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OFFICIAL REPORT
(HANSARD)

Tuesday, March 30, 2004

—

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Tuesday, March 30, 2004

The House met at 10 a.m.

Prayers

• (1000)

[*Translation*]

BUSINESS OF THE HOUSE

Hon. Mauril Bélanger (Deputy Leader of the Government in the House of Commons, Lib.): Mr. Speaker, discussions have taken place between all parties and I believe that you will find consent for the following order. I move:

That at the conclusion of today's debate on Ways and Means Motion No. 1, all questions necessary to dispose of this motion be deemed put, a recorded division deemed requested and deferred to 3:00 p.m., Wednesday, March 31, 2004.

And that immediately following the recorded division on Ways and Means Motion No. 1, the following recorded divisions will take place: Ways and means Motions No. 7 and No. 8, Motion M-475 in the name of the member from Charlevoix and the motion for second reading of Bill C-439 in the name of the member from Sudbury.

• (1005)

The Speaker: Does the government House leader have unanimous consent of the House to present the motion?

Some hon. members: Agreed.

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

Some hon. members: Agreed.

(Motion agreed to)

[*English*]

Mr. Ken Epp: Mr. Speaker, this is but a very small point. I regret greatly that I am unilingual and I do not understand French. However, when you are putting those motions, I do not know what I am voting on until the interpreters have finished their work. I would appreciate a little longer pause before you actually ask the question on agreement.

• (1010)

The Speaker: I will try to bear that in mind in future discussions.

[*Translation*]

Mr. Michel Guimond: Mr. Speaker, I would like you to know that you can continue to speak quickly, even in English. That is why we have highly skilled interpreters in this House.

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

Hon. Roger Gallaway (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8) I have the pleasure to table, in both official languages, the government's response to one petition.

* * *

[*Translation*]

CANADIAN HUMAN RIGHTS TRIBUNAL

The Acting Speaker (Mr. Bélair): I have the honour to lay upon the table the 2003 Canadian Human Rights Tribunal annual report.

* * *

[*English*]

INTERPARLIAMENTARY DELEGATIONS

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, I have the honour to present to the House, in both official languages, the report of the Canadian delegation of the Canada-Europe Parliamentary Association regarding attendance at the conference on the global partnership against the spread of weapons of mass destruction and materials of mass destruction, held in France in November.

I would like to express the hope that we can modify our rules to permit a late show debate when events of this kind take place abroad so as to give Canadians the benefit of the content of these discussions and debates.

The Acting Speaker (Mr. Bélair): Does the hon. member for Davenport have two more reports to present or has he finished?

Hon. Charles Caccia: I apologize, Mr. Speaker. The next report deals with the participation of the Canadian delegation at the meeting of the committee on economic affairs and development at the European Bank for Reconstruction and Development. This event took place in London in January of this year. Also, at the same time there was attendance at the ordinary session of the Parliamentary Assembly of the Council of Europe, which took place in Strasbourg, France, in the last week of January.

*The Budget***INCOME TAX ACT**

Mr. David Chatters (Athabasca, CPC) moved for leave to introduce Bill C-508, an act to amend the Income Tax Act and the Income Tax Regulations (public safety occupations).

He said: Mr. Speaker, I am pleased to introduce my private member's bill, seconded by the member for Elk Island, which is an act to amend the Income Tax Act and the income tax regulations in regard to public safety occupations.

In the budget plan of 2003 the finance minister increased the maximum pension accrual rate for firefighters from 2% to 2.33%. Historically, police officers, corrections officers, air traffic controllers and commercial airline pilots have been provided the same consideration under the income tax regulations as firefighters. My private member's bill seeks to provide equal benefit for all individuals who work in public safety occupations. It would allow police officers, corrections officers, air traffic controllers and commercial airline pilots to receive the same pension benefits as firefighters.

Individuals who work in these important public safety professions endure long hours and stressful working conditions to give us the freedom to live our lives with minimal concern. It is because of this important contribution made by these workers that I believe they should be treated equally under the law.

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

* * *

•(1015)

[Translation]

PERSONAL WATERCRAFT ACT

Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.) moved that Bill S-8, an act concerning personal watercraft in navigable waters, be read the first time.

(Motion agreed to and bill read the first time)

* * *

[English]

PETITIONS**MARRIAGE**

Mr. Ken Epp (Elk Island, CPC): Mr. Speaker, I am honoured to present a petition on behalf of my constituents in the former part of my riding of Elk Island, people from Beaumont and Rolly View. Is that not a wonderful name for a town for a person of my stature?

The petitioners are very concerned and are pleading with the government to protect the definition of marriage as between one man and one woman exclusively.

The second petition contains 159 signatures on the same topic. This time it is from people who are presently in my riding but who will not be after the next election. They are from the towns of Radway, Thorhild and Redwater, but of course Sherwood Park will be in the riding in which I am running.

These people are also very concerned about the lack of response from the government on the same issue, that the lifelong union of

one man and one woman to the exclusion of all others should be the definition of marriage.

Mr. Rex Barnes (Gander—Grand Falls, CPC): Mr. Speaker, I also have a petition calling upon the government to take all necessary steps to preserve marriage as the union of one man and one woman to the exclusion of all others.

* * *

QUESTIONS ON THE ORDER PAPER

Hon. Roger Gallaway (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Acting Speaker (Mr. Bélair): Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

THE BUDGET**FINANCIAL STATEMENT OF MINISTER OF FINANCE**

The House resumed from March 29, consideration of the motion that this House approves in general the budgetary policy of the government.

Mr. Greg Thompson (New Brunswick Southwest, CPC): Mr. Speaker, I will be splitting my time with the member for Edmonton—Strathcona.

We have a lot to talk about today with regard to the budget. My definition would simply be that it is an apologetic budget. The government has been in charge for 10 years and has yet to get it right. As evidence of that, government program spending has gone from \$100 billion when the government took office to \$150 billion now, an increase of 50%. That is not sustainable spending by anyone's definition, but it does not stop there.

We have examples of overspending and the budget was somewhat apologetic for all those mistakes the government made in the past. It is not just mistakes. Some of them are criminal in nature and charges in some cases will be laid in terms of what happened to taxpayer dollars.

By way of example I will give some interesting observations around this place in the last couple of weeks. Obviously these are spending scandals that we brought to the floor of the House as the official opposition. One of the scandals is the disappearance of \$160 million or so from the Department of National Defence. How did \$150 million to \$160 million walk out the back door? Nobody knows on that side of the House and they are not sure what the figure is. Is it \$150 million or \$160 million or is it more? However it shows that the government is clearly out of control when it comes to spending.

The Budget

This unravelling of the government and its strong position in the polls that it had following the coronation of the present Prime Minister seemed to come very quickly. It all comes down to a question of trust. Who do Canadians believe and trust in terms of some of the boondoggles perpetrated on the Canadian taxpayers?

At this point it is pretty clear in the eyes of the average Canadian that they do not trust the Prime Minister in terms of some of the excuses that he is using for the mismanagement of Canadian taxpayer money.

I could be wrong on this but, in terms of understanding who the new Prime Minister is and what he is all about, I think it started on the night of the CBC townhall meeting that was broadcast across the country. The Prime Minister went into a little public meeting, took questions and responded to questions put to him by the audience. Some of his responses just were not believable.

For example, one woman, I believe from Calgary, asked the Prime Minister a question concerning CSL, Canada Steamship Lines. She wanted to know why he only pays 2% taxes when the average Canadian corporation pays somewhere in the vicinity, all things being equal, of about 29% taxes. The Prime Minister responded by saying that he had always been a tax haven buster and that he had eliminated tax havens.

On the face of it, that is probably true with the exception of his own company. He, as finance minister, preserved the tax haven in the Barbados to protect his own interests. We will admit that he closed down some of them, but the one that gave his company the kind of break that any corporation would love to have, is still there and is still being enjoyed by his family if we believe he turned over the assets totally and irreparably to his sons. However the fact is that it is still the Prime Minister's company. It is a company that was built by the present Prime Minister and he has played unfairly by tax rules that he could have changed.

When he pretended that he was a tax haven buster, no one believed him because he could have done something but chose not to do something.

• (1020)

When the member next to me wanted information regarding the Prime Minister's company, CSL, the Prime Minister responded by asking how much money his company, CSL, received from government contracts. The answer, which was in response to a question on the Order Paper, was about \$73,000 worth, which was clearly wrong.

The member for Edmonton Southwest, of course, persisted, which is one of the beauties of digging, persisting and not letting the government off the hook. Finally, the Prime Minister and the government had to confess that the figure was not \$73,000 but somewhere between \$150 million to \$160 million in contracts to the Prime Minister's company. Coupled with the fact that he was only paying 2% tax because of the offshore registry that he enjoys, which he should have shut down but did not, there is something fundamentally wrong with that.

The member then asked the Prime Minister when he knew about that amount of money. It being his company, the Prime Minister would have known that his company did more than \$73,000 worth of

business with the Government of Canada. How did he respond to that? His response was that he was busy with the leadership race. He was busy with the leadership race for 15 years. For the 10 years that the Liberals have been in power he was simply undermining his leader every single day so I can understand why he was busy. However no one believed his story. No one who runs a corporation ignores \$161 million in income. It just does not happen.

When the Prime Minister was successful in his leadership bid, he stood in the House and said that he would run the Government of Canada like a business. A few days ago our finance critic, the member for Medicine Hat, said that it was unfortunate that the Prime Minister did not tell us that the business was Enron. If people ran their business like that they would be out of business.

What we in this House are trying to do is put those people out of business. The truth is that the Liberals have lost trust. Their trust with the Canadian people has been broken. They have stepped over the line. They have had 10 years to get it right and the numbers just do not add up. They have gone on a spending spree, wasting taxpayer dollars.

One of these, Mr. Speaker, which I know, since you come from a rural area, drives you crazy but you are very limited in what you can say about it because of your position in the House, is the gun registry. We could have taken the \$2 billion that has been wasted on that registry and put it in the budget. The Prime Minister of Canada could have had his finance minister stand up and say that he was ending the program simply because it was not working. All the Prime Minister of Canada had to say was that it was a failed policy and that \$2 billion in taxpayer money has been gobbled up only to find out that it has not worked.

However the Liberals will hold on to that and try to carry it through the next election, despite the internal bickering and fighting within the party, which is another problem.

I want to give a couple of examples of what \$2 billion could do for my home province of New Brunswick. It could pay for eight years of salary for 4,444 police officers. Given the annual income of New Brunswickers, 93,765 New Brunswickers could be paid for a year. Two billion dollars could buy 66,000 police cruisers. Members can imagine how we could have had a real impact on crime and the protection of average citizens.

• (1025)

I am out of time, but I will turn the floor over to my colleague from Edmonton—Strathcona. I have a feeling he will continue on these themes of spending, overspending and lack of direction by the government. It had a chance to get it right after 10 years, and it has not. It is time we replaced the government.

Mr. Rahim Jaffer (Edmonton—Strathcona, CPC): Mr. Speaker, I must commend my hon. colleague for his most eloquent speech on the budget. He highlighted very well the problems of the current government and its lack of attention to so many different areas in the budget. He said it quite clearly that the government tried to pretend it was prudent, especially in the budget, and that it tried to pretend that it respected the tax dollars of Canadians. However, we have seen over and over again a history and track record of abuse when it comes to taxpayer dollars.

The Budget

Could my hon. colleague give a perspective from some of the people in his riding? How do they feel, given this budget and the government's half efforts in dealing with some of the real priorities like health care, education and even defence? It has band-aided the problems, without coming up serious solutions. What is the reaction of people in his riding on their disappointment with the government?

Mr. Greg Thompson: Mr. Speaker, one of the obvious examples is the \$2 billion gun registry. We have had other scandalous spending such as ad scam and the \$100 million which was floated away. There is the \$160 million that disappeared out of the back door of DND, where every dollar counts and where our soldiers are using outdated equipment.

For example, we have our Sea King helicopters. We could talk about those alone. Those helicopters are older than the pilots. For every 20 minutes a helicopter is in the air, it requires 36 hours to get them back up again. This is one example of outmoded equipment being used around the world by our brave men and women who are out there keeping peace in this very troubled world of ours. As a government, we are obligated to give them the best equipment in the world. What did the government do with \$100 million that could have gone to some of their equipment? Even basic things like boots and uniforms would be a help. It spent \$100 million on corporate jets to fly the Prime Minister around.

The Prime Minister is in Toronto this morning for a pre-election announcement. What did he fly in? Did he fly in a Sea King helicopter? No, he flew in a brand new jet, one that the government did not need. Its own officials said that it did not need these, that it had enough. He has logged about \$500,000 worth of airtime on those jets since becoming Prime Minister, basically in a pre-campaign period. It is just an example. Our brave young men and women in the forces are using, driving and flying equipment that is truly not safe. It is outmoded and outdated, yet the Prime Minister of Canada is flying around in a \$100 million corporate jet, which its own officials said that it did not need.

This is symptomatic of how the Government of Canada has browbeat officials in every department where officials did not dare say out loud what was on their minds. They did not whistleblow to declare and bring forward some of the wrongdoings in government on the threat that they would be fired or replaced. We saw a lot of that in the public service.

That brings me to one bill that I introduced in this place three or four years ago. It was a whistleblower bill that would have provided public servants in every government department and crown agency around the country protection so if they did see wrongdoing, they could come forward and the government would have to do something about it or the public would determine that it had to be fixed.

What the government attempted to do, and it did it very successfully, was to silence these people. It could have brought in a whistleblower bill or it could have supported my bill. However, it chose not to because it did not want the truth to be known. It wanted to continue to run the government with a heavy hand. We truly paid a heavy price for that heavy hand of government to do exactly what it wanted in the last 10 years. It has finally caught up with the it.

