office. Even though C.S. Brooks and Difco are both on strike right now, everyone was seated around the same table to talk about what could be achieved in a positive manner for our industry in the coming years.

Recently, I did the same thing in Cowansville with workers of Consoltex, in order to know what their needs were. We can say all we want here, but we are not those workers and employers. It is important to know what they want exactly in order to save their industry. I set up a meeting with, among others, the mayor of Cowansville, Arthur Fauteux, the workers as well as the managers of the two Consoltex plants of this town.

My colleagues from the Liberal Party representing ridings in Montreal, the Beauce region and Eastern Townships, our region, worked very hard on this. Last spring, the government announced some \$60 million, half of which was for the apparel industry, and the other half for the textile industry.

This fall, in response to a question of the opposition asked two or three weeks ago, the finance minister said that he would shortly announce an improved program, a substantially improved government support program. That is what the minister answered to the opposition question.

When I heard that, I said to myself that what was important to know is what the Brome—Missisquoi textile industry needed in terms of this improved support, this substantially increased amount that will be made available, since the minister announced it.

Following the meetings I spoke of earlier, I set up, here in Ottawa, a meeting with representatives of four departments, that is Finance, Economic Development, International Trade and Industry, to which the mayors, unions, workers and employers were also invited.

● (1935)

There were about 30 people at that meeting. We wondered what we could say in the announcement so that the textile sector—the high priority sector in my riding—could get some benefit out of this and not only survive but become more dynamic in the marketplace.

And so we had an extraordinary meeting. I will briefly list the points raised by the people from the factories, not the MPs but the people who work in the factories and the owners as well.

First, they said that if we were going to present them with another government program, they wanted it to be flexible. That is what was delivered in today's announcement: flexibility. Why? Because they told us that one part of the money to help them would go to C.S. Brooks, whose needs were not the same as Difco's, while Difco does not need the same thing as Consoltex. One of them needs equipment, another needs marketing assistance, and another needs other things. They asked us for a program that is not "one size fits all". It is a program in which each business can find what it needs.

In the announcement of the \$50 million in additional funding, that is what we find. That announcement also says that up to \$3 million

will be available for equipment. There are all sorts of measures showing flexibility, exactly what the workers and owners asked for yesterday, here in Ottawa.

Secondly, there is POWA. We talked about that as well, and both employers and employees asked if there was some way of reviving this program to assist older workers. I understand that my Liberal colleagues are working right now to discover what kind of measures could provide something resembling POWA.

Moreover, the union people asked questions concerning the rescue measures and asked whether we might stretch the deadline a year or two past the 31st. All together, we discussed the rules of the international market. We agreed that the rescue measures were complicated, because of the argument that has to be made and the trade tribunal and so forth.

We also talked about LDCs, the least developed countries. There are 48 of them in the world. Two years ago, the government said to those least developed countries that they would be able to export their goods and services to Canada without having to pay taxes or customs duties, without being subjected to quotas, and so on. However, those involved in that industry do not want these least developed countries to serve as transit countries for products that come from elsewhere, transit through these countries and that finally arrive here, in Canada. So, these people asked us to work to tighten the rules of origin.

They also mentioned something else. Someone proposed to set up an export program for textile manufacturers. I listened to this suggestion very carefully, because I find it interesting to hear industry people and their proposals. As regards that textile export program, they suggested, among other things, that we consider the following facts.

Year in year out, Canada imports \$5.6 billion worth of clothing. There is no Canadian content; these clothes are imported into Canada. If we put Canadian fabric in these clothes that come from abroad and imported them while looking at what could be done in terms of customs duties, taxes and so on, we could have some Canadian content in these imports that total \$5.6 billion annually. We could even have a small label saying that these garments were made with Canadian fabric. This is a suggestion that was made to us yesterday by the management and the unions.

I will have to shorten my presentation, because I am told that my time is almost up. However, I want to say that these are truly exceptional transition measures. They can be of tremendous help to the industry, but we should not stop there. We must ensure that workers and employers contribute their ideas, because they are the ones who work in that industry. They must suggest to us approaches to ensure that we will not only maintain the textile industry in our country as we know it, but that we can also expand it. In my riding, these are jobs which, including fringe benefits, pay an average of \$45,000 annually.

● (1940)

These are jobs that we must not lose in Canada. These are extraordinary workers.

Government Orders

Mr. Robert Vincent (Shefford, BQ): Mr. Chair, I will review the issues raised by the member for Brome—Missisquoi. I get a little annoyed listening to him talk about his proposals, consultations and meetings. He has been aware of this issue for 10 years, but consultation only took place yesterday. Today, the member will explain why, two weeks before the quota send, the government wakes up. This is not normal.

The government has had 10 year to get ready, to face the situation, to develop a plan to remedy the problem and, they decided, yesterday, to hold a consultation. Well, we have a major problem. Afterwards, they come to the House saying that, yesterday, they consulted and met with 30 stakeholders to have their opinions. Indeed, they have offered us a real deal today.

At the time of the consultation, they talked about the POWA program. For years, we heard that it is supposed to get back on track, that is since it was cancelled by this government. Today, because other people talk about this program during a consultation, they find it interesting. They want to have a POWA program for elders. We have been asking for this type of program since it was dropped many years ago.

I hope that they will put that program in place and that they will not be content to only talk about it today to try and reassure people. It must at least be put in place so there is some specific measure to give these older people protection if they lose their jobs due to this government's inertia. There is always talk about inertia in the textile sector.

And then, they talk of liaison. I feel that the liaison has been broken, because there is no communication at that level. On the other side of the House, they talk to each other when a really serious problem comes up. Then, they think there should be discussions and consultations. I use this word, "consultations", because in the committee, we hear it. But it no longer exists. There is no consultation. When facing a *fait accompli*, yes, the government consults to assuage its conscience.

The parliamentary secretary was saying a while ago that the employer was not talking to them, that he was not doing anything. He tried to lay that at the employers' door. It is their fault.

I ask the member for Brome—Missisquoi whether he is willing to take part in the development of a POWA program and spend the energy to support it and be there—

• (1945)

The Chair: The hon. member for Brome—Missisquoi has the floor.

Hon. Denis Paradis: Mr. Chair, we were talking about consultations. It did not start with yesterday's consultation. Today, I believe, the member from Shefford is waking up because it is the first time he has heard of these problems, even though his region has numerous textile companies. He has just landed from another planet. On the news, this morning, he heard that the plant in Huntingdon was shutting down and he realized he had to do something. Today, surprise, the member from Shefford is waking up. Enough!

I do not know if he listened to what I said, but I just mentioned that the meeting was not the first one we held. I attended meetings in

Magog and Cowansville. Where did the member from Shefford hold his meetings? Can he say where? Where did he meet workers? Where did he meet business owners? Can he say where? The news this morning woke him up. This is what happened.

Coming back to the other subject he talked about, the POWA program, employees and employers mentioned this program and its importance. We are talking about the program to help older workers. I fully agree with those who are calling for these actions. He asked if I was going to continue working towards establishing a POWA, which I had also mentioned. My answer is yes because this is an important industry, not only for Brome—Missisquoi, but for the rest of Quebec and Canada. I will continue my consultations and my suggestion to the member is to start his own.

The Chair: There are only five minutes left for questions and comments.

The hon. member for Cambridge.

[*English*]

Mr. Gary Goodyear (Cambridge, CPC): Mr. Chair, I appreciate the opportunity to speak this evening to this issue. I have to say that listening to the hon. member on the other side of the House kind of reminds me of a reality show called "An MP Without a Clue".

The government is bragging about going into consultations with this industry in the last 30 days with 30 people. How ridiculous is that? People are not interested in having a different piece of legislation for each situation that happens across the country. People wanted their jobs secured and the government had plenty of time to do that. The owners and managers of this industry wanted to plan for the next year, which is a simple thing, but the government leaves it to the 11th hour. What the people of Canada really want is a government that can solve problems, not legislation that creates more. In fact, that is what is happening here.

This is a band-aid solution to a problem that the government caused many years ago. It decided to give some \$50 million to underdeveloped nations, which in itself is a good idea, but what that led to was a problem for our own jobs in Canada. The government is concerned about creating jobs. It is not concerned about the jobs we already have.