In this election we will have a united Conservative Party on this side of the House. Canadians will truly have a choice and they can determine whether it will be this group or that group that will be the government. I am absolutely convinced that now we are a government in waiting. We have the talent on this side of the House to replace that group, and believe me, after the next election, it will be replaced.

• (1030)

Mr. Rahim Jaffer (Edmonton—Strathcona, CPC): Mr. Speaker, I always enjoy taking part in debates in the House and sharing the thoughts and views of people in Edmonton—Strathcona. I know a lot of people back home are very disappointed in the government, especially in light of the fact that we had opportunities with the current budget, and I will address a few of these issues, given the fact that we had a larger surplus in the budget than we probably saw, especially a larger surplus than the finance minister let on about in the fall.

There was a host of things that could have been done for the priorities of Canadians. The government talked about debt relief. More effort could have been made on that. We feel this is important and we are glad the government has finally followed the advice of our party on reducing the debt. However, there is absolutely no mention of tax relief, and I will come back to that. We would have liked to have seen the government balance a few issues when it came to the priorities this time around, but it failed Canadians.

I find one thing really ironic, and I want to take this from my colleague from New Brunswick. He spoke specifically about the abuse by the government of taxpayer dollars and how things had gone awry over there because of a lack of accountability and transparency and proper procedures for oversight. It is incredible that in this day and age we have these sorts of problems in a government that seems to be so out of touch with how it should operate the finances of the country.

What I find most ironic in the budget is the way the government has tried to position itself in light of all these problems. It has tried to position itself as a government that is prudent, that is respectful of taxpayer dollars and that now is trying to deal with the debt. It is really tough to take the government seriously when we evaluate its track record over the course of the last 10 to 11 years.

My colleague from New Brunswick mentioned some of the things we have seen. I remember the big problems. We saw the HRDC boondoggle with over \$1 billion being wasted. As well we saw a surplus in EI. The government could return some of the money to the workers and employers. We estimate that surplus is now over \$43 billion, which the government refuses to recognize. It could have moved on that. Quite frankly, that is another theft from the taxpayers. Finally, as my colleague mentioned, we have the gun registry, which is now approaching \$2 billion, and still there is no real value from any of these programs and no real results for Canadians to see whether they are getting value for money.

The Budget

It comes down to the fact that the government has no respect for those programs or the deliverance of services to Canadians. That is why I find it so ironic. In light of the Liberals trying to position themselves as being prudent, how can they even claim that, especially with their track record under the leadership over there?

On the straight numbers, the government claims this theme of trying to be prudent, but obviously it is far from it. Let us just look at the budget and the amount of growth in spending over the course of its term. Since the 1996-97 budget, budgets have gone up by over \$41 billion, or over 40% in the last eight years, which is just an incredible growth of government. There is no prudence in that.

In this budget alone, I think the program spending jumps over 7% to close to \$10 billion. Over the next two years we will see program spending increase by over \$13 billion. The government talked about prudence, but more could have been done instead of increasing spending. In some programs the government still has not tightened its belt, areas such as corporate welfare. The government should not be in the business of dealing with handouts to these groups, but it continues to do so, and it has refused to tighten its budget in the areas where it could.

I mentioned areas where money could be given back. There is still a host of other areas where we could have seen reductions or at least a return of some of that money back to the stakeholders, Canadians, who deserve that money, who are hard-working and hate to see their money squandered by the government.

• (1035)

A host of issues is important to people in Edmonton—Strathcona and important to Canadians. I want to focus in on three issues which I know are very important, and I hear about them on a regular basis in Edmonton—Strathcona.

The first is education. We have a number of post-secondary institutions in Edmonton, and the University of Alberta is located in my riding. Obviously, health care is the top issue for many Canadians. Finally, I want to chat about a missed opportunity, and that is the issue of tax relief. We have seen absolutely nothing, especially in light of the surplus. The government could have done a lot more.

On education, there are some good measures, and we are not opposed to saying that. When the government does something that is on the right track, we will admit it. While the government increases money available for students under the Canada student loan program, it does not address their debt. That is one of the biggest problems students face in this day and age. Tuition costs are rising across the country. Rather than continuing to add to that debt, the government should be trying to reduce it. Raising the loan limits is a good thing so students can access money, but if it cannot counter that by ensuring they have either opportunities or some flexibility in the loan program once they graduate, they will be stuck paying a huge amount of interest. Many students are forced to default on their loans. That is not acceptable. The government could have done a lot more when it came to addressing the issue of flexibility, not just the issue of debt.

One solution we have put forward, one on which I am open to feedback and debate, is the idea of the income contingent loan

program. We would take the money in the current millennium scholarship fund, which unfortunately only helps about 6% of students. Obviously it has done some good for the students it has helped, but consider how many students are in need of money. When a program that large is only helping 6%, that money could be taken and applied to interest relief for more students. This would allow some flexibility in the student loan program, which would help a larger number of students. That is one proposal we have for education, one that would speak specifically to that debt issue, which has not been addressed in the budget.

Another issue we spoke about was the idea of how to co-ordinate. I know there is a difference of opinion in our party on this, and I have been encouraging the government to take some leadership on it. The government still does not have anyone in charge of education. Think about the differences in education and approaches to it across the country. I will continue to debate this in our party, but we need to address it. We need to have someone in charge to deal with the provinces in a proactive way.

We understand there is the issue of differences of power and that education is a provincial responsibility. However, there is no reason why we could not have someone co-ordinating efforts from the federal government, working with the provincial education ministers, to address issues on differential tuition and how to get some standardization across the country. Students should be allowed to move from one side of the country to get an education, plus it would give them the experience of living in a different part of the country.

These things are important and the federal government should demonstrate some leadership on this. Yet we have not seen any form of leadership when it comes to education. Because of that, funding, especially the transfers for education, has suffered under the government. We have seen health and education budgets slashed over the last 10 years by the Liberals. Even with the increases in each budget since then, we still are not up to the levels of what is acceptable for many post-secondary institutions.

On the issue of health, I know Canadians expected a lot more. Once again, when I talk about the issue of surplus, maybe I will tie in the issue of tax relief, because I know my time is limited.

The Budget

In the last budget the government allocated a one time spending shot of just over \$5 billion. In this budget it hid that. It did not take it out of the mix. We had a surplus in the area of about \$7 billion, and it obviously was not reported properly. Imagine the increase we could have had in the area of spending for health care? Even the provincial premiers have been saying that they are very disappointed there is no new money.

We have seen some effort on debt relief, but Canadians deserve to keep more of their money in their pockets. We have seen how that side of the House has treated taxpayer money.

• (1040)

I trust Canadians to keep their money and do better good with it than the government will ever do. That is something I wish the government had addressed in the budget, but of course it failed Canadians.

Hon. Elinor Caplan (Thornhill, Lib.): Mr. Speaker, I found the member's comments to be quite strange. On the one hand he complained about increases in government expenditure, and on the other hand he called for increases in government expenditure.

The member did not acknowledge the \$100 billion in tax cuts, the largest tax cuts in the history of this country, which are still being implemented. He did not acknowledge the \$37 billion increase to health funding right across this country.

He dismissed out of hand the fact that education is constitutionally a provincial responsibility. The federal government's role in support of education has been quite significant through R and D support and scholarship and access support for students at the post-secondary level. One of the most significant things the government has done has been to provide some \$13 billion in support for post-secondary institutions through funding for their R and D programs and scholarship and loan support for students. The member opposite simply dismissed that fact.

I spent some time in opposition. I would ask the member if he would at least give the facts to all Canadians rather than simply give another opposition speech which was negative and unfair and which was not factual in giving Canadians the real goods about the record of the government.

• (1045)

Mr. Rahim Jaffer: Mr. Speaker, I am surprised that the member is so interested in facts having heard her comments from time to time. I remember in the last election the things she said that were just outrageous when it came to facts.

I would like to address the member's remarks about finding my comments strange. Common sense is strange to members sitting on that side of the House, especially when we have talked so clearly about policy. They do not seem to understand common sense so it does not surprise me that she found my comments strange.

Let me address the one issue she spoke about with regard to tax relief. She does not seem to understand—

Ms. Elinor Caplan: \$100 billion.

Mr. James Rajotte: It is not \$100 billion.

Mr. Rahim Jaffer: Mr. Speaker, the numbers coming from members on that side of the House have always been skewed. The government said that the package it introduced was \$100 billion, but in the end the amount was about less than half of that when we consider where the other increases came from.

We have seen hidden increases when it comes to service fees and other things such as the fuel tax and the air tax. The government has tried to reduce them in this budget. There should not be a security tax when we look at the way the government manages money. We can look at the CPP increase. The government has reduced EI by a marginal amount but when we consider the increases in CPP, they clearly offset any meaningful tax reduction that the government has attempted.

I would like to challenge the hon. member on her figures when it comes to the actual tax reduction the government has given Canadians. It has been half of the number the Liberals talked about. They are never honest with Canadians with regard to their numbers. We would like to see some honesty and transparency in those numbers so Canadians could at least debate them.

Mr. James Rajotte (Edmonton Southwest, CPC): Mr. Speaker, I want to commend my colleague on his speech. I know the importance he places on education. I am glad he is educating the member opposite about the difference between government expenditure and government waste because there is a big difference which the Liberals do not seem to understand.

The budget puts \$20 million into Canada's universities and research hospitals for the indirect costs of research. We on the industry committee having been calling for this for two years. The fact is that this is simply not enough.

Every time a Canada research chair is put in place, money is taken out of the operational budget of the university. The government is putting these things in place but it is not putting the necessary indirect costs in place and therefore is causing students to lose money overall.

Does the hon. member think that \$20 million is enough to address that problem?

Mr. Rahim Jaffer: Mr. Speaker, the question of resources is always a significant issue for post-secondary education. We are trying to stimulate research and development. We have done some things right.

When we consider the whole package of the tax structure that many people face, especially when we look at the R and D tax credits that are in place and we look at the atmosphere on the other side when it comes to taxes, there are still a lot of challenges to be faced. People are not taking advantage of the tax credits just on the R and D.

When it comes to the investment that my hon. colleague mentioned, this is something we have to address and something on which we have to be more vigilant. I was surprised that the hon. member opposite did not understand when I said that even though education is a provincial responsibility, there should be some leadership on that side of the House. I guess that is something she is not familiar with.

The Budget

Hon. Ethel Blondin-Andrew (Minister of State (Children and Youth), Lib.): Mr. Speaker, I will be splitting my time with the member for Bras d'Or—Cape Breton.

[*Translation*]

I am very pleased to speak today in the House to express my support for the budget presented at the beginning of last week by the Minister of Finance.

[*English*]

The budget is evidence of the Government of Canada's commitment to strengthen our nation's social foundation and to help ensure that all our citizens can participate fully in our economy and society.

The budget's investments will help our children get the best possible start in life and enhance young people's access to the post-secondary education they need.

The budget is also investing in ways to enhance the skills and learning opportunities for aboriginal people in our cities and in aboriginal communities throughout the country. At the same time it provides funding to ensure that we protect the north's fragile environment and ecosystems in keeping with the strongly held values of northerners and aboriginal people whose ancestors have lived on these lands for millennia.

The aboriginal human resources development strategy is one of the major pieces in the budget. The AHRDS, as it is known, is a key initiative on which we can build and further help aboriginal people to participate in the labour market. In partnership with the aboriginal organizations and others, this strategy has made a real difference in the lives of tens of thousands of aboriginal people since its startup in 1999.

The strategy's forerunners were the regional bilateral agreements and pathways which were established initially by the Conservative Party and developed and made more inclusive and built on by ourselves over the last 11 years. As a direct result of the strategy over its five year lifespan, 70,000 aboriginal people have found sustainable employment opportunities in the long established and new emerging trades and professions in every sector of our economy.

I am delighted that the budget confirms the five year funding for the AHRDS and restores \$125 million over five years that was scheduled to sunset on March 31, 2004. With this \$125 million restoration, the AHRDS will continue as a \$1.6 billion program for the next five years to help aboriginal people develop their life skills and find and keep jobs with the help and support of a network of aboriginal organizations across the country.

The Royal Commission on Aboriginal Peoples recommended 10 years. We have met the first five years and we have now recommitted to another five years. That will give us the full commitment the royal commission was looking for. We have actually met that goal. It is one which has been worked on and fought for very hard.

With the \$125 million restoration, the AHRDS will continue, as I indicated, as a \$1.6 billion program for the next five years to help aboriginal people develop their skills and find jobs and keep jobs

with the help and support of aboriginal organizations across Canada. It will also give first nations and Inuit clients access to quality child care while they pursue training or employment opportunities. These 70,000 sustainable jobs will be in the emerging trades and professions in every sector across society.

Through the renewed strategy the government will also work to forge a more cohesive approach with the provinces and territories. There will be an attempt to work closer.

Aboriginal people have so much to contribute to Canada's economic and social well-being now and in the decades to come. Aboriginal youth and working age adults are the fastest growing segment of Canada's labour force. They represent a pool of extraordinary talent, energy and potential that can meet Canada's skill and labour shortages.

The AHRDS plays a big part in making sure all this marvellous potential is actualized. It builds on the whole aspect of how we integrate young people in the future. In years to come there will be a huge outmigration of baby boomers. The young people will have to take their rightful places in those professions and trades.

This is probably one of the only pan-aboriginal programs that includes all aboriginal people, including those in the urban centres, people who live on reserves, the Inuit, the Métis, the first nations, as well as native women and some great service providers such as the friendship centres. There is a huge aboriginal component to this.

Let me point out that the government has committed, in addition to this one program, \$85 million over five years to the new aboriginal skills and employment partnerships to enable aboriginal workers to access training and employment opportunities for areas that are steeped in resource development.