In one good idea, it tried to solve the problem and ended up with another problem. That is typical of the government. Whether it is the gun registry or dealing with aboriginal people, it does not think laterally. It comes up with knee-jerk solutions and we end up trying to solve the problem at the 11th hour.

People in Cambridge wanted to know. John Forsythe Shirt has been in existence for 100 years and is completely modern. It is not lagging behind on its technology. It has done everything to meet the demands of World Trade Organization contracts and the conflict with NATO. What it has been waiting for is the government to get out of its way so that it can get on with its business. What does the government do? Two weeks before the deadline it says that it has to fix the problem.

Government Orders

In the last two months since I have been in the House I have raised this issue on numerous occasions. I have e-mailed the minister, talked to him at events, have sent him notes in the House, most of which he has ignored, and I have asked him direct questions in the House, as have other members of the Conservative Party. The Bloc has been onside with this and the NDP has been battling the government. The minister himself admitted that he has been sitting on it for two months. That was just a few weeks ago.

The minister stands in the House every day when he responds to questions on this issue and says that the Liberal caucus is on it. Guess what? It is not on it. It would not have done anything if it had not been for the opposition putting up a tremendous fight to force the government to fix the problems which it caused in the first place.

The government has now acknowledged that it has a problem and that it needs to remove the tariffs over the next few years. It should have done that in the first place. It brought in legislation that allows this industry to sell its remission orders. That is just silly. It should never have allowed that in the first place. It is no wonder we sit here for these types of emergency debates discussing problems that could have been solved in the first place.

It brings me back to the issue that this was an all committee decision. All of the parties got together and made a decision. The minister was given his marching orders but what did he do? He said that he would look into it and make his own decision. He said that he would consult with his bureaucrats. That is not his role. His role is to put in place the decisions made by the House that are brought forward by the committee. I have no idea where the minister gets off thinking that he can delay this as long as he wants and then claim credit.

The fact is that the \$50 million that have been put forward is not even the cost of one of the Prime Minister's jets. It is ridiculous. People want jobs and the government is out of touch. I am happy the government brought this notice forward but it should have been done months ago, and in no way should the Liberal government be credited. This is thanks to the hard work of the opposition and it reflects our ability to make the government work despite the interference from that side.

• (1950)

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Chair, we heard the member for Brome—Missisquoi talk about other members of the opposition just waking up to the fact that this issue was before us and that we had to deal with it. My opinion is that on three of the four corners of the House we have been awake for some time and it is only the government that has finally awoken to the fact that immediate measures need to be taken.

We talked earlier about the \$50 million that will be provided to the textile and clothing apparel industries over five years. This amount of money, divided among 3,900 different companies, basically means a few hundred dollars a month for each of those companies.

I want to ask the hon. member, given today's disaster in the industry, whether he thinks the last minute measures taken by the government are even remotely appropriate.

Mr. Gary Goodyear: Mr. Chair, the answer to the member's question is no, I do not think it is. However every long journey starts

with a simple step and this is a move in the right direction. I was not surprised and I am not comforted that this announcement is the solution to the problem. It does not surprise me, as I have indicated before, because I do not believe the government is capable of finding a solution to this problem.

In reference to the first part of his question, the member is absolutely correct. I have seen no movement from the opposite side of the House on this issue. In fact, when this was brought to my attention through a petition sent to me by the employees of the John Forsythe Shirt industry, I was absolutely shocked that such a simple solution had not been solved by the previous Parliament. I believe it was on the same day that I wrote a letter to all the members in the House whose ridings would be affected by this. Half of those ridings, four of them were in Liberal ridings, received responses from every member except the Liberal members. In fact one member wrote to me saying that she had brought this up with the minister many weeks ago.

In answer to the question, it is my absolute knowledge that members of the opposition were on this issue the minute we knew about it, the minute Parliament returned. I also believe, without a shadow of a doubt, that it is the direct result of the opposition putting pressure on the government that this has at least opened the door to a solution.

• (1955)

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Chair, I have never heard more nonsense in my life than from the member for Cambridge, new as he is to the House. Maybe that is why he does not know. I would like to take this opportunity to bring the member up to date.

First, for years many Liberal members, myself included, have been staying on top of this issue year after year and have made great progress. Now this member has the audacity to say that nothing has been done.

I say to him that when we brought the textile and the garment people here to committee, he was nowhere to be found. That is the party that stands up week after week and month after month and talks about corporate welfare, that we cannot subsidize, that we cannot help and then has the audacity to stand and complain when we brought the industry before committee to talk to us and tell us what it was going to take. We asked the industry how we could help and what adjustments we could make.

Today the minister and all the members on this side feel they have made progress. They have sent the right kind of signal out by putting the money where their mouth is.

I encourage the member to do his homework. Maybe he should go back a couple of years and then he could congratulate the government for making a bold move, for supporting the industry and for sending the right kind of signal.

He comes from Cambridge which has the auto industry. The previous member who represented that riding, Janko Peric, proudly fought in the House continuously as the chair of the auto caucus to support that industry so those jobs could be maintained and sustained—

The Deputy Speaker: The hon. member for Cambridge.

Government Orders

Mr. Gary Goodyear: Mr. Chair, this is outrageous. The member himself just admitted that they were not able to solve this problem year after year. I did not know we were in an election campaign already, but I will say that if the member had been that effective, this would have been solved a long time ago and we would not be here tonight.

In response to the member, I have done my homework. The government has been on this issue for years, by its own admission, and I would offer that it has been solved thanks to the effectiveness of the members on this side.

[*Translation*]

Mr. Robert Vincent (Shefford, BQ): Mr. Speaker, earlier today, the member for Brome—Missisquoi said that we had just woken up. Today, we heard about the situation in Huntingdon, and I will take part in this debate. I do so because the textile industry is very near and dear to my heart, and not because I just woke up and realized that this industry is in trouble.

As you know, when one spits into the wind, it blows back into one's face. The textile industry is nothing new to me. I want to say to the hon. member for Brome—Missisquoi that I was in his riding, from 1996 to 1998, as a union representative in the clothing and textile industry and in other areas. Does he know what I am talking about? I do. If he has just understood, he has a problem. Since 1996, I have been familiar with the textile union and the problems of that industry.

When he says that I just woke up, he is way out in left field. Before talking, he should get some information and some feedback to know what is going on. When he talks about Consoltex in Cowansville, I can tell him that I was serving them well. I will not allow him to tell me that I know nothing about the issue and that we just realized what is going on.

It is important that the debate continue and that we find a tangible solution. We should not be here today trying to think up solutions; today, the solutions should already be in place, the programs should already be implemented and the meetings should already be set. That way, we are ready when we reach the deadline.

Today, nothing has been done. There is a shutdown in Huntingdon. Eight hundred jobs are being lost and the Liberal drawing boards are blank. We are not even ready. We are having this emergency debate tonight because they have not lifted a finger for the last 10 years. Today they try to blame everyone and his dog—the employers, the unions, the opposition parties.

That is not where the problem lies. The ball was in the Liberal court. They are now trying to pass the ball around, but we are here to tell them that the ball was in their court and that it is going to stay there. We will tell them what to do and how to do it if they do not understand.

Let them hold consultations with the opposition. I think that would help them realize how to improve the situation for the people in the textile industry.

• (2000)

Ms. Pauline Picard (Drummond, BQ): Mr. Chair, I have a few comments about what some ministers and secretaries of State have

said, as well as a question for my hon. colleague from the Bloc Québécois.

I wish to set the record straight. The people opposite are bragging about a program that saved several jobs. Maybe that was the case in the textile industry, and that is fine. I want to point out however that the program called CATIP, which has now been cancelled, did not apply to multinationals. To companies like Denim Swift, in Celanese, or Cavalier Textiles, in Drummondville, the program was useless. That is why I wanted to set the record straight.

The program was indeed helpful to some small businesses. I do not know why it does not exist anymore. The government cancels programs that work for some businesses and then, following consultations, it comes up with a handful of very timid measures at the eleventh hour to try and save face.