• (1050)

This is a slightly different program because it is geared to resource development initiatives. There are some very important resource development projects happening. If we look across Canada, there is a huge play on diamonds. There is the project in Fort-à-la-Corne, Saskatchewan and the Victor project in Attawapiskat, Ontario, which I believe, Mr. Speaker, is in your riding.

We have potential in the north. We have two diamond mines. We have some in Nunavut and De Beers is in its final stages of consideration on another one. These are all positive activities. Much work and consultation is underway to ensure that all of Canada is set to benefit from this program.

As the House is aware, Canada's large and growing young urban aboriginal population also has abundant talents and energy to help make our cities more vibrant and prosperous. I am very pleased that budget 2004 is also providing \$25 million over three years to double our investment in the urban aboriginal strategy to \$50 million.

The Budget

Mr. Speaker, I am speaking quickly because I have so much to say and so much information to give and it is all good. I know the opposition members will truly appreciate the work that has gone into this.

Working together through partnerships with governments, local aboriginal organizations, non-governmental organizations and the private sector, we have a proven record of developing innovative solutions that address local aboriginal priorities. The aboriginal skills employment partnership, known as ASEP, is one program that is going to heavily contribute to the betterment of life. It is closing the life gap and the economic disparity that is out there and ridding those communities of that disparity. It is going to contribute greatly.

I will now turn to the wise and far-seeing measures that budget 2004 includes for Canada's north. I am quite proud that the budget plan includes a number of pages that are dedicated specifically to the north. The whole of page 187 of the budget plan talks about supporting northern communities. It talks about territorial financing of \$150 million; health support for the territories of \$60 million, and making it part of the A-base ongoing funding for all three territories; \$90 million for northern economic development for all three territories; and \$75 million over three years for northern oil and gas development. This will ensure that the Government of Canada and regional authorities can respond in a timely, responsible and effective manner to the tremendous opportunity of pipeline and oil and gas development in the north.

We know that this is not going to be enough money. There is a signal already that more will be needed to undertake that project. It is a fairly major project and much work has already been contributed to that end.

There has been \$3.5 billion provided toward the cleanup of federal contaminated sites, over 60% of which is expected to occur in the north. This will contribute to an improved environment and some economic development and employment opportunities. Of course, it is not predicated on that. Those are the results of what has to be undertaken. They speak very specifically to some contaminated sites: the dew line sites; uranium contamination on Great Bear Lake, which resulted from the discovery of uranium; and also the whole issue of 270,000 tonnes of arsenic peroxide that are buried under Yellowknife in 17 silos.

There is so much more to discuss, such as the new horizons project, the fact that the Northwest Territories has had a successive positive GDP growth rate for a number of years. It also has the second highest employment growth rate. Alberta is at 69% and the Northwest Territories is at 68%. It is a success story that needs the investment it is getting.

There is so much more to share with the rest of Canada about what is happening in the north, but that is all I have time for right now. The economic development agreement is one that has been fought for long and hard. It is something we really believe we need to do. The devolution and resource revenue sharing studies and work that are being undertaken by negotiators are needed. We need the money. We are putting millions of dollars into the federal fiscal budget and we need some of that money back by having a resource revenue sharing mechanism.

• (1055)

Mr. Ken Epp (Elk Island, CPC): Mr. Speaker, I regret that I cannot speak louder today, but I hope I can be heard.

The member spoke to a number of different topics, but one twiggged my interest. She talked about the cleanup of the toxic sites. I do not think the Liberals will ever clean up the Sydney tar ponds because if they did, they would have nothing to put into their annual budgets. It has been there every year for the last five or six years. Every time there is a budget, they put in money to clean up the Sydney tar ponds. Yet, as far as I know, nothing has been done on that at all.

I would like the member to comment on her concern as a member of the governing party that the government keeps promising but it never delivers.

• (1100)

Hon. Ethel Blondin-Andrew: Mr. Speaker, it must be understood that it is very easy to pollute. It is very easy to contaminate and to abandon. What is difficult is the cleanup of those contaminated sites. I share that view with the hon. member and so does any reasonable person, but the commitment that we have made to Sydney tar ponds is expansive. We have put in millions of dollars and we will continue to do that until the public can rest that we have decontaminated that site. I believe that we have made an enormous commitment in the throne speech and in the budget toward that end.

The members from that community are very happy with that commitment. I think the community awaits the rest of the work to be undertaken. I agree that it is a major challenge but it is not the only one. As I indicated for the DEW line sites and the arsenic contamination, there are not even the technology or acceptable standard practices of how to render arsenic trioxide that are accepted internationally. It is expensive, but we need to do the science and the research. There is no standard way of doing that.

Also, uranium contamination is expansive and we recognize that, not just in my territory but also in Saskatchewan in Uranium City, whose very name is a telling sign of that whole situation.

I understand that it is a challenge. We are working on it. We have made a tremendous commitment of \$3.6 billion. That is not considered small. It is a major commitment to that end.

Mr. James Rajotte (Edmonton Southwest, CPC): Mr. Speaker, I have two questions for my hon. colleague. One relates to something that she and the member opposite said earlier about the \$100 billion tax cut. People in my riding certainly have not felt a tax cut of this size. I wonder if she could just inform my constituents and Canadians of where she gets the \$100 billion figure. What makes up that \$100 billion figure which the government uses consistently?

The Budget

Second, I would like to know how people in her riding feel about the firearms registry, particularly since, according to the estimates released this spring, it has surpassed \$1 billion. It is going onward and upward and we do not know what it will cost to complete or to maintain this registry. How do the people in her riding feel about the fact this registry has gone above \$1 billion with no end in sight?

Hon. Ethel Blondin-Andrew: Mr. Speaker, I would be telling an untruth if I said that those tax cuts were anything other than \$100 billion, because that is what I understand them to be. I am not one to question the people who do the detailed work on those tax cuts, but I believe that for a number of years now this is the terminology we have been using.

In recent days I have not heard a question in the House from the member on this particular issue. Not only that, it is a balancing act. We can do all tax cuts, but where do most of those tax cuts end up? With the people who do not need them. Where do we draw that money from? We draw it from social programs. We have to make a choice between tax cuts and medicare and health care. How do we balance that out? Where are we going to get the money from, from a money tree or manna that is going to fall from the sky? I do not think so.

People have to understand that when we talk about tax cuts we have to talk about other things as well. Where are we going to get the revenue to support the needs that we have in health care?

On the other point about the registry, I am not afraid to talk about this. I have been through two elections with the gun registry. There were changes that needed to be made and we made them. It is true that there are issues with gun control and that is why the minister responsible for that particular review is coming to my riding this coming week when we have time off from the House. She is to meet with the northern leaders on this very issue. There are concerns about resources and we will be dealing with them. There is a review under way and the member knows that. It would be rather intellectually mischievous of him to ignore the fact that it is under way right now.

• (1105)

Mr. Rodger Cuzner (Bras d'Or—Cape Breton, Lib.): Mr. Speaker, it is a great pleasure to rise and contribute to this debate on the budget. The budget does have its critics. When we have critics on the left saying we have not spent enough and critics on the right saying we have spent too much, it indicates to me that we have hit the sweet spot. We have hit the balance that Canadians have come to expect between fiscal prudence and responsibility in fiscal management and our commitment to people, our commitment to health care, education and to communities. I think that when it comes to this debate, the Canadian people are far beyond where the opposition parties are on this one.

The opposition parties believe that there is a magic wand that can come in and address all the fiscal challenges we face as a country. I think the Canadian people know that it is a steady and committed progression we take, a commitment to debt retirement, to continue to pay down the debt that has been such a burden to the operation of the government, one that has been accrued over a number of years. We have kept our eye on that ball and will continue to keep working toward that.

I would like to speak about a number of things. I will get to as many as I can. First, my colleague from Edmonton—Strathcona made some comments about coming up somewhat short on the learning agenda. I think there are some significant components to the budget that we have to celebrate. I think the learning bond is one that is going to pay dividends to young learners for years to come. The increase for low income families in the Canada education savings grant is significant, from 20% to 40%. As well, there are the new grants of up to \$3,000 for first year tuition for members of low income families. I think that is to be commended. That is a significant commitment.

The member also made a comment on the millennium grants. I think that we here in the House have to respect the fact that aspects of education are the jurisdiction of the provinces. We did enter into the millennium program with the provinces and some provinces were more successful than others.

I know that in my home province of Nova Scotia we did not get the traction that we wanted with the students in Nova Scotia because the provincial government deemed that its key responsibility was capital investment in its post-secondary institutions, so that is where the millennium moneys ended up going, and not into the hands of the students. We have addressed that problem with the province's education department and we think that going forward it will be best served.

More specifically, what I want to identify is what was talked about in the House earlier today and that is this government's commitment to environmental remediation at contaminated sites. The amount of money that has been invested in this last budget is significant. It is \$3.5 billion over 10 years to clean up contaminated sites. That is the single largest parcel of money that has ever been identified for environmental investments in Canada.

I speak first hand to this because my constituency borders on the riding of Sydney—Victoria. Every Canadian, I am sure, is aware of remediation of the Sydney tar ponds. My colleague from Elk Island posed the question of when we are going to get at the Sydney tar ponds. It is a question that my colleague from Sydney—Victoria and I have worked on continuously since we arrived here in Ottawa.

Last year it was identified in the budget. This year it was identified in the throne speech and in the budget and that money is being peeled out. Yes, there has to be an agreement struck with the province of Nova Scotia, the lead agency on the remediation, but we are working toward that.

The Budget

•(1110)

Members should know that I live in a constituency where it is like having two Cape Bretons, one of which we know was just recently identified as the second most popular tourist destination in the world. Anyone who has driven along Highway 19 up the west coast of Cape Breton or toured the Cabot Trail or the Bras d'Or lakes knows the beauty of our island and our culture. It is a great destination for tourists. The other Cape Breton is what we have to deal with as elected officials and as a community, that is, the remnants of centuries. We have to deal with the remediation of what was left behind by our resource based industries, the coal and steel industries. The Sydney tar ponds problem is one of those remnants.

There has been work done. We have had successes. I think we have a great grasp of the extent of the damage and the remediation that has to be done. This has been studied, and some say studied to death. Technologies have been identified that can do the job and clean the site. We have them short-listed and are ready to select them now.

Some of the projects have been done. The capping of the landfill site has been completed. We are seeing evidence of that now in some of the testing of the surface water and groundwater. It is making a difference and it is a significant difference.

We fully understand this challenge. We are so pleased with the success we have achieved and the support we have received from our caucus colleagues, the members on the government side, in getting us over the goal line. We know that before we can grow economically and socially as a community the problem with the tar ponds has to be addressed.

The Government of Nova Scotia is in the midst of its budget deliberations. It is ready to present a budget. There is some jockeying going on with the final agreement, but let us be realistic. The province operated the site for 30 years and was the regulator over the site for years beyond that, so it is time that the province buckled down and got the job done. The money is there from the federal government. We recognize that the Province of Nova Scotia cannot do the heavy lifting by itself. We are there for the province, but let us sit down and get it done.

There are a couple of other things I want to touch on that come right back to our community. We now are seeing the benefits within our community of some of the investments that have been made through the universities in knowledge and commercialization of knowledge.

We have some great research going on right now at the University College of Cape Breton in conjunction with the National Research Council. The Government of Canada, through its three federal granting councils, will invest \$90 million this year. As well, \$20 million per year will help cover indirect costs of university research.

When we speak to the presidents of the universities from Atlantic Canada, they come to us with the following. They say yes, they want to engage in the research. They see the benefit of engaging in the research and they see the potential it holds for our economy, but they also see the costs of engaging in that research. We think this money is going to pay dividends and encourage those institutions to partner

with private sector companies to allow that research to come forward through commercialization.

Currently the research being done at UCCB and with the National Research Council is in wireless communications. The specific project is the remote and wireless application of that communication on oil rigs and how switch boxes can be handled through wireless communication as opposed to a hard ground feed.

There are another couple of aspects of the budget that I think are worth noting. One is the acceleration of the infrastructure program. We have seen some great green projects since the Government of Canada has invested in infrastructure: the Glace Bay water treatment plant, the Port Hawkesbury and Port Hastings water and sewer project, sewage treatment in St. Peter, and the water project at Arichat. They are typical of the programs on which we have been able to partner with the province and the municipalities.

•(1115)

We think that by accelerating this program the benefit will be to the municipal units. It is an investment in economic development. There are a lot of dollars changing hands. We are very pleased with that aspect of the budget as well.

Mr. Ken Epp (Elk Island, CPC): Mr. Speaker, I am very pleased that the member has given this speech. He has indicated that the Sydney tar ponds are close to where he lives, I presume.

I would like to ask him a very pointed question. The fact is, the Sydney tar ponds have been mentioned specifically in a number of previous budgets. Could he please tell the House and the Canadian people whether or not there has actually been any physical work done in cleaning it up? In other words, have there been backhoes in there to clean it up and so on, and to what extent has that work progressed?

Mr. Rodger Cuzner: Mr. Speaker, I thank my colleague from Elk Island. I think that is a fair question. It is probably one that is on the minds of a number of people across the country because most Canadians recognize the significance of the Sydney tar ponds. It is a problem that is the result of over 100 years of steel making. It is a complex problem.

There have been attempts to clean it up before and those attempts have been unsuccessful. Recently, through the joint action group, there was a tremendous amount of community consultation and involvement. One thing it has done is to identify the toxic brew and the potential technologies that can resolve it.