I would also like to point out that the American president of Swift Denim wrote the Minister of Finance twice. On the other side, this government is said to be very close to the situation and to management. But this was contradicted by the secretary of state responsible for financial institutions, who said that, if they did not speak with the unions, but only to management, and knew hardly anything about the situation, they could not intervene. I am sorry, but we have been talking about this for 10 years. It is the government's responsibility to implement specific measures to save textile enterprises in all our ridings across Canada.

I have a question for my hon. colleague concerning POWA, the program for older worker adjustment. I have received a letter from the coalition representing workers 45 and over who have lost their jobs at Denim Swift, in Drummondville. This letter says, "Did the government even bother to look into the situation? Does it have any alternatives to propose?"

This is a generation which includes people with little formal education. In our community, the vast majority of those affected have always worked in the textile industry. Will the government pay small organizations like this coalition, so that additional resources can be provided? This way, these people, real people, would be able to earn a living before retiring.

I would like to ask my hon. colleague to please address the importance of and urgent need for an assistance program, probably an improved POWA, to support the workers who just lost their jobs in Huntingdon and in my riding, as well as those who are likely to lose their jobs because of this government's lack of action.

Mr. Robert Vincent: Mr. Speaker, that program already existed, but this government has abolished it. Since then, the Bloc Québécois has been firmly asking that it be reinstated. Why? Because we believe in it.

At the time, only textile workers who were 55 years and older were eligible for POWA. Today, we are simply asking the government to reinstate it.

We know that the Liberals were the cause of the problem, and not the solution. The only way older workers can make a compensation claim is through POWA. This is why we are asking that it be reinstated.

• (2005)

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Chair, I thank my colleague for Shefford for his speech. It is important that we discuss this issue in the House today.

A while ago, I put a question to another member concerning the \$50 million in measures over a five-year period that will actually give \$200 of \$300 a month to each business, everywhere in Canada. Here are the questions I wanted to ask my colleague for Shefford.

First, even if he is far removed from these issues, does he think that these funds can meet the needs of the textile and apparel industry?

In addition, in his riding of Shefford, what are the consequences of the government's disengagement for several years and of the fact that, today, it suddenly comes up with some measures?

What consequences and what repercussions does the member foresee in his riding in terms of job loss and business failures?

Mr. Robert Vincent: Mr. Chair, I thank the hon. member for his very relevant question. My answer will continue along the same lines.

What happens when unemployed workers over 55 years old who have trouble finding a new job do not have access to POWA? What is the perverse effect of a situation where one is unable to find a new job at 55 because one is less employable?

These people have to spend the money they had saved throughout their lives because they find themselves jobless. They must sell their house because they lost their job and need to make ends meet. Those who own a cottage must get rid of it. They have to sell their car, rent an apartment and be welfare recipients for the rest of their lives. People who worked for 30 years in this industry will live on welfare, without any revenue, for the rest of their lives.

That is the perverse effect we will see if these people cannot get help from POWA, which the Liberal government is unwilling to restore.

Hon. Eleni Bakopanos (Parliamentary Secretary to the Minister of Social Development (Social Economy), Lib.): Mr. Chair, it really is a pleasure for me to rise in this debate tonight on a subject that has been of interest to me ever since I came to this place. I have been working with the textile and apparel industry for a long time and have known the challenges faced by this industry as a result of free trade, of the initiatives taken by the government and of what is happening to the workers in this industry.

[*English*]

I would like to take the opportunity to offer some comments on a file that I have had occasion to work on for the last seven years. It is one that is increasingly challenging because of the global context in which this industry works, and the marketplace in which all nations now must compete.

[*Translation*]

My hon. colleagues are no doubt aware that this competition will even be fiercer in 2005 when all countries eliminate their quotas on the textile and apparel products, as agreed in 1994, further to negotiations held at the World Trade Organization. According to

Government Orders

these obligations, Canada will have to eliminate all remaining quotas on textile and apparel products as of January 1, 2005.

[*English*]

To assist the Canadian textile and apparel producers in adjusting to this competitive trade environment, the government, as the minister announced in the House earlier, will remove tariffs on textile imports used in apparel production and on fibre and yarn imports.

Although this measure alone is expected to reduce input costs for both textile and apparel manufacturers by up to \$90 million per year, it is important to note that duties will remain in force on products where domestically produced Canadian fibres, yarns and fabrics are available. The Canadian International Trade Tribunal will work in consultation with Canadian textile producers to identify the products that they manufacture.

May I say that they already have a list because there was a comment made by the opposition members that this will also be a long process but there is already a process that has begun and there is a list that has already been given actually to the international trade tribunal which will not take forever in order to establish a list.

• (2010)

[*Translation*]

Under this new framework, importers will have to pay transitional duties during the consultation process and until a final decision is reached on the imported inputs that will benefit from tariff relief. The importers will then be able to ask for a refund of duties paid after January 1, 2005.

[*English*]

Today's announcement will also provide an additional \$50 million over five years to the textiles production efficiency initiative, CANTex, which was announced by the Minister of Industry.

CANTex was granted \$26.7 million in February to assist Canadian textile manufacturing firms to become more competitive and take advantage of new market opportunities. The initiative builds on the \$33 million Canadian apparel and textile industry program, which has funded in fact over 300 projects to assist apparel and textile companies in enhancing their productivity, lowering costs, improving efficiency and identifying new markets.

When hon. members in the opposition say that we have done nothing on this file, I would like to remind them that this is the type of money that has been invested by the government in that industry.

Currently, eligible projects under the CANTex program involve initiatives related to textile production activities, such as the implementation of textile production processes to increase productivity, the modification of existing production equipment, facilities to produce different textile products and the improvement of textile production capabilities to reduce costs.

Government Orders

Current eligible costs include: the studies undertaken to identify appropriate textile production efficiency initiatives and/or to assess market opportunities for new or different textile production capacity; studies directly related to the project; planning directly related to the project; consultant and professional fees directly related to the project; staff wages and salaries directly related to the project; and equipment installation, engineering, software and staff training costs directly related to the project.

[*Translation*]

An additional \$50 million will help producers of textiles used in traditional garments adjust their production to other markets. This money will also help promote excellence in the production of technical, special and industrial textiles, and give them the flexibility they need to succeed in the increasingly integrated markets we have now. With the CANtex program, industries will be able to ask for refundable contributions of up to \$3 million for various projects, including the procurement of equipment and material.

[*English*]

I have certain industries in my riding that I have visited. Now it is no longer the ladies or gentlemen at a sewing machine. It is very much less labour intensive than it used to be years ago, and more high tech. A lot of the owners tell me that those machines cost over a half a million U.S. dollars. This part of the initiative, where we will be also more flexible than in the old CANtex program, will be of assistance to those companies that want to go into buying equipment that makes them more competitive on the international level.

As hon. members are no doubt aware, duty remission orders were introduced in 1997-98 by the government as temporary measures to help textile and apparel firms adjust to a more competitive trade environment. Specifically, they gave certain companies in six textile and apparel subsectors the right to a remission of duties paid on certain imports. Benefits have averaged \$30 million annually over the past three years to the industry. Again, I would like to remind the hon. members on the other side that this government was the one that put those duty remission orders in place.

Although the current orders were set to expire on December 31, today's announcement will extend those orders for another five years, but will now include a phase-out period over the final three years. Remission order benefits will decline to 75% of original levels in 2007, 50% in 2008 and 25% in 2009. They will expire entirely on December 31, 2009. This phase-out period will allow beneficiary firms the opportunity to adjust to the 2009 expiry date.

● (2015)

[*Translation*]

The measures announced today are in addition to the more than \$70 million in federal assistance to the textile and apparel industries in the last few years.

[*English*]

Just one example of this targeted assistance will be the \$10.9 million provided in June 2003 for the Canada Border Services Agency to counter the illegal transshipments of textile and apparel products, products that came after the LCD initiatives that this government introduced, and which I personally opposed because of the impact that it would have on the textile and apparel industry.

In February the government announced \$26.7 million in tariff reductions to benefit the apparel industry.

Today's announcement on the elimination of tariffs on all imported fibre, yarn and textile imports that are not produced in Canada supercedes and, in my opinion, goes beyond the \$26.7 million tariff relief initiative.

[*Translation*]

The finance minister, whom I would like to thank for taking into consideration various representations on both sides of the House, will ask the Canadian International Trade Tribunal to hold consultations with the textile industry in order to ascertain the kinds of fibre, threads and textiles made in Canada.

But this will not take a year, as was said in one press conference. There is already a list drawn up by the industry.

[*English*]

Because innovation and investment are key to the industry's future successes in the global trading environment and to its continuing contribution to the health of the Canadian economy, I would be remiss not to mention some of the steps the government has taken outside of the tariff framework that have contributed to the sector's dramatic rebirth as a competitive high tech innovator.

Given the mobility of investment capital globally, a competitive tax system is critical to fostering business investment in Canada. Investment supports economic growth and job creation. The Canadian textile and apparel industry has demonstrated clearly that with more and better equipment embodying the latest technology, workers are more productive. As I said earlier, I have seen that for myself.

Increased investment and higher labour productivity in turn lead to increased employment, higher wages and a higher standard of living. The importance of improving the competitiveness of the tax system has been underscored in recent years by reductions in corporate tax rates for many of our major trading partners, establishing a Canadian tax advantage for investments, jobs and growth.

Government Orders

As time is running out, without continuing on the subject of tax, which I think is an important component, I would like to say that I am a member of Parliament who represents a number of apparel and textile manufacturers. I have had the opportunity over the years to meet with the entrepreneurs in my riding to learn about the challenges they face. I believe that their concerns are legitimate. For this reason, I have been working along with my colleagues on the government benches, as well as the Prime Minister and all ministers concerned to ensure a viable future for this industry's entrepreneurs and workers. Today's announcement in my opinion will do just that.

Recently I had the opportunity to attend the general assembly of the Textiles Human Resources Council, an organization dedicated to ensuring that employees of the textile industry attain and maintain world class skills. This is an industry that we have been supporting through CED and also Industry Canada. They are doing innovative training and education, ranging from CD-ROMs to fully interactive computer courses.

The Textiles Human Resources Council has made every effort to ensure the continuous upgrading of the industry's workforce, knowledge and skills. The outcome has seen the evolution of the oldest manufacturing industries in Canada into highly modernized capital intensive industries, selling to over 150 industrial sectors.

In closing, I am very encouraged by the fact that the government has moved on recommendations made by the finance committee. I also want to highlight the fact that I made an announcement today on behalf of the Minister of Human Resources and Skills Development regarding the two workers' initiatives that were put in my riding and in Laval.

[*Translation*]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Chair, I am a little surprised to hear from the parliamentary secretary this evening at 8:20 p.m., because personally, I do not share her legendary optimism. She literally wears rose-coloured glasses. As if all were well; as if all were well.

When the people of Huntingdon are facing a crisis, she has the nerve to tell us that she herself has announced pilot projects in Ahuntsic. The reality is that the crisis is in Huntingdon, not Ahuntsic.

I am also surprised to see her show such optimism; she and I are members from Montreal. There are 110 companies in my riding, which employ 4,000 people, including two major companies with 900 and 1,000 employees each. When the member says that all is well in Montreal, I must remind her that, in 2003, a study was conducted by the CRDIM, which set job losses for Montreal's textile industry at 4,052. It is not true that all is well.

Pilot projects are being announced in the hon. member's riding, but the crisis in Huntingdon could very well occur in the riding of Rosemont—La Petite-Patrie. Furthermore, the study in question indicates that:

—the transition process, it is also possible for Canada, or for any other country, to demand clauses setting out additional quota restrictions if national production activities are threatened... Between 1995 and 1998, these so-called "special safeguard" clauses were used 44 times, but never by Canada.

So, does this not demonstrate that the federal government has not used all means at its disposal to avoid the crisis facing Huntingdon and that could affect other ridings and other people in Quebec? When the member says there are pilot projects in her riding, she is not telling us that these projects are inadequate. Why not? Because there are no passive measures for workers in the pilot projects.

Could the government not have made an effort over the past 10 years to avoid this crisis, a situation that is totally unacceptable for the people of Huntingdon but that could spread throughout Quebec?

● (2020)

Hon. Eleni Bakopanos: Mr. Chair, I am very much aware that the major challenge facing the industry is preserving jobs. Today's announcement is specifically intended to help the industry keep jobs in Canada.

Without going into detail on the situation in Huntingdon, which the Bloc Québécois is using to get its point of view across, hon. members need to understand that somewhere in excess of 200 employers across Canada are delighted with this announcement. I have been working with representatives of both sectors for some time. Today's announcement reflects what they were asking us for and what was contained in the report of the Standing Committee on Finance.

I would, however, like to explain why I announced the two pilot projects. One of these is, in fact, in my riding of Ahuntsic, and the other in Laval. We want to demonstrate once again that over \$300,000 has been injected into an existing program designed to find new ways of retraining workers who lose their jobs.

While the industry is becoming more and more high tech, the older workers are not getting the opportunity of new training, for a variety of reasons. Through two NGOs we are helping them find new jobs. Through this type of assistance we are able to help workers in the industry stay employed, and as well, through Emplois Québec and our provincial government counterparts, to ensure that those who do lose their jobs can train for others.

I want to point out that there are other reasons as well. As I have heard from entrepreneurs, the more our dollar rises, the more jobs are at risk. Businesses are less able to be competitive. This announcement provides them with the tools to become more competitive. We do not have total control over the value of the dollar. This is bad in one way and good in another. That said, a variety of tools need to be found for entrepreneurs and for workers, and the various types of worker need to be taken into consideration.

As hon. members have heard, POWA is a program I am in favour of. I have indicated my support of this to the minister and will continue to let him know that more funding and new projects are needed. I feel, however, that the two projects announced today will help some of these men and women.

Government Orders

• (2025)

Mr. Alain Boire (Beauharnois—Salaberry, BQ): Mr. Chair, only a few days ago, Huntingdon Mills and Cleyn & Tinker garment manufacturers announced that they would shut down for good in the near future. Huntingdon Mills will cease its operations on Friday and will lay off 250 workers. Cleyn & Tinker has already started selling off its equipment, which is being exported. It will cease its operations next April. In total, the two plants will lay off 800 workers.

Let me tell you that all that makes me very sad, since we are dealing with a massive loss of jobs in my riding of Beauharnois—Salaberry. The Haut-Saint-Laurent RCM will have a very bleak Christmas, and I dare hope that the government will alleviate their misfortune by suggesting concrete measures to help them.

More than 800 jobs will be lost, and the measures announced today will not suffice to make up for them. They are coming much too late in the day, and I can hardly understand why the Minister of Finance is of the opinion that the Bloc Québécois is impatient with this matter: it is of the utmost urgency to act. Indeed, the plants had been employing couples, whole families, for generations. For those municipalities, they really were economic engines. For instance, 75% of the labour force of the town of Huntingdon was employed in those plants.

Located in Montérégie, Huntingdon is a municipality of 2,600 people. It is going through a serious crisis following the announcement of the closure of these textile plants, which will mean the loss of 800 jobs. The mayor of Huntingdon, Mr. Stéphane Gendron, is sending a cry of alarm and calling for an immediate emergency plan. Moreover, 43% of the people affected by these closures do not have a high school diploma and are over 50 years of age. Thus, you will agree that finding another job is hardly an option for these people. Whole towns and villages are threatened with closure, because these plants are their only hope.

Textile has always been a profitable sector of activity in Canada. This industry has been generating more than 150,000 jobs in Canada and over 70,000 in Quebec. Currently, several duty remission orders apply to the Canadian clothing industry, most of which are expiring on December 31, 2004.

Until now, the government seemed insensitive to the cry of alarm of these workers, and the assistance that was announced today is evidence that preserving these jobs is not a great concern for the federal government.

There may be several reasons why these clothing plants are closing in my riding. The forthcoming end of import quotas on textile, which will come into force in 2005 is one of them. It will be impossible to compete with Chinese manufacturers under the Agreement on Textiles and Clothing of which Canada is a signatory.