Coming into the tar ponds, there are other factors that impact it as well. There was a municipal landfill site, for example, that allowed water to go into the tar ponds. We have capped that site. It has been totally contained with backhoes and trucking. That is sealed now. We are monitoring the water at the outsource of the Muggah Creek. That water is being tested. Even better, we can see the improvements in that water from the leaching in the landfill.

Structures have been removed from the coke oven sites. The whole perimeter is fenced and contained. Now we are moving to where the actual brew is, where the toxic material is, to see how we can best deal with it.

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Again, to my colleague, we are a funding player. We are at the table. We have three government departments at the table, but we have to appreciate the fact that the provincial government is the lead on it. That complicates things. It is the lead and we are there in a supporting role, an advisory role and a funding role.

There has been work done on it and we are looking forward to a final decision as to how we go forward and complete that job.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I have a brief question. The hon. member for Bras d'Or—Cape Breton has good reason to boast about his region as one of the most beautiful sites for tourism in Nova Scotia, in Canada or even in the world.

Still, since I am from the greater Quebec City region, I must say that this region is interesting as well.

Here are my questions. First, is there not, in effect, a problem regarding seasonal workers in his region, as there is in all tourism-based regions? Second, would it not be expected that, in this budget, this government which has been accumulating money by the billion in its employment insurance fund would give seasonal workers a status, as in the regional tourist industries in our areas? Finally, is he prepared to vote in favour, tomorrow, of the Bloc Québécois motion calling for the creation of the status of seasonal worker as part of the employment insurance system?

• (1120)

[*English*]

Mr. Rodger Cuzner: Mr. Speaker, I thank my colleague for the question. I guess we have a tendency to not refer to the workers in those industries as seasonal workers. We see them as full time workers in seasonal industries, and our constituencies would probably share a considerable number of similarities in that.

We have those who work in tourism, in the fishery, and in forestry. We have agriculture on Cape Breton Island and for the most part these are very specific. If one is a deckhand on a crab boat, that is a very specific skill and it is needed each year.

On the government side we have appointed a panel that will go across the country and hold hearings. We hope to draw more information, speak with those involved, and put together a piece of legislation that will best address seasonal industries and the workers involved in those seasonal industries.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I would like to tell you that I will be sharing my time with the hon. member for Mercier.

In speaking to this budget, my first order of business is to express the disappointment of the entire population with the fact that the Prime Minister, who had set out commitments and created expectations in terms of health, has completely failed to deliver the goods.

All that his government has been able to do is to slip the \$2 billion promised by Mr. Chrétien over a year ago into the financial statements of the current year. The provinces are saying unan-

imously, in a well-justified advertising campaign, that the federal government only invests 16% of its expenditures in health.

This amount declined dramatically throughout the Chrétien years, when the current Prime Minister was finance minister. There was a drastic decrease from when he was finance minister to when he left that position to become Prime Minister. Although everybody expected there would be more money for health in 2004-05, there will be less. Consequently, people who expected that the current government would adopt an attitude of openness have seen their hopes dashed.

Shortly after the budget was tabled, the Prime Minister went so far as to say, because he paid close attention to the polls, that the budget was having a disastrous effect on public opinion with regard to health. It is the number one concern of voters and our constituents. They expect a health care system to be adequately funded, and for the federal government to contribute its fair share.

Currently, the provinces, with some errors but also some success, are trying to do their best with the money they have. However, there is a fundamental problem. The federal government is collecting loads of money, billions of dollars, and it is so rich that it squanders it shamelessly.

On the other hand, we are told that the Canadian Forces are under-equipped, but \$160 million gets wasted, just lost, in a system somewhere.

Next, with regard to health, the provinces say that the \$2 billion invested last year should be made a recurring amount. Would not the best demonstration of the federal government's good faith have been to say that this money will be invested in 2004-05 and then there will be negotiations on the Prime Minister's current proposal, which is a new way of doing things while respecting the jurisdictions of each level of government?

But no, the government actually leaves this money out of the budget. A few days later, everyone realizes that this has had a devastating impact and there is an attempt at damage control; the government tries to fix things by saying that the money will be provided at a later date. The Liberal governments have used the phrase, "we will do it later" to death. No one believes the Liberals any more when they say things like that.

Take the example of seasonal work, of work in seasonal industries. I remember that, during the 1993 election campaign, there was a letter from Mr. Chrétien saying, "When we take office, we will give back to the employment insurance program what will ensure a reasonable value to that program, what will allow it to meet its objective of truly providing adequate income to workers who lose their jobs".

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In 1993, a letter to that effect was signed by Mr. Chrétien. After the election, he undertook the harshest reform ever of the employment insurance program. In 1997, and again in 2000, the same promise was made. Six months later, the Standing Committee on Human Resources Development reviewed the whole issue of employment insurance reform. Seventeen recommendations were made. How many did the government implement: one, two, five? The answer is zero. It did not follow any of the recommendations. Throughout all these years, the government continued to accumulate surpluses of \$3, \$4, \$5 or \$6 billion per year.

That is totally unacceptable. It is obvious that the current government, which is tired and washed up after years in office, cannot repeat the same old promises again, because no one believes them anymore.

I see once again Liberal candidates meeting constituents and telling them that they will look after seasonal workers and settle the issue. No one believes them, because the Liberals have made promises in that respect in the past five election campaigns. No one believes one word of what is said on that side. What we have to do is to send the Liberals in opposition to give them time to reflect and hear concrete messages. There are several reasons why the Liberals should sit on the opposition benches.

• (1125)

Obviously, there is the whole scandal, the arrogance of managing public funds as if they belonged to the boss's company. That is somewhat the approach used by the present PM, acting as if he were the chairman of some company rather than prime minister of a country.

We saw that in the budget. There are very concrete examples in support of that impression. I have already spoken of employment insurance, seasonal workers and the whole softwood lumber issue. There is no additional funding to help the regions through the crisis. The money is carried over from previous years, but there is no new money.

The crisis could last another six months to a year. People were rallied round, the companies asked to cope, and wait until the decisions were known, leading to an eventual return to free trade. The workers were asked to do likewise, but without any support worth mentioning.

So, this coming winter in my region, thanks to the great EI program we have, the forestry sector employees—those who manage to qualify at all—will have to manage for 10, 12 or 15 weeks with no income whatsoever. Try to balance a budget with no income for 10, 12 or 15 weeks, or half of it in the form of employment insurance benefits, while at the same time having to meet the usual household expenses, such as mortgage payments, groceries and so on. It is far from easy. It is also very frustrating when we know that the government is accumulating a surplus of billions of dollars at the same time.

As for social housing, there is a very present reality, not only in major centres, but also in areas such as Montmagny or Rivière-du-Loup: vacancy rates are very low, and low income people have trouble finding housing. There is nothing new in this budget that would enable us to increase the amount of available housing to meet

this need, or to make housing available for other categories of people.

I would have liked, too, to see something in the budget with regard to the guaranteed income supplement. We decided to adopt a clause retroactive over a number of years in order to correct the inequities in various sectors. However, for a number of years, the necessary funds were not provided so that seniors and the most vulnerable would have a decent income.

Some people did not receive the guaranteed income supplement for 5, 6, 7 or 8 years. They had to cut back on essentials. When it was realized that these people should have been registered in the system, they were denied a reasonable period of retroactivity. It would have been appropriate, in my opinion, for the budget to have included this kind of initiative.

There is the whole issue of old age security pensions. Currently, the system is not fully indexed. A basket of purchases by seniors is used to assess the difference between their cost of living and that of society in general. When people spend more on drugs and have more difficulty getting around, some of their expenses are much higher than those of an ordinary family. So, full indexation of the cost of living for seniors is needed. This is not in the budget.

And so, many things have been overlooked. I would also like to mention an issue that is discussed widely at present. I am happy that the Standing Committee on Industry, Science and Technology has decided to study the topic—unless an early election is called—of the challenges posed by China, the factory of the world.

I made a proposal that this issue be considered, but I would have liked it if, in the budget, there had been measures to promote increased research, development and support in the most traditional industrial sectors. There are not enough.

We are facing an enormous challenge from that quarter. All of Quebec's and Canada's manufacturing structure is shaken by this phenomenon. The answer is not to erect barriers around Canada but to give our industries the tools they need to ensure they can survive this new phase of the world markets.

It is especially true because, in the textile and apparel sector, Canada decided to remove tariff barriers ahead of the rest of the world. Thus, we placed ourselves in a position of weakness and we might have expected that significant changes would be proposed.

In conclusion, the people, particularly those in my riding and those in Quebec, do not see themselves reflected in this budget. We would like a formal commitment from this government that it will reinvest the \$2 billion in health care before the budget vote. We would also like the Prime Minister to recognize that there is an important error in his budget. No one believes him when he promises that it will be fixed later.

Right now is when the networks need money and when we are expecting the government to act. If not, the voters will punish the government severely in the coming election.

The Budget

• (1130)

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, I would like to congratulate my colleague on his budget speech. I know that he was employment insurance critic for many years. He did considerable work.

I would like him to tell us whether this budget includes all the measures he has suggested in the past. I know the Bloc Québécois has tabled many bills in order to make the employment insurance system as fair as possible.

Given the current situation and the surplus in the employment insurance fund, does he not think it is high time to change the system once and for all so that seasonal workers get their fair share?

Would it not be smart to allow groups such as young people and women to be able to benefit from the system now? Often changes made by the government exclude quite a few people. While these people often have contributed to the employment insurance fund, unfortunately, they are never able to receive their benefits.

Mr. Paul Crête: Mr. Speaker, this is a very pertinent question. The problem began when the federal government adopted legislation two years ago exempting the EI contribution rate from the usual rules. Normally, the rate is set based on market needs, unemployment forecasts and factors of that nature.

This was changed and the government could set the rate by order in council based on its financial needs. This was supposed to last for two years. Now the government has just renewed it for another two years. Basically, the government is not interested in being fair and applying the law as it was meant to be applied.

There should be a readjustment in the EI fund surplus, the \$45 billion that was accumulated for employment insurance and not returned to the workers and the unemployed. The government should commit to this. The Auditor General did.

The government's problem today is that it has spent this money on so many other things. That is why it cannot follow up on our proposals such as having an independent fund.

If the program were administered by those who finance it, and not a third party that contributes not one cent to it, it would be far better balanced. That was a proposal unanimously supported by the opposition and one the government ought to have followed up on.

As for the students, my colleague has raised that issue. Yesterday, a student came to my riding office to report that he had accumulated 907 hours of work, and thus was three hours short of eligibility. As a result, he did not qualify. There was no way around it. He was looking for another job, because the first hours he had worked were disappearing from his file. So, he helped to fund EI from his pay for 907 hours, but was not entitled to insurance. If he were dealing with a car insurance company, he would have changed carriers right away, as he would have with any other kind of insurance also. But in this case, he cannot. This is a student, required to contribute—which is something new—but who cannot get any of that contribution back.

This kind of situation is unacceptable. As for the benefit level of 55% of earnings, hon. members can be sure that seasonal workers are not left with much. Even if both members of a couple work, they do not receive much to manage on.

With the present program, situations will arise in a number of regions where people will have no money coming in for 8, 10, 12 or 15 weeks because of the infamous spring gap, while the federal government continues, even this year, to rake in billions in surplus. Even if contributions are slightly reduced, there will be over \$1.5 billion in surplus, and people are still waiting for this situation to be remedied.

We would have expected to see, in this budget, far more fairness and understanding of the situation workers and unemployed workers are going through. That is what would have been expected from the government, and what is lacking from this budget.

This is why people in eastern Quebec are so angry. They are out in the streets, and so they should be. I think they have figured out that pressure will have to be brought to bear in the next election on the Liberal candidates, who are under public pressure everywhere because people are sick of being robbed.

• (1135)

The Acting Speaker (Mr. Bélair): There are 40 seconds left for questions and comments. The hon. member for Chicoutimi—Le Fjord, for a brief comment.

Hon. André Harvey (Parliamentary Secretary to the Minister of Natural Resources, Lib.): Mr. Speaker, I thank my colleague. He talked about demonstrations. I know that Bloc Québécois members are experts in organizing demonstrations.

I wanted to ask him if he thought there were any good measures in the budget. All that interests them is unemployment. Perhaps he would like all of Quebec to be unemployed, for purposes of a referendum.

He talked a lot about the employment insurance fund. But did he talk about the \$31 billion drop in taxes, including \$24 billion for middle-income families?

Did he talk about the lower premiums for workers and employers, which also account for a substantial amount: nearly \$4 billion? A somewhat more global vision of the economy is needed.

He just mentioned research and development. Last year, Quebec received \$330 million for the R and D sector. Let him come to my riding, and people will talk to him about research and development —

The Acting Speaker (Mr. Bélair): I am sorry to interrupt the hon. member but his time is up. The hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, for a brief reply.

Mr. Paul Crête: Mr. Speaker, I shall reply very briefly.

The Budget

I would like the hon. member to be aware that the people who have an inadequate employment insurance plan are not the ones who have benefited from lower taxes. They do not earn enough money to be entitled to tax cuts. That is serious. They have contributed to the war on the deficit and they are now contributing to paying the debt, but they do not get one damn cent back from this government.

They will not stand for it. They do not need organizers in order to demonstrate. They will go out into the streets by themselves, because they can no longer take this government's regime.

The Acting Speaker (Mr. Bélair): Order, please. I do not know if “maudit”, or “damn”, is acceptable in the House. Caution should be exercised, anyway.

An hon. member: Caution. He is swearing.

The Acting Speaker (Mr. Bélair): Order, please. Resuming debate. The hon. member for Mercier.

Ms. Francine Lalonde (Mercier, BQ): Mr. Speaker, I will be continuing the speech by my colleague from Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques because he is expressing anger that all members of the House will encounter wherever they go. In all the years I have been a member of this House, I have never seen or heard the public so frustrated.