This new situation will put in jeopardy a number of textile and apparel businesses that are already suffering from the stiff competition, including because of the trade practices that are in effect in certain countries. Industry stakeholders are all the more concerned because several duty remission orders for manufacturers who import clothing will soon expire.

The Bloc Québécois has been working on this issue for a long time. On December 9, I tabled a petition signed by 2,845 fellow citizens and textile workers in my riding, calling on the government to solve the textile crisis. The Bloc Québécois also asked a number of questions in the House on this issue, but the minister said that we were too impatient.

This evening, the Bloc Québécois is urging the government to take immediate action regarding this issue. The federal government's lack of action has generated a real public show of discontent. Some concrete action must be taken now, because the announcement made by the Minister of Finance to triple the assistance provided to the textile industry is, unfortunately, of no help to the 800 workers in Huntingdon.

• (2030)

The workers from Huntingdon are asking the government to assure them it will maintain import tariffs on clothing, textiles and products in Canada; carry on with the duty remissions for clothing companies; maintain a quota on Chinese imports pursuant to the WTO access protocol for China; implement a program to help modernize the apparel and textile sectors stipulating research, development and creation; implement an aid package for older workers who will be unable to find other work; develop immediately a restructuring plan to compensate for the job losses; grant severance pay to those who have lost their job; increase transfers to Quebec to promote job training; and, in conclusion, develop a program similar to POWA.

The government must listen to this *cri de coeur* from an industry important to the upper St. Lawrence economy and take the necessary action to correct the situation.

The current situation of the textile and apparel sectors is a prime example of the need to implement an older worker adjustment program similar to POWA in order to pay benefits to those who may lose their job in any of the businesses affected by this new situation.

There is no shortage of solutions. The only thing missing right now seems to be the government's will to act to find constructive solutions.

Hon. Eleni Bakopanos (Parliamentary Secretary to the Minister of Social Development (Social Economy), Lib.): Mr. Chair, for the benefit of those listening, I want to say that we are very concerned about the situation in Huntingdon. This is not something we wanted to see. When jobs are lost, everyone is affected, not only the Bloc Québécois.

That party took the opportunity of this announcement to state its view. Nevertheless, when we hear a member of the Bloc Québécois say in his speech that we have done nothing for the industry, it shows that he is not aware of the measures implemented by the Liberals since 1994.

As a matter of fact, we have had remissions in place for seven years. We have been trying to support the industry with remissions for the last seven years. As I have already mentioned, a number of other programs have been implemented. Today, we announced two other pilot projects for workers.

Government Orders

However, we are well aware that this situation is affecting the industry worldwide. I believe that the announcement made today will help the industry to be more competitive and help it get modern equipment. In the case of the 900 jobs in Huntingdon, the minister mentioned during a press conference that the company can still benefit from the CANTex program and that those jobs will not be lost. I believe that if someone else wants to buy the plant, he will be able to take advantage of the programs announced today by the finance minister. I cannot agree with those who keep saying that those jobs are lost.

I know that the mayor of Huntingdon tried to organize a meeting with the Minister of Industry, who accepted the invitation.

Does the hon. member know that efforts have been made to ensure that this plant may nevertheless take advantage of the programs we have announced today?

Mr. Alain Boire: Mr. Chair, I thank the member for her question. It infuriates me to hear her say that the program announced today can help the people of Huntingdon. I feel helpless. I can only come to the conclusion that the government does not even know what is going on.

The fact is that those plants had no future. The Cleyn and Tinker plant has been sold. Therefore, that is the end. It is official. There is no going back. We are beyond the point of no return. No government grant or anything of that nature could change anything now. The plant will move to the United States.

That is why I find it astounding that the government is not even aware of the situation. I am infuriated because there is no more hope now for the workers in Huntingdon. Their only hope is tied to programs provided after a plant closure. There is talk of POWA, a program abolished by this government in 1995. That is what people are hanging their hopes on.

The people in Huntingdon represent a number of families. We are in fact talking about an entire region, the Haut-Saint-Laurent RCM, with a population of some 22,000 people. I was saying earlier on that 43% of these people do not even have a high school diploma.

Something must therefore be done right now. Furthermore, empty shell projects will not help these people, because this is the end.

• (2035)

Mr. André Bellavance (Richmond—Arthabaska, BQ): Mr. Chair, I want to congratulate my colleague from Beauharnois—Salaberry, who has been working relentlessly on this file. Already, during the election, there were rumours about it in his riding. Huntingdon is a town that essentially depends on textile. Through my colleague's speech and tireless work, one can see that he is very much aware of what is being done and also very sensitive to the fate of workers in the town of Huntingdon.

Twenty years ago, when I was twenty years old, in Victoriaville, three textile plants shut down, namely Rubin, Utex and Fashion Craft. At that time, some 2,000 people lost their jobs. Actually, I know very well the impacts of such a closure in a single town. In my riding, I remember very well the accounts given by families of workers who were totally flabbergasted and devastated by this situation.

Since getting this news, my colleague has no doubt heard from many hard-hit families that did not receive adequate assistance from the federal government. I would very much like to hear from him what these people have to say, how they feel the federal government treated them, as well as the kind of assistance that they have received or not. I am certain that we will hear, unfortunately, some very sad things. I would like to know how the member for Beauharnois—Salaberry feels about it.

Mr. Alain Boire: Mr. Chair, I thank the hon. member for his question.

Indeed, the people of the riding are experiencing a tragedy. Economically speaking, it is also a tragedy for the Haut-Saint-Laurent RCM.

Concerning the textile industry, about 15 couples, some with children, used to work for Huntingdon Mills. I am thinking in particular about a family with three children. The situation is tragic when, on the eve of Christmas, the two parents are laid off, without any income. How will that family, these three children, spend Christmas? That was the question I wanted to ask.

On the other hand, some employees received a simple thank-you letter, having been employed more than 30 years by the same factory, one generation after the other. This letter is the only thing they did receive. They have no retirement plan. At this time, they do not even have the means to provide for their basic needs. That is pitiful. The government must take some concrete action. It is very important.

Employment insurance benefits must be paid now, without delays, since 43% of the population do not have post-secondary diplomas.

Inside the riding, some measures were taken by the former member. However these did not amount to anything. Some meetings were scheduled with the employers—

The Deputy Chair: I am sorry to interrupt the hon. member, but I must now give the floor to the hon. Finance minister.

[*English*]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Chair, I would like to wish you and all members present a merry Christmas and a happy new year.

I want to compliment the member for Ahuntsic on her speech. The member is probably as knowledgeable, if not the most knowledgeable member in the House about these issues. In the previous Parliament, the member from Ahuntsic spoke in caucus about these very issues quite passionately and quite well.

I want to commend my colleagues for raising this particular issue in light of today's announcement. I am sure that they recognize the importance of the work that the government and the government caucus has done in dealing with these issues. I am sure that members opposite are taking wonderful opportunities as we speak to congratulate government members on the work that they have done.

The Canadian textile industry is one of Canada's oldest industries. Yet, it has evolved through innovation and modernization to become a key player in the provision of specialized fibres and textiles in a highly competitive international market.

Government Orders

Established over 150 years ago in small communities that offered stable labour supply and rivers ideally suited for water generated power and dyeing finishing, the industry was initially based on the manufacture of yarns and fabrics from natural fibres. Currently, the industry is located mainly in Quebec and Ontario. It is heavily capital intensive, uses natural man-made fibres and yarns, and supplies over 150 industrial and other customers in Canada and worldwide.

As noted by the Canadian Textiles Institute Canada's textile manufacturing industry has transformed itself in the last 20 to 25 years through substantial and sustained capital investment. The result is an industry that is modern, efficient, increasingly capital intensive, a major user of high technology, and a provider of quality jobs for thousands of Canadians.

In doing so, this sector has clearly illustrated the role that progressive federal economic policies have played over the course of the last decade in encouraging innovation and investment necessary for Canadian industries to compete in the 21st century global economy.