This budget, which followed a throne speech that spoke of vision, change and renewal, is disturbing and disappointing. There are only crumbs for people whose needs are great. In fact, this budget continues the typical budgetary policy of the Liberals, which is to use the surplus to pay down debt. Their vision is eliminating the debt.

Poverty, health problems, problems experienced by young people who want to continue their education, problems related to a lack of income due to job loss, the problems of families who want to have children and raise them are not important. What matters is lowering the debt at a time when Canada is already boasting about having the lowest debt of all the G-7 countries, after recently beating Great Britain. This is truly shameful.

I want to stress the point my colleague made at the end of his speech about the employment insurance fund surplus. This \$45 billion surplus comes from employment insurance contributions made over the years by low and middle income earners.

Now, workers making over \$42,000 or \$43,000 do not pay contributions on earnings over and above that amount. However, workers who earn more than \$2,500 must contribute and often—almost always—they are unable to access the benefits they need when they lose their job. They never see that money again. Often, they are unable to use tax credits because they do not pay taxes.

This situation is truly scandalous. Honestly, I think that few countries could have implemented such a policy, except those where people do not have direct contact with their government, as is the case in this federation.

Today, we will see what kind of budget the Quebec government will table. One thing is certain, expectations about equalization were cruelly dashed. There is a more than \$1.4 billion difference between the calculated needs and the amount the federal government included

in its so-called equalization reform. This is a needs-based calculation, not pure fantasy.

The budget before us includes nothing, or almost nothing, for low-income families. I say almost, because of the learning bonds, among others.

• (1140)

The government bragged about these learning bonds, but we can only imagine. We are told these will be available for children born after January 1, 2004. Over 18 years, they may receive up to \$2,000. Is it reasonable to think that a provision like that is going to help the next generation study and that this will ease the plight of people with low to middle incomes? No.

In the sector that I share with my colleague from Trois-Rivières, I would like to give an example that illustrates the huge distance, the gulf, the ocean between what the Prime Minister says and what he does. I am talking about international assistance.

The Prime Minister wanted to be an example of modernity and sensitivity to the poor—let us call them that, people from developing countries—by saying that he would increase international assistance considerably, advertising this everywhere he went. He even invited singer Bono to come celebrate. However, I believe Bono will be celebrating the fact that Paul Martin does not keep his promises. The only thing—

The Acting Speaker (Mr. Bélair): The Prime Minister cannot be referred to by name. The hon. member for Mercier is an experienced member of this House. I would therefore ask her to be more careful.

• (1145)

Ms. Francine Lalonde: Mr. Speaker, thank you for the reminder. You will understand that it is the result of my strong feelings on this.

The present Prime Minister was delighted to count on Bono's presence, but now Bono will be keeping tabs on him. The only thing in this budget about international assistance is about continuing the commitment of the previous Prime Minister, whom I can call by his name since he is no longer in this House. Jean Chrétien committed to an 8% increase in international assistance.

The fact that the budget for this is a mere 8% for 2004-05 illustrates that this government is nothing but a continuation of the last, not any kind of renewal or new hope. Quite simply, the present government is devoid, not only of information, but also of sensitivity toward people's needs. It is not enough to seem to be attentive to needs; there must be openness as well.

With this budget and the again predicted but unexpressed surplus, there is no way the government could not have made the effort to share the wealth with those in the greatest need. These are legion, not only in my region, but all over Quebec and Canada.

The Bloc Québécois has made the expression “hidden surplus” a popular phrase. We are not the only ones speaking out about them. The Conference Board of Canada, a most non-sovereignist body and one with little Quebec connection, has estimated the 2003 to 2006 surplus at \$24 billion.

The Budget

I began with a reference to how angry people are. Throughout this time allocated to speeches on the budget, one colleague after another has spoken about the causes of that anger, and I personally am anxious for an election so people can direct that anger.

[English]

Mr. Dennis Mills (Toronto—Danforth, Lib.): Mr. Speaker, I would like to make the case today that the budget is like a crafted jewel. Unlike the comments of the hon. member—

Mr. Dick Proctor: A crappy jewel?

Mr. Dennis Mills: A crafted jewel. I would like a few minutes to make this case. We are unlike the coalition of the antis over there. I have listened to the speeches and Canadians have to be—

Mr. Dick Proctor: I am an uncle not an auntie.

Mr. Dennis Mills: That is anti, the coalition of the antis; anti-everything. There is \$150 billion worth of program spending here for nearly every sector of the economy. I have been listening to opposition members this morning and they are just anti.

I would like to try to make the case why I think the budget is like a crafted jewel. I want to begin by referring to a book called *The Ingenuity Gap* written by Thomas Homer-Dixon. This book was written a couple of years ago by I believe one of our finest minds in Canada. He makes the case in his book, *The Ingenuity Gap*, that the system over the last 20 years of qualifying people to get into university, whether it be business school or law school, has been decided by the SAT exams primarily.

The way those SAT exams are designed tends to marginalize people with creative thinking. They tend to favour people who have a high degree of logic in their thinking. As a result, over the last 20 years we have a lot of people who are in influential positions, whether it be in business or in government, who do not have a lot of creativity. In fact, a lot of them even shun the creative process.

As a result, when creative thinking comes to leadership, because they do not feel comfortable with it they tend to put it aside. As a result, we have a lot of people in key positions, in government, in business, in running institutions, who tend to be anti-ingenuity. The reason that is a problem today is that the world is moving so fast and decisions need to be taken so quickly and the coping mechanisms to react to decisions that need to be made quickly are just not there. We just do not cope. We do not make good decisions, by and large.

The reason I say the budget is like a crafted jewel is because it is a celebration and a recognition that men and women with ingenuity is where we will put the resources of the treasury of this country.

First, let us talk about the fiscal prudence that is in the budget, the fiscal prudence that is celebrated around the world. We are now respected because of the fiscal management. This is just not a debatable point. By being managers over the last 10 years, taking a country that had incredible deficit challenges to a point where the treasury now, because that deficit has been eliminated, is saving Canadians \$115 million a day just in interest savings.

What do those low interest rates do? Nothing is more important to the one million men and women who own and operate small businesses. They tend to be the source of creativity and ingenuity.

Nothing is more important for a small business man or woman than to have access to cheap capital or low interest loans. Because of the fiscal responsibility that we have been on for the last little while and that we continue to be on with the new Minister of Finance, we are creating an environment where all that ingenuity, which is critical for job creation, which is critical for new products and new services, can flourish.

• (1150)

Anyone who is fair-minded in their assessment and judgment will realize that, first and foremost, the biggest winners in this budget are the one million small business men and women across Canada. Ingenuity is critical for these individuals. I am not knocking major, larger, multinational corporations, but most of them do not have an environment where ingenuity can flourish. This budget states that small business is our cornerstone.

Second, and again making the case that this budget is a crafted jewel, I have to look at what it will do for young families. In the last little while, it has been an amazing experience for people to enter the housing market and get mortgage rates on a home at 3.5% or 4%. This is a most amazing period in time. There is nothing more important than having access to such low mortgage rates. This is another area in building confidence, especially with younger families right across the country. This is another factor in this budget equation that causes me to think that this budget is a crafted jewel.

Let me move into various sectors of the economy.

The commitment in this budget to the automobile sector is almost unprecedented. There are over 250,000 families in southern Ontario. The government's commitment and respect, and support for the auto sector affects the lives and stability of probably one million people. This budget deals with the automobile sector in a way that cannot be denied. I have heard from several people in the automobile sector and they are absolutely delighted with the commitment that the Minister of Finance has made toward that sector. I am blessed here today to have colleagues from Windsor, Brantford, and Thunder Bay, whose influence was felt by the Minister of Finance.

Low interest rates are a stimulus for the automobile sector. When have we ever seen the cost of automobiles so low? When have we ever seen interest payments so low? Some manufacturers have told us that the margins they are making right now are the most disciplined they have ever been during their manufacturing lifetime.

The tourism sector is now on a rebound because of the government's fiscal prudence and because of its stimulus and support to the industry in Canada. The whole reawakening of the fact that tourism now represents 14% of the total jobs created in this country is another factor in this budget that causes me to believe it is like a crafted jewel.

I want to talk about some of those areas in the budget that deal with people who are in pain and in real need because ultimately they are the reason why we are all in the House of Commons. We do not come to this House for any other reason than to speak for those who do not have a voice.

The Budget

●(1155)

We respect the people who have lobbyists, that have a voice and do really well in society. We do not punish achievers on this side of the House unlike my opponents in the NDP.

Those members have this thought process that I have been trying for years to change. We do not need to punish achievers. We need all the achievers in the country that we can find because they generate jobs and their risk taking is very important for stimulating the economy.

An hon. member: Their taxes are very low.

Mr. Dennis Mills: The member from the New Democratic Party said that leaders in this country who achieve and who accomplish pay lower taxes.

I personally have no problem. He has just made the very point that I want to make. I believe we should reward our achievers. I have never believed, as the NDP do, that we should punish people because they work hard and they achieve. I just never bought that philosophy and I have been elected four times over NDPers who tried every election to knock me because I said I wanted to reward achievers.

We will go at it one more time with Mr. Layton, and I can use his name because he is not in the House. I have watched Jack Layton day in and day out, year after year. He gets this big thrill in trying to punish achievers. The country needs all the achievers that we can find. I will never be caught talking about punishing achievers.

I want to make the point that the real essence of why we come to the House, and it is a great trust and honour to be here, is to speak for those people who do not have a voice and those people who are in real pain.

The budget deals with people in pain from nearly every part of the community. This is what drives me nuts about NDP members, that even though it is written here, and there is \$150 billion worth of program spending, they just do not want to admit what goes on in terms of things that are done in the whole area of health.

It was an amazing thing the other day. The acting leader of the NDP stood up and asked the minister, how come he did not do anything in the budget for health care? The Minister of Finance stood up in response and said that, in fact, Mr. Romanow said very fine and positive things about the budget.

Mr. Dick Proctor: Not true.

Mr. Dennis Mills: It is absolutely true.

In terms of early child care, we will never forget the former minister of human resources development. One of her great legacies in the House of Commons is something no one can ever take away from her and that is the work she did in terms of early child care over the years. I salute her. It has just been amazing.

This is again speaking for people who are in pain. In the end, the real inner joy we get from serving in the House is being able to be a voice and do something for those who do not have a voice, and do not have the resources to speak for their cause, their child or destitute farm. That is the real thrill and the budget passes all of those tests.

I will remind people again of how last Monday, through the Prime Minister, the Minister of Finance and the Minister of Agriculture and Agri-Food, there was a billion dollar announcement made in western Canada to help that sector. Again, this is speaking for people in pain.

We have maintained, in the budget, the trajectory that the former minister for CIDA put us on. It was a trajectory of ensuring that we do not just speak for those in pain in our country, but that we reach out to countries around the world that are in pain.

●(1200)

An hon. member: The homeless too.

Mr. Dennis Mills: I believe in and my colleague has reminded me about affordable housing. This is another thing that drives me crazy about my future opponent, Jack Layton. He made the statement that the government has done nothing for affordable housing. In the GTA alone, we have averaged \$273 million a year for the last 10 years. That to me is a lot of money. That is separate and apart from the shelter money that we supply for the homeless.

We do not have an unlimited treasury here and I believe that there has to be a balance. If we ask a young person or a small business man or woman today if they would rather have a business loan at 5% or a mortgage at 3.5%, but to do that would mean that we would not be able to satisfy every need, that we would have to use balance, I bet that 9 out of 10 Canadians are going to say that they like the fiscal direction and the financial plan that the government is on.

That is why I say that this budget is like a crafted jewel because it has put most of the opportunity into entrepreneurship across this country. Our job growth, our job capacity, our domestic and international opportunities, and our future communities rest with small business men and women. That is my case.

●(1205)

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, I have question for the member for Toronto—Danforth. I was reading the budget yesterday en route here and noted that 45% of the federal government's revenue comes from personal income tax.

I wonder if the member for Toronto—Danforth would be able to provide us with the information—because it was not contained in the budget documents, it may be buried somewhere but I could not find it—as to what percentage of the federal budget is made up of corporate income taxes in this country?

Mr. Dennis Mills: Mr. Speaker, that is an excellent question.

The greater portion of moneys we receive in this country is through personal income taxes. We all know that and we are all constantly trying to refine that area of the personal income tax system; however, the member is referring to the fact that corporations are not paying as much tax. I believe that is the point that the member is trying to make.

The Budget

I am absolutely dumbfounded at the NDP opposition, and I told this to Jack. I said, "Jack, you are right off track on this", because tax deductions for the one million small business men and women in this country who create almost 85% of the jobs is a good thing. The top 150 corporations in this country pay very little tax. In fact, they are the ones that we should be reviewing in terms of their tax payable, but to make a blanket statement as Jack Layton has said repeatedly, that we should not be giving tax preferences to small business men and women, is the wrong tack to take.

It goes to my point about rewarding achievers. The greatest achievers in this country are small business men and women, and to deny them a better tax system, which is what Jack Layton is always saying, I philosophically disagree.

Mr. Monte Solberg (Medicine Hat, CPC): Mr. Speaker, I feel that I have to come to the defence of my Liberal colleague, believe it or not.

I am shocked that some people in Canada have yet to understand that in order for people to earn personal income, in many cases they work at those corporations. If the corporations are taxed too heavily, they will not stay in this country. The investment that is necessary to start those corporations can flow anywhere in the world. They can go to wherever they can get the best tax treatment.

My NDP colleague tries to tar corporations as somehow being bad and therefore they should pay much higher taxes but in the end, that is self-defeating. If we did that, the corporations would leave and tens of thousands of people would be without jobs. They would not have jobs and would not pay personal income tax.

Would my friend acknowledge that?

Mr. Dennis Mills: Mr. Speaker, I have tried repeatedly to educate my NDP opponent, Jack Layton, on the whole issue of taxes. On the notion of punishing achievers, whether they be small businesses or even large businesses that are paying Canadians good solid union wages, if all of a sudden we become such a persecutor of those people that are paying good solid union wages, those people are going to end up in countries where people get ridiculously low wages.

Jack Layton has to start cheerleading business. He has to start cheerleading those people that are creating jobs in this country, especially the small business men and women and especially those corporations that have good environmental standards and that pay good solid union wages. The day that this country slips into punishing achievers, that is the day when our fiscal framework will go right into the toilet.

• (1210)

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, for the record because it was never read in, 46% of federal income tax now comes through personal income tax and the amount from corporations is a meagre 12.5%. I am old enough to remember when there was a royal commission on taxation in this country and at that time it was approximately fifty-fifty between corporate and personal income tax. We can see what has happened in the interim.

When the member for Toronto—Danforth talks about hard work and achievers, let us think about working people who work hard and are being—

Mr. Dennis Mills: They work in those companies.

Mr. Dick Proctor: Those small business companies that pay those high union wages, yes of course they do.

We need to be aware that there are a lot of people working extremely hard in this country who are paying what they feel is too much tax. They would like some of that tax burden to be shared with the corporations that are doing extremely well.

Mr. Dennis Mills: Mr. Speaker, first of all, I agree with the member that the personal income tax system is flawed and it needs reform. I have been saying that for 15 years. I have talked about my concept of a single tax system until I am blue in the face.

There is a way to really get this country going, and the NDP are going to freak out when I say this. We have the GST in place. The member acknowledged it is only \$12 billion that we get from all businesses. As well there is the paper burden and all the duplication. I would abolish the federal income tax rate. If we abolished the federal income tax rate for the millions of small business men and women, imagine the paper burden that would vanish. Imagine the efficiencies that we could create.

Think of the international investment that would flow into this country for small businessmen and women. It would be incredible. That would drive interest rates down because the more capital there is in a market to rent, the cheaper it is.

We would have an investment climate where we celebrated men and women of ingenuity, men and women of creativity. I am going to repeat it until I am blue in the face. The one million small business men and women in this country drive our economy. They represent 85% of the jobs. The NDP has to stop talking about punishing the achievers.

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, I want to reflect back to the comment by my colleague from Toronto—Danforth. He said that he was dumbfounded. There was certainly a true representation of that in his last comments.

Nowhere on God's green earth have the New Democratic members or the party ever said that there should not be a fair taxation system. Nowhere have we said that business should have to pay everything. What we ask for is a fair taxation system. When everyday ordinary people are bearing the brunt of things and a member across the way is saying to get rid of all the taxes for all the businesses, that it will make things so much better, that is the most ridiculous position I have ever heard.

Mr. Dennis Mills: Mr. Speaker, I celebrate. I am shocked. I am without words because we now have a shift in NDP policy. The NDP is now saying it wants a fair tax system. I would like to hear the specifics about this fair tax system. However, the reality is that the leader of the NDP, Jack Layton, for the last three months has been pounding our Prime Minister and pounding our Minister of Finance. I can show clip after clip where he is against stimulating the small businessman and small businesswoman economy of this country. If he wants to convert and change, I celebrate that.

The Budget

•(1215)

Mr. James Rajotte (Edmonton Southwest, CPC): Mr. Speaker, we have just witnessed a very interesting debate in which a Liberal member has actually suggested we eliminate personal income taxes.

Mr. Dennis Mills: No, corporate.

Mr. James Rajotte: Federal corporate taxes. I am glad he clarified that.

I appreciate the opportunity to address the budget today. Mr. Speaker, I should mention at the outset that I will be splitting my time with the erstwhile member for Portage—Lisgar.

I am the Conservative critic for industry, science and technology. As such, I would like to review mainly the initiatives in this budget that affect industrial policy.

As an industry critic, I have had the opportunity in the last two years to travel across this country and to see many of the industries we have in Canada, whether it is the auto industry, fisheries on the east coast, softwood lumber, the beef industry, the high tech industry across the country, initiatives like the nanotechnology institute at the University of Alberta or the synchrotron institute at the University of Saskatchewan.

I am amazed at the potential this country has and at some of the good things that we are doing. I have to say that what really saddens me is the fact that we need a national industrial policy that recognizes that potential, that unleashes that potential and grasps it. We do not have this because what the federal Liberals continue to do is follow down a path of corporate welfare as their industrial policy. Instead of focusing on genuine research and development through the granting councils, instead of focusing on lowering taxes or putting into place an overall industrial framework that encompasses a big science policy, they insist on following the path of corporate welfare.

The fact is that most Canadian companies are innovative. They put new products on the market or introduce new processes. The problem is that compared with other G-8 nations, we do not innovate at the same pace. It is not our fault as Canadians, but in my view, it is a sense of national policies put in place that have resulted in this.

The fact is our productivity has fallen in comparison to other OECD nations, particularly in relation to that of the United States. Canada has fallen from sixth place in the world competitiveness ranking in 1997 to ninth place in 2001 and now to 16th place in 2003. Canada in fact ranks 14th in per capita research spending of the top 15 industrialized nations.

With respect to Canadian businesses, productivity and innovation, I would characterize budget 2004, with all due respect to Clint Eastwood, as being comprised of the good, the bad and the ugly. To be fair, I will begin with the good.

Government financial support for university research and research training is predominantly made available through federal granting councils: NSERC, the Natural Sciences and Engineering Research Council of Canada; SSHRC, which covers social sciences and humanities; the Canadian Institutes of Health Research; and the largest one, the National Research Council. These councils

collectively provide peer reviewed funding for more than 18,000 researchers across the country in many disciplines.

For the most part, these granting councils, particularly NRC, NSERC and CIHR, have had a good track record in science and research investments. We in the Conservative Party want to applaud their work. Therefore, we support the \$90 million increase in the budgets to these granting councils, including the CIHR, which falls under the health portfolio.

However, I want to remind the government in a very constructive way that these science and technology investments cannot stand alone in the effort to improve productivity and innovation in Canada. We must ensure that these grants are transparent. They must be made in combination with a broader science and technology policy framework and they need to be made in combination with tax cuts in order to create and encourage innovation in the commercialization of research.

Now let me address some of the bad in budget 2004. Frankly, I consider the venture capital section of the budget to be bad. I would also like to raise some concerns I have over the government's new push to commercialize research in universities.

It pains me to call it bad, but the budget's intention of creating a venture capital fund of \$270 million to enhance access to venture capital financing and to be administered by the Business Development Bank of Canada and the Farm Credit Corporation should raise red flags across the country. In my view, the government should not make the BDC the venture capital outlay that it is in this budget and we should in fact rely more on private sources.

•(1220)

The Conservative Party of Canada would like to see more venture capital in Canada. According to Canada's Venture Capital & Private Equity Association, investment activity in Canada's venture capital industry declined in 2003 with disbursements totalling \$1.5 billion, down 41% from 2002. However this decline is paralleled in the U.S. which has a much larger venture capital tool than Canada.

The federal government has previously employed other tools other than direct subsidization to encourage venture capital growth in Canada and we urge them to use those tools. For instance, budgets 2001 and 2003 included tax measures that removed impediments to pension fund investments and venture capital markets through limited partnerships, a vehicle that pension funds prefer for such investments.

We could also restore the capital gains exemption to what it was or even beyond that. Frankly, that would enable middle aged people who have paid off their homes to start using some of these investments. We need to invest in people starting up small businesses and who need it.

The Budget

I would like to finish this section with a quote from Larry O'Brien, a well respected chief executive of Calian Technologies. He says that while it is easy for Ottawa to say it will support early stage development, consequent programs get "...so screwed up in execution that it never works that way and you're better off not doing it".

The bottom line, from our point of view, is that taxpayers should not replace shareholders as a main source of capital.

Let me move on to the ugly section, and I should warn members that it is truly an ugly section. The fact is that the Liberal government refuses to acknowledge the failure of its own policies to encourage innovation and productivity in Canada. It has had 10 years to improve industrial policy and now it is asking for 10 more years under its so-called innovation agenda. This was the agenda that was so prominent under the former industry minister and now we hear nary a word about it, except that the Liberals want 10 more years to do this.

The reality is that Canada does have the potential, and I have seen it firsthand across the country. We have the potential to be a world leader in innovation, entrepreneurship, science and technology. However this will require the government to make a fundamental policy shift away from policies of corporate welfare.

Before I go into that, I want to quote my friend and a policy expert in Canada, who we should be listening to much more, Jason Myers, the executive vice-president of Canadian Manufacturers and Exporters. He says, "At best this budget was balanced. Anything else is of marginal, minimal impact on Canadian industry".

In addition to that, a recent C.D. Howe Institute report stated that Canada's effective 31.5% tax rate on capital is leaving the country unable to compete with U.S. companies which face a substantially lower rate of 20.1%.

In combination with an increase in program spending, government expenditures on its own programs will jump 7.6% from last year, and will further increase another \$12.7 billion over the next two years. Obviously the government, and the Liberals in particular, have a problem in managing the finances.

Despite these record levels of spending, total gross domestic expenditure on research and development has declined. According to the government's own documents, this drop is largely the result of a decrease in about \$729 million in business R and D performance.

Big gains in productivity and research can only be achieved when capital, money and labour, is free to go where the market offers both profits and new and exciting opportunities to workers. The government should be freeing up more money through tax cuts and it should revamp the SR&ED tax credit program, something it has been promising to do for years.

In terms of finishing off this ugly section of the budget, the budget fails to eliminate the terrible policy of corporate welfare. One example is the federal government's program, Technology Partnerships Canada, also known as TPC, which was created in 1996 to replace DIPP, the defence industry productivity program.

We do not question the need for a defence procurement strategy, but we do question corporate welfare and the government's policy of

selecting certain companies within certain industries to favour for what it calls investments, what we call grants, or what it sometimes calls non-repayable contributions.

Mrs. Judi Longfield: Can I have a copy of that for my folks?

Mr. James Rajotte: For the member opposite, let me give her some facts. Since 1996 TPC has made 591 grants for a total value of \$2.4 billion. How much of that money has been repaid to date? According to figures we obtained on February 3, 2004, \$47 million out of the \$2.4 billion has been repaid. What is that? That is 1.9%. In eight years the cumulative repayment rate is 1.9%. It is absolutely shameful that the government would continue to dole out money to corporations of its choosing and only gets back less than 2% of taxpayers' money.

• (1225)

Our view is that we need a new industrial policy. The Conservative Party favours an industrial policy that lowers taxes, increases spending on research and development and finally ends this terrible policy of corporate welfare.

Mr. Rick Casson (Lethbridge, CPC): Mr. Speaker, my colleague understands the industry file very well in speaking about corporate welfare and other issues that we certainly see as problems. His last comment about the amount of money that has been forked out compared to the little bit that has been returned, clearly is corporate welfare, and there is nothing else to call it.

I would like to focus in on a comment he made earlier about research and universities and the private sector being involved in research in our educational institutions. The research going on in my riding at the University of Lethbridge is second to none in the world with people working on spinal cord injuries and brain disorders. They have done some remarkable things and that needs to continue.

I would like the member to explain a little further how he feels about the combination of university research and private sector funds. What kind of mix needs to be there or does there need to be any at all?

Mr. James Rajotte: Mr. Speaker, I know the University of Lethbridge does excellent work. We should mention as well that it is not just universities but all post-secondary institutions. Institutions like NAIT and SAIT in Alberta do excellent work as well.

In terms of combining the private sector with university research, I think a good format is at the University of Saskatchewan. The University of Saskatchewan has set up something called Innovation Place where it has all the researchers working but it also has people from companies who can come in, assist and work side by side. Researchers can approach them for venture capital. That gets people working from the early stages of the project.

The Budget

In terms of protecting intellectual property and commercializing research, the University of Alberta is probably in the top five in the country in doing that. It needs to be done in a multi-layered way. If we look at the National Institute for Nanotechnology at the University of Alberta, it needs funding from different sources. It needs it from the Canada Foundation for Innovation, which funds mainly capital projects; and the Alberta Heritage Foundation for Medical Research, which funds a lot of the salaries.

At that level, even if it had something like Innovation Place, which the University of Saskatchewan has, then it would get the private sector funding right at the beginning. The people from the various companies or the small business people could see what researchers were doing and then could get involved in that research at the very early levels.

Mr. Brian Pallister (Portage—Lisgar, CPC): Mr. Speaker, it is a pleasure to respond to the federal government's budget, a Seinfeld budget: much ado about nothing. However that is understandable given the circumstances faced by the government, a government that is under attack for its ethical challenges and for the largesse it has dispensed for self-serving motives at the expense of Canadians at large. It means that the government is not in a position to try to buy goodies just prior to election time, as is its custom. That has resulted in a budget that we have not seen from the government before, a budget that plays around the edges of talking about issues but does not do much about addressing them.

One of the key issues that should be addressed and was not addressed by the government, an issue lost in the culture of corruption of the government, is a scandalous issue. It is an issue far bigger and far more important than the \$100 million that was given to Liberal friends in the sponsorship scandal. It is far bigger than the \$2 billion gun registry fiasco and far bigger than the hundreds of millions for Challenger jets. It is enormous. That scandalous issue is the EI overcharge which, as the Auditor General pointed out in her most recent report, is now at a level of about \$44 billion.