While we note the successes of these industries, we cannot ignore the reality of the current global trading environment. Clearly, Canada's textile and apparel industry is increasingly facing a very difficult marketplace. Competition from low wage developing countries will increase in the year 2005 when all countries remove their quotas on textiles and apparel as agreed to in 1994 as a result of the World Trade Organization's negotiations. I wish to read from an article in the *Edmonton Journal* that was commenting on this very matter. It said:

"Producing garments in North America is going to be a very niche-market type of business," says Steve Kuchmak, owner of Hallmark Garments Mfg. Ltd. "Mass quantities will cease to be produced north of the Rio Grande," he predicts — as the U.S. quota also will end.

Further on it states:

Joga Punian, owner of Wildrose Garments Mfg. Ltd. says, "Everybody knows that they'll be flooding the market in jackets, golf shirts, coveralls and all regular items. We were heavy into polyester cotton coveralls for industry but now the competition will be tough. We are shifting to safety garments for the oil industry. Designs are done in-house with most of the materials coming from Montreal and the United States".

This industry has proved itself to be remarkably nimble but in the process some industries and some companies do not make it. In light of this competitive situation, the Standing Committee on Finance re-issued its report on duty remission for the textile and apparel industry on October 19, 2004. The report, which raised some very important issues relating to the apparel and textile industry in Canada, reflects comments made by industry witnesses regarding the status of current tariffs and duties.

The announcement made today by my colleagues, the ministers of finance and industry, is evidence of our government's commitment to this industry. The plan announced today includes three elements to provide support to this important Canadian industry.

First, effective January 1, 2005, the government will remove tariffs on textile imports used in apparel production, and on fibre and yarn imports. This measure alone is expected to reduce input costs for both textile and apparel manufacturers by up to \$90 million per year.

● (2040)

Duties will be kept in place on products where Canadian production can be substantiated. The Canadian International Trade Tribunal will be asked to work with Canadian fibre, yarn and textile companies to identify Canadian production. Importers will be required to pay duties while the consultation takes place and until final decisions are made regarding which imported inputs will benefit from tariff relief. If I may, I would encourage all of those industries to cooperate with government so that we may know what is the appropriate industry, an appropriate product, on which to keep duty relief.

Once a final decision has been made, importers will be able to request a refund of those duties paid on products since January 1, 2005.

Second, today's announcement will provide an additional \$50 million. We started with \$90 million. We have added to that \$50 million over the next five years for the textiles production efficiency initiative, CANtex. This is in addition to the \$26.7 million that was given to CANtex in February 2004. There is \$90 million in duty relief, \$50 million in new money, and \$26.7 million that is already available to the Canadian textile manufacturing firms so that they can become more competitive and take advantage of new market opportunities, just like the two people I quoted in the *Edmonton Journal* article.

The initiative builds on the \$33 million Canadian apparel and textile industries program, which has funded over 300 projects to help apparel and textile companies boost their productivity, lower costs, improve efficiency and identify new markets.

Beginning in 2005-06, this additional funding will encourage excellence and competitiveness in technical, specialty and industrial textile manufacturing. Again referring back to the *Edmonton Journal* article, that is exactly where one of the owners is going. The owner of Wildrose Garments is going into specialty products with respect to safety clothing.

It will also assist the manufacturers currently producing textiles for the traditional apparel sector to shift their production to other textile product markets. CANtex will allow companies to apply for up to \$3 million in repayable contributions for projects, including the purchase of equipment and machinery.

Much has been made in the past several weeks of the upcoming expiration of duty remission orders for the textile and apparel industries. These orders were introduced in 1997-98, some seven years ago, as temporary—and let me emphasize that—measures to help textile and apparel firms adjust to a more competitive trade environment.

They gave companies in six textile and apparel sub-sectors a right to remission of duties paid on certain imports. Benefits have averaged in the order of \$30 million annually.

Government Orders

So we have \$75 million, which is brought up to \$90 million, and we have the \$50 million enhancement on the pre-existing \$26 million, and we continue on with the average of \$30 million per year in duty remissions.

Of that \$30 million annually over the past three years, 90% of the benefits have been going to apparel manufacturers in the tailored collar shirts and women's wear sub-sectors. The current orders are set to expire on December 31, 2004.

The third element of the government's assistance package is the announcement that these orders will be extended for a further five years but will now be in a phase-out period over the final three years. Remission order benefits will decline to 75% of original levels in 2007, 50% in 2008 and 25% in 2009. They will expire entirely at the end of December, 2009.

As we can see from all of these initiatives on the part of the Government of Canada, prompted in large part by the drive of members of caucus, this is a substantive response on the part of the government to the needs and desires of this industry.

• (2045)

Thank you, Mr. Chair, and merry Christmas and a happy new year.

• (2050)

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Mr. Chair, I am pleased to take part in this debate, not only because it seems that I will be the last to speak in the House in 2004, but especially because I want, with my colleagues from the Bloc, to continue to denounce the window dressing of the last few hours. We would have liked another outcome with respect to the federal government's support measures.

I very sincerely believe that the Bloc Québécois and the other opposition parties tried, in recent weeks and months, to convince the government, before and after the election, to give our textile and apparel industry the support it needed.

What happened? Last week, the Bloc Québécois, through the members for Beauharnois—Salaberry, Berthier—Maskinongé, Drummond and myself, put a number of questions to the government about the measures it planned to take to help the textile and apparel industry face the new situation that will come about on January 1, 2005, that is the elimination of import quotas for apparel and textiles coming from developing countries in particular.

In response to our questions, the government, through the Minister of Finance in particular, simply said that we were being impatient, that the process was underway, that there were consultations with the industry, and so on. That was last Thursday. Today, around 3:45 p. m., in a mad rush, the same Minister of Finance announced a so-called assistance package which is nothing more than the recommendations made by the Standing Committee on Finance seven months ago.

Seven months ago, in April 2004, the Standing Committee on Finance unanimously adopted a report containing three recommendations. These were submitted to the government, but nothing had happened until today. I am sorry to say that there is worse. Two weeks ago, at the Subcommittee on International Trade, Trade

Disputes and Investment—in fact, my hon. colleague from Montmagny—L'Islet—Kamouraska—Rivière-du-Loup was with me—we asked a number of questions of the officials present, who told us that, regarding the finance committee report—containing the three recommendations I just referred to—which was first tabled in April, and again in October, following the June 28 election, they would not have an answer until March 8.

Two weeks ago, public servants were working on a response that was supposed to be ready on March 8. We thought that was completely out of line, considering that the problems were already right in front of us. And yet it seemed as if the government were working to rule. As hon. members know, when a committee tables its report, the government has 180 days to reply. So, the government announced that it would take the time it needed to answer the committee, and that might be until March.

That was two weeks ago. Last week, as I mentioned, the Minister of Finance had nothing better to say to us than that we were too impatient. Today, they announce the three measures that have been known since April. But now it is too late. In the meantime, jobs have been lost and investments have not been made. In the town of Huntingdon, in particular, the closing of six factories has been announced, putting 900 people out of work.

If the government, including the ministers of finance, industry and international trade, had done its homework after the election and come to us in October with a plan, perhaps some of the decisions made in the past few hours could have been postponed and reviewed. But no, there had to be a catastrophe in the Huntingdon region and a tempest in a teapot, producing one tiny drop of weak tea.

These three recommendations were the subject of a consensus in April, and we agreed with them completely. Even in the committee's opinion, these three recommendations were totally inadequate. Reading the report is quite interesting, though. The committee proposes taking three very easy actions. For the most part, they are already in place.

The first was to maintain the duty remission for importing manufacturers, those who import and are currently entitled to duty remissions on a certain volume of their imports. It was recommended this program be kept. Secondly, it was suggested that tariffs be removed on inputs, the fabric or fibre for making fabrics which are not produced—or no longer produced—in Canada and Quebec. Thirdly, it was suggested that the system of duties needed some housecleaning. In this sector, there is much that is arbitrary. Over the years, a patchwork tower of Babel has been constructed.

• (2055)

The government rushed to respond to the report of the Standing Committee on Finance. It was obvious during the press conference I attended. As I was saying, it was too little too late.

Government Orders

I will give an example. Among the three measures announced, there is the one to remove custom duties from textile products and fibres that we do not or no longer produce in Canada and Quebec. The Bloc Québécois entirely agrees with this measure since it had asked for it. This was even part of our election platform. However, the problem is that we need to know exactly which fibres and textiles we produce and which we do not.