Just to be clear, the present Prime Minister when he was finance minister, Paul Martin Senior's son when he was finance minister, set the EI rate and politicized it. He took it away from an arm's length agency, the Canada Employment Insurance Commission, which was a partnership agency that worked in a multilateral manner to set EI rates. He politicized those rates three years ago and he has kept them artificially high. In so doing, he has enlarged the surplus. He has used the EI program as a cash cow. He has taken money from working Canadians under the auspices that it would be coming off their cheques and going into EI when in fact that is not the case and has not been the case for 10 years. The EI account has a surplus of \$45 billion and has grown during this last fiscal year to a level approaching \$50 billion. This is money the government has taken from working Canadians and small business people.

I listened to the member opposite earlier trying to wrap his arms closely around small business and the small business communities but it is those small businesses that have been fleeced by the government on the excessive EI premiums that have been taken from them.

The EI program itself is a subject for much larger debate. The program has never fulfilled its mandated objective properly, which is

to provide temporary benefits to workers who are temporarily laid off. Instead, it has been criticized repeatedly by royal commissions, policy groups, think tanks and in the last five Auditor General's reports for the way in which it mismanages labour force management.

The fact is that this is a working tax. EI premiums are the most regressive form of tax. They are a payroll tax. When they are unnecessarily high, they punish the engine of growth in our economy, which is small businesses and working people. They punish it unnecessarily and the government has done that.

All this talk about compassion and caring, and the attempts to create the impression that this is a government that does care for Canadians, rings hollow and stands quite false in the graphic evidence that out of each and every Canadian household \$6,000 has been taken under false pretences in unnecessary and excessive EI premiums. It has been used by the government for its own priority purposes. Let us not pretend that it has gone to EI. It has not been used to support the employment insurance program at all. It has been used to subsidize steamship companies. It has been used to hand out money to Liberal friendly advertising firms to do little or no work. It has been used for purposes not germane whatsoever to the employment insurance program. That is wrong.

When the finance minister stood last week and told us and the Canadian people that he had balanced the budget for seven consecutive years, that was not an accurate statement. If truth were an island, it would be an island uninhabited by that finance minister. The fact remains that the government has not balanced the budget in arguably three of the last seven years because the only way it could create the impression it had actually balanced the budget was through lifting EI premiums off the paycheques of working Canadians and throwing it into general revenue.

The Auditor General said that the government was breaking its own rules and that it should do something about it. The Auditor General is getting red in the face trying to convince the government, after five consecutive reports saying the same thing, that it should do something about it.

● (1230)

It has not. The reason it does not is simple. For every dime the government gives back to working people on their paycheques in reduced EI premiums, it loses \$870 million in general revenue that it can throw toward unnecessary and wasteful expenditures. The government takes that money and parades around as if it could actually manage when the reality is quite the contrary. The fact of the matter is that the government cannot and does not manage effectively.

The Budget

What is the cost of diverting funds from a dedicated program, which the EI program is? What is the real cost? What analysis has it done? When the government dishonestly diverts money from a dedicated program to other purposes, who pays for it? It is not just the payer. What is the impact on the payer?

What about a working couple? Let us say that they each make \$30,000. They have lost \$6,000 out of their household budget. That is money they cannot spend. That is money they cannot save for their child's education. That is money they cannot use to take a little trip with or to do home improvements with.

What about the small businessperson who has paid that extra 140% of \$6,000? What about them? How much have they lost? They have lost the opportunity to expand, to invest in capital investment, to do research, or to hire other people.

The Organisation for Economic Co-operation and Development tells us that Canada's unemployment system is structurally unsound and creates artificially high unemployment rates. The government likes to say that unemployment is lower than it was 10 years ago. Well, *alleluia*. Unemployment around the world in most western democracies is lower than it was 10 years ago. We were in a worldwide recession at that time.

That is not the point. The point is that our unemployment rate is now 7.5%, which is higher than that of many of our competitors. Part of the reason is that we pay people to be unemployed. Part of the reason is that we punish people who pay into EI, so they cannot employ more people.

The sooner the government comes clean on this issue the better we will all be, because families suffer as a consequence. Family members work longer hours, take more overtime and are away from each other more than they should be. We work for half the year in this country to pay taxes. We are overtaxed by the government. Families suffer as a consequence. The money the government has taken out of my riding and out of the constituencies of other members here would be far better left in the hands of the people who earned it than it will ever be managed by this government opposite that is taking it from them.

The fact is that this budget presents this EI money as revenue, but it is actually money borrowed from working people and small businesspeople across Canada. It is borrowed from them. It has been taken under false pretences and borrowed from them. The fact of the matter is, it should be repaid.

The Prime Minister claims, when we raise questions concerning his association with Liberal ad companies and his closeness to them, that he is not close to them at all. He points to rogue bureaucrats or other people. He says he did not know. He says he was otherwise occupied. But he cannot point the finger at anyone else on this issue, because the fact is that he was responsible. It was he who set those rates and kept them artificially high. The fact is that he, as finance minister, removed the arm's length mechanism that was in place to make sure that we had fairer EI premiums established in this country.

Frankly, I have a lot more faith in the people of my riding to earn money and to manage it well than I do in this government. The fact remains that when the government takes the money off a working person's paycheque in that little box that says EI, it should have the

dignity and decency to use it for employment insurance and not throw that money to its own petty projects.

There are many other things that I think are missing from the budget. In particular, there are issues of concern in terms of crime and public safety that are not addressed. Aboriginal policies are not addressed. Many serious concerns face the people of this country. They were looking for leadership. The fact remains that they did not see it. They did not get it.

I understand that the government is fearful. I understand the likelihood that it is in close proximity to the next election. I understand also that the Prime Minister has jumped up and down like a little boy in the back of the classroom saying "pick me, pick me" for 10 years, but the fact of the matter is, when we pick him to give us an answer to a question about an important policy issue, he does not have the answer. He is full of style but is missing substance. He has picked the pockets of taxpayers instead. I do not think the taxpayers of this country are going to be picking this man, based on what we have seen thus far from him. Making a lot of vague references to high priorities just does not cut it when it comes to providing leadership for the people of this country.

• (1235)

We have a political organization called the Conservative Party of Canada that is ready to go and ready to govern, with a leader of integrity who has demonstrated that integrity, a leader with ideas who has demonstrated his faith in those ideas. We have a team of people that I think is quite ready to demonstrate we can manage this country far better than it has been mismanaged by that group opposite us.

Mr. Rick Casson (Lethbridge, CPC): Mr. Speaker, I thank my colleague from Portage—Lisgar for his comments today. He has been making an issue of the EI surplus for a long time, especially since his time as our party critic in that area.

Before he was our critic in this area, he was also involved in aboriginal affairs for our party. He did mention the fact that there were things missing from this budget. He would have liked to see the budget address some of the discrepancies or some of the shortcomings in that department. I would like him to expand a little more on the aspect of the budget dealing with aboriginal affairs.

• (1240)

Mr. Brian Pallister: Mr. Speaker, this is an area of particular importance to me and I think to all of us, because the budget allocates close to 10% of the discretionary dollars, the non-debt servicing dollars, to aboriginal-specific programs. That is 10% for about 1% of the country's population. However, the government has not demonstrated a willingness to pursue any kinds of initiatives that depart from the failed policies of the past. It continues to throw money in the direction of dealing with the symptoms of problems. It is not addressing the solutions for those problems.

The Budget

For example, on property rights, a number of bands in this country have instituted systems whereby their members have the right to own their own homes. This has resulted in better neighbourhoods with far less property crime and better maintained properties. Investment in houses in those areas has paid dividends; the houses last much longer. These are changes that bands are making on their own, but the federal government has not shown any initiative in advancing those kinds of ideas.

How about the fake barrier that the Indian Act puts around the ability to repossess chattels off reserve? Let us say that we have a retail business that sells appliances or automobiles and sells them onto reserve. If payment is not made, the property cannot be repossessed. What that does is penalize the honest aboriginal person who wants to get credit.

We have to take down these barriers. They are antiquated barriers that are 130 years old. The government has shown no initiative in these areas.

How about matrimonial property rights for aboriginal people? The only place in Canada where there are no matrimonial property rights is on reserve. Aboriginal women get the raw end of the deal and many of them unfortunately stay in damaging, painful and risky relationships because they fear they will lose everything if they leave. That is not right and it is not fair.

These are the kinds of things that do not cost a ton of money to do, but they certainly can pay major dividends in increasing the freedom and equality of people for aboriginal people.

We can talk about the Canadian Human Rights Act. Unbelievably in 2004, that act does not apply on Indian reserves.

These are the kinds of changes the government should be making. It strikes me that the government is afraid of the status quo Indian industry in this country, which benefits by the preservation of dependent people, when what we need are ideas and enthusiastic projects, which many bands have embraced on their own. We need them adopted nationally. They can bring aboriginal people to a position where they can be not only self-sustaining, as many already are, but in a better position where they can, as equal Canadians, pursue their goals with the rest of us.

These are not expensive proposals but they take courage and they take forward thinking in dealing with them. The government missed the boat on these issues, both in its throne speech and in its budget. It continues to throw good money after bad in the same, old, failed approaches of the past. As for this idea, this Victorian era thinking, that we can somehow help people by bestowing money upon them, by largesse, by failed old welfare systems that basically steal the souls of many aboriginal people, it is one of the government's failed approaches.

These are failed approaches and they continue. The government continues to insist on following them for no good reason. Welfare reform and many other initiatives are being undertaken around the world, yet here in Canada we still follow the same, old, antiquated, backward view that is too often illustrated by the government, not just in its ideas but in its lack of ideas.

[*Translation*]

Hon. Claude Drouin (Beauce, Lib.): Mr. Speaker, first, I want to inform you that I will be sharing my time with my colleague from Dufferin—Peel—Wellington—Grey.

I take pleasure in speaking today to all Canadians, to tell them how we, the Government of Canada, have adopted a budget that demonstrates sound financial management.

It includes provisions for responsible and prudent financial management. It talks of improving accountability and integrity with respect to public expenditures and of continuing to present balanced budgets or better.

In the field of health, the budget promotes effective policies that will preserve and reinforce our health care and public health systems. With respect to learning, it is important to provide young people with the tools for success, while encouraging lifelong learning for all Canadians.

Of course, communities must not be neglected. We must ensure that solid and sustainable foundations are laid to create a new deal for communities. And to that we add knowledge and commercialization, in order to increase productivity through investments in research and development.

Canada's relations with the rest of the world are also a high priority and require the creation and strengthening of Canada's international ties.

Relative to economic and fiscal prospects, Canada's economy was hit by a series of shocks in 2003, ranging from the SARS outbreak, a case of bovine spongiform encephalopathy and the Ontario power blackout to forest fires in British Columbia and Hurricane Juan in Nova Scotia. All this, combined with the rapid increase of more than 20% in the value of the Canadian dollar, pushed Canada's economic growth down to 1.7% last year, well below the 3.2% forecast by private-sector economists at the time of the last federal budget.

For 2004, private sector economists forecast an average growth rate of 2.7% for Canada's economy, reflecting solid domestic fundamentals, low interest rates and a stronger economy. In 2005, growth is forecast to rise to 3.3%.

With respect to responsible and prudent financial management, the Government of Canada is committed to balanced budgets or better in each of the next two years. This commitment to fiscal discipline means the government will maintain its annual \$3 billion contingency reserve which, if not needed to deal with unforeseen circumstances, will be used to reduce the federal debt.

Moreover, the budget restores \$1 billion in economic prudence for 2004-05 and 2005-06. This kind of prudence is what enabled us to address some extraordinary burdens, as I mentioned earlier, and also allowed the government to provide \$1 billion in direct assistance to agricultural producers to help offset the severe hardships caused by recent disease outbreaks and sudden drops in farm incomes.

The Budget

This budget also sets the objective of reducing Canada's debt-to-GDP ratio to 25% within 10 years. I would like to point out that 50 years ago there were eight workers for every one retiree. Today, it is five workers for every one retiree, and in 25 years in Quebec, it will be two workers for every one retiree, which is why it is important to decrease the debt to ensure that our children and grandchildren have a promising future and the health care that they deserve.

An investment of \$665 million this fiscal year and over the next two years includes \$165 million to assist in creating the new Canada public health agency and to fund its main activities, including increasing emergency response capacity, and enhancing surveillance. It also includes some \$100 million to be invested in Canada Health Infoway to develop high quality, real-time public health surveillance systems.

• (1245)

We need only think of SARS, West Nile virus and other diseases where rapid intervention is essential.

In addition, this budget provides an additional \$400 million to the provinces and territories to support a national immunization strategy and to assist in enhancing their public health capacities.

This is in addition, of course, to the \$2 billion that the Canadian government is transferring to the provinces this year, building on the 2003-04 agreement for \$34.8 billion, for a total of \$36.8 billion.

In terms of learning, budget 2004 includes a comprehensive package of measures to make post-secondary education more accessible to all Canadians and promote lifelong learning, including the following.

There will be a new Canada learning bond of up to \$2,000 for children born after 2003 in a family entitled to the national child benefit supplement. An initial \$500 bond will be provided, with subsequent \$100 annual instalments for children, until age 15, in each year that the family is entitled to the national child benefit supplement.

Next, the Canada education savings grant matching rate for low- and middle-income families will be significantly enhanced.

A new upfront grant of up to \$3,000 for first year post-secondary dependent students from low-income families is also being introduced.

The budget also raises the weekly loan ceiling under the Canada student loans program to \$210 from \$165.

In addition, this budget will be accelerating implementation of the agreement with the provinces and territories to improve access to affordable, quality early learning and child care programs.

Finally, this budget will extend the education tax credit to employees who pursue career-related studies.

A new deal for communities is announced. Budget 2004 takes the first steps on the government's commitment to forge a new deal for communities of all sizes.