To that end, we have asked the Canadian Trade Tribunal to conduct a study on this, which will take them more than a few days or weeks and may even take several months.

Meanwhile, apparel and textile producers will have to pay these duties without knowing whether the fibre or the textile they are importing will be considered a product not made in Canada or Quebec. They still do not know whether they will benefit from this measure, but they will have to pay out this money in the meantime. It says so in black and white in the government press release.

Had this measure been announced three or four months ago, it might have been possible to hope that the Canadian International Trade Tribunal would state, shortly, that a certain fabric or textile is manufactured in Canada and that we are able to meet market needs, and that this is not the case for a certain other fabric or textile. But the situation is otherwise. The resolution of a problem has just been put off until a later date. This does not alleviate the uncertainty these manufacturers are currently experiencing.

This is an example of what could have been avoided if the government had responded within a reasonable timeframe to the report of the Standing Committee on Finance.

As I mentioned, the Standing Committee on Finance considered its report to be insufficient. In fact, these are the easiest measures to implement because they relate to customs tariffs on textiles and fabrics produced here or elsewhere. However, a great deal of work still needs to be done. So, this was an easy answer.

We could have gone much further. For example, the government has not answered a very simple question: does it intend to maintain custom tariffs on textiles and clothings that will be imported even without quotas, be they from China or India? We expect such tariffs will indeed be maintained for some time.

The government is telling us that duty remissions over the next two years will be 100%. I gather that customs tariffs on our imports of clothing and textiles from China and India will be maintained. I

am using these examples, but many other countries, particularly ones in Latin America, export their products here. However, we still do not have an answer. I looked in the press release and in the technical notes, but it is not there. I think this is it. However, no guarantees are being made right now. The government could very well have decided to rapidly reduce them.

We are told that the duty remissions will decrease gradually in the third, fourth and fifth years. At what rate? That we do not know. I am assuming that this is what we are being told about the duty on imported apparel and textiles being reduced in the third, fourth and fifth years, but there is nothing specific written down about that. I have to deduce it. This is a bit like playing Clue. I imagine some of us will have a chance to play that with our children over the holidays. In my case, I hope it will be the junior version.

● (2100)

So we will be forced to reach this kind of conclusion, whereas normally we would have expected the government to have been very clear on this.

There is one other element I want to address. Why not be like the Americans, that is allow Canadian textiles to be processed off-shore and then brought back into Canada duty free, as the U.S. does with the Caribbean.

Lastly, as I have already said, this is too late and too little. I hope that the industry will be smart enough to tell the government that. They could also have announced a very simple measure: maintaining the quotas on imports of apparel and textiles from China for the next few years, so that our textile and apparel industries would have the opportunity to develop, to keep their jobs, but also to keep our regions alive.

Thank you and Happy New Year.

The Deputy Chair: It being 9 p.m., pursuant to the order made earlier today, the committee will rise and I will leave the chair.

The Acting Speaker (Mr. Marcel Proulx): Let me extend my best wishes for a Merry Christmas and a Happy New Year.

Pursuant to the order made earlier today, this House stands adjourned until Monday, January 31, 2005, at 11 a.m., pursuant to Standing Orders 24(1) and 28(2).

(The House adjourned at 9 p.m.)

CONTENTS

Tuesday, December 14, 2004

ROUTINE PROCEEDINGS

Chief Electoral Officer

The Speaker 2729

House of Commons

The Speaker 2729

Aboriginal Affairs

Ms. Blondin-Andrew 2729

Order in Council Appointments

Mrs. Jennings 2729

Government Response to Petitions

Mrs. Jennings 2729

Committees of the House

Access to Information, Privacy and Ethics

Mr. Lee 2729

Petitions

National Defence

Ms. Gagnon (Québec) 2729

Justice

Ms. Poirier-Rivard 2729

Questions on the Order Paper

Mrs. Jennings 2729

Petitions

1906 Census Records

Mr. Boudria 2730

Aboriginal Affairs

Ms. McDonough 2730

Organization of American States

Ms. McDonough 2730

Interparliamentary Delegations

Mr. Thompson (New Brunswick Southwest) 2730

Request for Emergency Debate

Textile Industry

Mr. Gauthier 2730

GOVERNMENT ORDERS

Migratory Birds Convention Act, 1994

Mr. Efford (for the Minister of the Environment) 2731

Bill C-15. Third reading 2731

Mr. Murphy 2731

Mr. Hearn 2732

Mr. Richardson 2732

Mr. Hearn 2733

Mr. Simard (Beauport—Limoilou) 2734

Mr. Bigras 2736

Mr. Richardson 2738

Mr. Tonks 2738

(Motion agreed to, bill read the third time and passed) .. 2739

Tax Conventions Implementation Act, 2004

Mr. Scott (for the Minister of Finance) 2739

Bill S-17. Second reading 2739

Mr. McKay 2739

Mr. Nicholson 2741

Business of the House

Mr. Gauthier 2742

Motion 2742

(Motion agreed to) 2742

Tax Conventions Implementation Act, 2004

Bill S-17. Second reading 2742

Mr. Solberg 2742

Mr. McKay 2742

Mr. Nicholson 2743

Mr. Paquette 2743

Mr. McKay 2746

Mr. Paquette 2746

Ms. McDonough 2747

Ms. Wasylycia-Leis 2747

(Motion agreed to, bill read the second time and referred to a committee.) 2750

Food and Drugs Act

Mr. Volpe (for the Minister of Health) 2750

Bill C-28. Second reading 2750

Mr. Thibault (West Nova) 2750

Mr. Ménard (Hochelaga) 2752

Mr. Thibault (West Nova) 2754

Mr. Grewal (Newton—North Delta) 2755

Mr. Szabo 2757

STATEMENTS BY MEMBERS

London Knights

Mrs. Barnes 2758

Marriage

Mrs. Grewal (Fleetwood—Port Kells) 2758

Riding of Dartmouth—Cole Harbour

Mr. Savage 2758

Millennium Fund

Mr. Sauvageau 2758

Greater Toronto Airport Authority

Mr. Lee 2758

Canadian Entrepreneur of the Year

Ms. Ambrose 2759

Canadian Forces Reserves

Mr. Boshcoff 2759

John Humphrey Freedom Award

Mr. Desrochers 2759

Aysegul Candir

Mr. Malhi 2759

| | | | |
|--|------|---|------|
| Kamloops Christmas Light Tour | | | |
| Mrs. Hinton | 2760 | Ms. McLellan | 2764 |
| Ukraine | | Mr. Anders | 2764 |
| Mr. Lastewka | 2760 | Ms. McLellan | 2764 |
| Brabant Newspapers | | Textile and Clothing Industry | |
| Mr. Christopherson | 2760 | Mr. Boire | 2764 |
| Bethlehem Walk in Parksville | | Mr. Goodale | 2764 |
| Mr. Lunney | 2760 | Mr. Boire | 2764 |
| Textile and Clothing Industry | | Mr. Volpe | 2764 |
| Ms. Picard | 2760 | Mr. Lessard | 2765 |
| Citizenship and Immigration | | Mr. Volpe | 2765 |
| Mr. Lunn | 2761 | Mr. Lessard | 2765 |
| Kids Come First Child Care Centre | | Mr. Volpe | 2765 |
| Mrs. Kadis | 2761 | Marriage | |
| | | Mr. Watson | 2765 |
| | | Mr. Cotler | 2765 |
| | | Mr. Moore (Fundy Royal) | 2765 |
| | | Mr. Martin (LaSalle—Émard) | 2765 |
| | | Mr. Anderson (Cypress Hills—Grasslands) | 2765 |
| | | Mr. Cotler | 2765 |
| | | Mr. Merrifield | 2765 |
| | | Mr. Cotler | 2765 |
| | | Textile and Clothing Industry | |
| | | Mr. Pacetti | 2765 |
| | | Mr. Goodale | 2766 |
| | | Commercial Bankruptcies | |
| | | Mr. Martin (Winnipeg Centre) | 2766 |
| | | Mr. Emerson | 2766 |
| | | Aerospace Industry | |
| | | Mr. Masse | 2766 |
| | | Mr. Emerson | 2766 |
| | | Textile and Clothing Industry | |
| | | Mr. Lunney | 2766 |
| | | Mr. Goodale | 2766 |
| | | Fisheries and Oceans | |
| | | Mr. Cummins | 2766 |
| | | Mr. Regan | 2766 |
| | | National Defence | |
| | | Mr. Schellenberger | 2767 |
| | | Mr. Graham (Toronto Centre) | 2767 |
| | | Mr. Kramp | 2767 |
| | | Mr. Graham (Toronto Centre) | 2767 |
| | | Textile and Clothing Industry | |
| | | Mr. Paquette | 2767 |
| | | Mr. Fontana | 2767 |
| | | Mr. Paquette | 2767 |
| | | Mr. Fontana | 2767 |
| | | Firearms Program | |
| | | Mr. Jean | 2767 |
| | | Ms. McLellan | 2767 |
| | | Taxation | |
| | | Mr. Lunn | 2768 |
| | | Mr. McCallum (Markham—Unionville) | 2768 |
| ORAL QUESTION PERIOD | | | |
| Child Care | | | |
| Mr. Harper | 2761 | | |
| Mr. Martin (LaSalle—Émard) | 2761 | | |
| Infrastructure | | | |
| Mr. Harper | 2761 | | |
| Mr. Martin (LaSalle—Émard) | 2761 | | |
| Natural Resources | | | |
| Mr. Harper | 2762 | | |
| Mr. Martin (LaSalle—Émard) | 2762 | | |
| National Defence | | | |
| Mr. Harper | 2762 | | |
| Mr. Martin (LaSalle—Émard) | 2762 | | |
| Citizenship and Immigration | | | |
| Mr. Harper | 2762 | | |
| Mr. Martin (LaSalle—Émard) | 2762 | | |
| Textile and Clothing Industry | | | |
| Mr. Duceppe | 2762 | | |
| Mr. Goodale | 2762 | | |
| Mr. Duceppe | 2762 | | |
| Mr. Goodale | 2763 | | |
| Mr. Crête | 2763 | | |
| Mr. Goodale | 2763 | | |
| Mr. Crête | 2763 | | |
| Mr. Goodale | 2763 | | |
| Health | | | |
| Mr. Blaikie | 2763 | | |
| Mr. Dosanjh | 2763 | | |
| Maher Arar Inquiry | | | |
| Ms. McDonough | 2763 | | |
| Mr. Regan | 2763 | | |
| Citizenship and Immigration | | | |
| Mrs. Ablonczy | 2763 | | |
| Ms. McLellan | 2763 | | |
| Mrs. Ablonczy | 2764 | | |
| Ms. Sgro | 2764 | | |
| Mr. Tilson | 2764 | | |

| | |
|--|------|
| Tourism Industry | |
| Mr. Smith (Pontiac) | 2768 |
| Mr. Saada | 2768 |
| Foreign Affairs | |
| Mr. Miller | 2768 |
| Mr. Pettigrew | 2768 |
| China | |
| Mr. Anders | 2768 |
| Mr. Pettigrew | 2768 |
| Textile and Clothing Industry | |
| Ms. Thibault (Rimouski-Neigette—Témiscouata—Les Basques) | 2768 |
| Mr. Bélanger | 2769 |
| Justice | |
| Mr. Godbout | 2769 |
| Mr. Cotler | 2769 |
| Transport | |
| Mr. Cadman | 2769 |
| Mr. Lapierre (Outremont) | 2769 |
| Governor General | |
| Mrs. Parrish | 2769 |
| Mr. Alcock | 2769 |
| Business of the House | |
| Mr. Reynolds | 2769 |
| Mr. Valeri | 2769 |

GOVERNMENT ORDERS

| | |
|---|------|
| Budget Implementation Act, 2004, No. 2 | |
| Mr. Goodale | 2770 |
| Bill C-33. Second reading | 2770 |
| Mr. McKay | 2770 |
| Mr. Szabo | 2772 |

ROUTINE PROCEEDINGS

| | |
|------------------------------------|------|
| Committees of the House | |
| Procedure and House Affairs | |
| Mr. Boudria | 2772 |

GOVERNMENT ORDERS

| | |
|---|------|
| Budget Implementation Act, 2004, No. 2 | |
| Bill C-33. Second reading | 2773 |
| Mr. Hearn | 2773 |
| Mr. Solberg | 2773 |
| Mr. Szabo | 2775 |
| Mr. Loubier | 2776 |
| Mr. Poilievre | 2776 |
| Mr. Loubier | 2777 |
| Mr. Szabo | 2779 |
| Ms. Wasylycia-Leis | 2780 |
| Mr. Szabo | 2782 |
| Mr. Anders | 2783 |
| Mr. Bell | 2784 |
| Mr. Lunn | 2784 |
| Mr. Anders | 2786 |

ROUTINE PROCEEDINGS

| | |
|------------------------------------|------|
| Committees of the House | |
| Procedure and House Affairs | |
| Mr. Boudria | 2787 |
| Motion for concurrence | 2787 |
| (Motion agreed to) | 2787 |

GOVERNMENT ORDERS

| | |
|---|------|
| Budget Implementation Act, 2004, No. 2 | |
| Bill C-33. Second reading | 2787 |
| Mr. Lunn | 2787 |
| Mr. Anders | 2788 |

PRIVATE MEMBERS' BUSINESS

| | |
|---------------------------------------|------|
| Pension Ombudsman Act | |
| Bill C-228 | 2789 |
| The Acting Speaker (Mr. Proulx) | 2789 |
| Income Tax Act | |
| Mr. Cuzner | 2789 |
| Bill C-273. Second reading | 2789 |
| Amendment | 2790 |
| Mr. Bouchard | 2790 |
| (Amendment agreed to) | 2791 |

ROUTINE PROCEEDINGS

| | |
|----------------------------------|------|
| Committees of the House | |
| Agriculture and Agri-Food | |
| Mrs. Redman | 2791 |
| Motion | 2791 |
| (Motion agreed to) | 2791 |

PRIVATE MEMBERS' BUSINESS

| | |
|----------------------------------|------|
| Income Tax Act | |
| Bill C-273. Second reading | 2791 |
| Mr. Casson | 2791 |
| Mr. Bouchard | 2793 |

ROUTINE PROCEEDINGS

| | |
|------------------------------------|------|
| Committees of the House | |
| Citizenship and Immigration | |
| Mrs. Redman | 2794 |
| Motion | 2794 |
| (Motion agreed to) | 2794 |

PRIVATE MEMBERS' BUSINESS

| | |
|----------------------------------|------|
| Income Tax Act | |
| Bill C-273. Second reading | 2794 |
| Mr. Stoffer | 2794 |
| Mr. Thibault (West Nova) | 2795 |

GOVERNMENT ORDERS

| | |
|---|--|
| Textile Industry | |
| (House in committee of the whole for consideration of a motion on the textile industry under Government Orders, | |

| | |
|--------------------------------------|------|
| Mr. Strahl in the chair.) | 2797 |
| Mr. Saada | 2797 |
| Mr. Crête | 2798 |
| Mr. Boire | 2799 |
| Mr. Crête | 2799 |
| Ms. Picard | 2800 |
| Mr. Crête | 2801 |
| Mrs. Smith (Kildonan—St. Paul) | 2801 |
| Mr. McKay | 2802 |
| Mr. Julian | 2802 |
| Mr. Bellavance | 2803 |
| Ms. Picard | 2804 |
| Mr. Paradis (Brome—Missisquoi) | 2804 |
| Mr. Vincent | 2806 |

| | |
|----------------------|------|
| Mr. Goodyear | 2806 |
| Mr. Julian | 2807 |
| Mr. Cannis | 2807 |
| Mr. Vincent | 2808 |
| Ms. Picard | 2808 |
| Mr. Julian | 2809 |
| Ms. Bakopanos | 2809 |
| Mr. Bigras | 2811 |
| Mr. Boire | 2812 |
| Ms. Bakopanos | 2812 |
| Mr. Bellavance | 2813 |
| Mr. Proulx | 2813 |
| Mr. McKay | 2813 |
| Mr. Paquette | 2815 |

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