Municipalities will receive an estimated \$7 billion in relief over the next 10 years with respect to the GST and the federal portion of the harmonized sales tax.

As an example, for the year 2004-05, which is said to have started on February 1, the municipalities of Quebec will receive \$129 million. I can tell hon. members that several mayors have written to us, and others have spoken to us personally to thank us for this measure taken by the Government of Canada to support them in meeting their great need to upgrade their infrastructure.

The \$1 billion for infrastructure will be spent over the next five years instead of the previously announced 10-year period, again because we know how many municipalities are in urgent need. We had a duty to do something, and this is excellent news.

Regarding the community-based and non profit sector, Canadians depend on a wide range of organizations to contribute to the well-being of individuals and families. We are going to improve the tax rules for charities; extend small business programs and help establish capital funds and other sources of lending to benefit social economy enterprises; and provide additional funding over two years to the voluntary sector.

This has been very well received by stakeholders in the social economy and by the entire Canadian public as well.

Unfortunately, I see that time is moving along quickly, so I will just say in conclusion that we have an excellent budget. There are things we will still need to do. There are things that are not included. For example, in 2000, we adopted a five-year plan to reduce taxes by \$100 billion, and this year—that is the one about to begin—2004-05, Canadians will benefit from \$31 million in tax reductions.

• (1250)

This shows the Liberal government's awareness and the importance it places on this budget, a budget of which I am very proud.

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, I would like to ask my colleague from Beauce what he thinks of our political mores and the integrity of our institutions with respect to the situation today and that which prevailed in 1993, at the time the Liberals took power.

In fact, we know that, as a result of the sponsorship scandal, the government is trying to change its image and give itself a makeover. As for integrity, the government has announced certain measures in the latest budget speech in order to establish the Office of the Comptroller General of Canada, for example. It will appoint professionally accredited comptrollers to sign off on all new spending initiatives in every government department. Moreover, it will try to reorganize and strengthen the internal audit function on a government-wide basis.

Nevertheless, it is interesting to see what was said in the red book of 1993, which, it appears, has been tossed out the window by the supposedly new leadership of the Liberal Party and the government. In the introduction to the chapter entitled, "Governing with Integrity", it says, and I quote:

The Budget

Yet after nine years of Conservative rule, cynicism about public institutions... is at an all-time high.

They are referring to the voters, the Canadian public, the people of Quebec.

—cynicism about public institutions, governments, politicians and the political process, is at an all-time high. If government is to play a positive role in society, as it must, honesty and integrity in our political institutions must be restored.

The most important asset of government is the confidence it enjoys of the citizens to whom it is accountable. There is evidence today of considerable dissatisfaction with government and a steady erosion of confidence in the people and institutions of the public sector.

That is how we see it. This was written by the Liberals in 1993. Later, speaking about order-in-council appointments, the Liberals add:

The Conservatives made a practice of choosing political friends when making thousand of appointments to commissions and agencies—

Here, I think that the government took its inspiration from that nasty habit of Canadian culture when it named—for example—André Ouellet to Canada Post, David Dingwall to the Royal Mint, Jean Pelletier to VIA Rail, as Paul Tellier's successor.

Therefore, I would like to hear from my colleague, the hon. member for Beauce, what he thinks of the real changes that may have happened between the Conservatives' fiasco—which was about integrity—and the public fiascos we have just been through, to the point where it has become an international embarrassment to see this government acting like the government of a banana republic, as I am sure he will agree with me.

Therefore, I would like to know what my worthy colleague from Beauce thinks of all this.

• (1255)

Hon. Claude Drouin: Mr. Speaker, I thank my colleague for his courageous question. I did not think he would dare ask such a question. However, it is a pleasure to answer him.

Unlike the Parti Québécois, which, a few years ago, had a major problem with commissions, the Quebec Liberal Party called for an inquiry. All the former thought to do was say, "Listen, we will amend the legislation on lobbyists, and voila, problem solved".

The Government of Canada, on this side, recognizes that there was a problem. A small group of people improperly used taxpayers' funds, and measures were taken—

An hon. member: Oh, oh.

Hon. Claude Drouin: I am sorry, but it seems that the Bloc does not want to listen to the answers. It only wants to listen to the questions. However, we are going to answer anyway.

Measures were taken, which no previous government had ever done. We quickly asked the Standing Committee on Public Accounts to get to the bottom of things. Furthermore, a judge will investigate. He will conduct a full investigation and get to the bottom of this. We introduced legislation so that public servants could speak out against irregularities and systemic fraud.

We allowed cabinet memorandums, normally accessible only 30 years later, to be made available so that people can get to the

bottom of this situation and ensure that taxpayers' money is being used properly.

However, what the Bloc member is forgetting is that the Canadian government must be judged on its entire record and, on that score, this government has reduced the debt by \$52 billion. We are saving \$3 billion in interest.

We reduced taxes by \$100 billion over five years and increased transfer payments to the provinces, as a responsible government should. We increased the Canada child tax benefit as a responsible government should.

We are working together with the provinces—I know that it hurts the Bloc to hear that—to ensure that Canadians have access to the best possible services. That is how a responsible government acts.

[*English*]

Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.): Mr. Speaker, this is a bit of déjà vu for me today. The first time I rose in the House to speak on a budget was the 1994-95 budget when this government first came in. In 10 years a lot has happened, and it has been very positive.

When I spoke at that point in time, our country had approximately \$580 billion worth of accumulated public debt. We were running a \$42.5 billion deficit. Unemployment in the country was over 11%. The interest rates were over 11%, and everybody was worried about their jobs, their paycheques and their houses, if they could even afford to have one.

Today, with the 2004-05 budget, it is like night and day. Unemployment is down around the 7% mark. Interest rates are at a 40-year low. We are the only country in the G-7 and the G-8 that is consistently running surplus budgets. The people at home now are not worried about their jobs. They are not worried about their paycheques. They probably have a house now because interest rates are so low they can afford one. That is what has happened.

What I am saying is each budget is a building block. We started in 1994-95 on a good direction and we are on that same path now with the 2004-05 budget. I ask any Canadian to make a comparison of where we were and where we are. Of course this budget is set in the direction of where we want to go.

From that, we have to take a look back to where we were. Debt is a huge expense within a budget. At that point in time, accumulated public debt versus GDP, that would be one's mortgage versus one's paycheque, was over 68%. Today it is sitting at 42%. We have made a commitment that in 10 years time it will be at 25%.

When we were first elected to the House and crafted that first 1994-95 budget, we were also spending almost 37¢ on the tax dollar taken in to service the debt, not pay it off. We are now down to around 21¢ on the dollar, and still dropping. That means, as we keep lowering the debt and lowering the service costs on that, we automatically have savings. We have had savings on \$52 billion paid off in accumulated public debt in the last couple of budgets alone of over \$3 billion.

The Budget

Surpluses happen when the economy is good. However, if the economy ever turned bad, surpluses very quickly disappear. However, once our debt is under control, savings within the budget on debt reduction happens every year. If the economy does slow down, we still have those savings. Those savings can then be put into programs to make Canada more competitive and a better place to live.

When I was chair of the national rural caucus, one of the things we argued for and received, and it has actually been enhanced in this budget, was money for rural Canada, in rural infrastructure. We must remember that in Canada today approximately 20% of the population lives on 80% of the land and 80% of the population lives on 20% of the land. If we take a look at the infrastructure within cities compared to the infrastructure of rural Canada, it is approximately the same. We just do not have a lot of people on both sides of the road. However, we still have roads to build, repair and maintain, along with bridges and any other infrastructure that goes along with them, such as water, sewers, whatever. Rural Canada needs an injection of cash just the same as urban Canada needs.

• (1300)

There was an injection of cash within this budget amounting to \$1 billion, which was originally to be over 10 years. That has now been accelerated to \$1 billion over five years. This is almost like a 100% increase.

Municipalities across Canada have been given relief from the GST. We have given them a rebate. That, in essence, gives those municipalities that normally would have transferred this money to us, an extra \$7 billion to work with over the next 10 years.

What does this mean to those municipalities? Smaller municipalities of 250,000 people and under could receive anywhere from \$300,000 to \$500,000 a year. That would build a lot of roads and put in a lot of infrastructure. Toronto has a lot of problems right now with its public transit system, and it alone will benefit by over \$50 million a year from the GST rebate.

We have seen a lot happen in that 10 year period. However, we have to build on our future too. Our future lies with our upcoming youth, and from that our education system. The government has allowed \$20 million to offset the individual costs of research by universities and research hospitals. If Canada, as an exporting nation, is to be cutting edge, we have to have R and D. If not, then we definitely will end up with a major problem.

Canada's relationship to the world is important. As the former parliamentary secretary for international trade, I found it was important for the country to expand its relationship and trade with other countries, such as APEC, the Asian-Pacific Economic Council, and Caricom, the Caribbean countries.

An additional \$250 million has been provided in the budget to cover Canada's costs in peacekeeping initiatives within Afghanistan and to fight terrorism. When I was at APEC, that was one of the things about which countries were talking. Canada's decision not to go to war with Iraq impressed those countries. Canada, as a peacekeeping country, has to keep putting a strong position forward on this, on a multilateral basis.

With regard to trade, \$1.9 billion Canadian crosses over the U.S. border each day. Over the last two years, we watched with a lot of interest the United States in a recession. Normally, Canada exports 44% of what we produce. Of that, 85% goes to the United States. It used to be if the United States got a sniffle, we had pneumonia. In the last two years when the United States had a recession, Canada did not. We have to ask ourselves why? If this happened in the past, why did it not happen this time?

One reason is because we have our debt under control and that gives our economy stability. That has helped us out because it has actually stabilized the value of the Canadian dollar, and low interest rates have given Canadians a lot more economic flexibility than what they had in the past.

• (1305)

I would be remiss if I did not mention the environmental aspect within the budget. When I was chair of the national rural caucus, I pushed very hard for ethanol production in Canada. I now see, with the budget's building blocks, that we are beginning to establish an ethanol industry, and I think that is excellent.

• (1310)

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, it is a pleasure to take part in the budget debate this afternoon. I want to indicate at the outset that I will be sharing my time with the member for Vancouver East.

I have been amused to listen to members on the government side say that this must be a good budget because the opposition and Canadians do not want to talk about it. It is kind of like a grey, overcast day. There is really not very much to be said about it. It is a conservative budget that focuses very much on debt reduction and not on urgent social needs, such as health care. I want to focus on some of that during the time that I have available.

At the outset, I recognize and applaud the government for stepping in and providing some additional assistance to farmers who have been so badly affected by the BSE crisis. It has been desperately needed, and it is a good thing the money was provided a week ago Monday, the day before the budget was introduced.

People who I spoke to in my riding and across the country were looking for changes in issues like health care and reducing wait times for elective surgery. As members know, wait times across the country are up to 18 months. These people will get no comfort from the budget of last week. There is no reduction because there is no significant additional money to reduce waiting times. The \$2 billion announcement was made yet again, and there was a commitment about first ministers meeting later on this year.

The Budget

I note that the government of Manitoba expects it will require another \$106 million in order to keep abreast of health care issues in that province. The premier of Manitoba, Gary Doer, has said that if the federal government has money, let it spend it now. He has said that the province needs it now, not in August or September. There is a crisis now, and I am sure premiers across the country would echo the statement of the premier of Manitoba.

People are beginning to wonder whether the Prime Minister is starving the health care system in order to create a crisis, allowing him to bring in the corporate side with the public-private privatization plan. It is still on the radar screen.

Yes, there is a bit more money for infrastructure this year, but again it is tied to the P3 investments, the public-private partnerships in water, transit and highways. We think that is basically a licence to print money for those private entrepreneurs.

Yes, there was a GST exemption for the cities, but why was there not one for schools, universities, hospitals and indeed for social services? In the throne speech in February promises were made to patients, parents, students and aboriginal Canadians. We expected, reasonably, to see some of those details rolled out in the budget. We know throne speeches are an opportunity to create a good feeling without needing to put a lot of data to it. However, we saw none of that for those groups in last Tuesday's budget.

What there is, though, is a fixation on the debt. As many other noted economists have indicated, Canadian debt is already among the lowest of any major economy in the world. However, the budget of the newly minted finance minister from Saskatchewan, and kudos to him, focuses on reducing the debt from 42% of gross national product to 25% over a 10 year period. We can remember that there used to be a commitment by the government to have a fifty-fifty arrangement on any surpluses, that 50% of the additional surpluses would go to social spending and 50% would go to debt reduction.

Ms. Libby Davies: What happened to that promise?

Mr. Dick Proctor: What happened to that promise, indeed? It is gone and now the focus is very much on driving that debt down as quickly as possible. That means Canadians will have to wait for spending on some of the social deficit issues that are so important to them.

• (1315)

I do not think Canadians were impressed at all with last Tuesday's budget. They wanted to see recognition of the Romanow report. They wanted money built into the base for health care. They wanted to see a national drug agency and national home care. Instead, we heard the re-announcement of the \$2 billion. There was no increase in the base funding. We now are in a situation where funding from the federal government for health care, instead of the fifty-fifty funding formula which we used to have for health care, is 16% with the remaining 84% to be found by the provinces.

It is interesting to note that virtually every province in Canada, with the sole exception of resource-rich Alberta, is really struggling and having problems coming in with any kind of a balanced budget because of the emphasis that has been placed on health care; the need to find additional funds to ensure that health care is available for all. The federal finance minister has said that sustainability must be our

focus, but in my opinion the budget has not done a thing to ensure sustainability in the health care field.

Let me turn to another area that deserves some focus, and that is employment insurance. Prior to the budget, Canadians called for investment of full federal fiscal surplus in programs to create a fairer society. They wanted to see a more productive economy and job creation to offset an economy now struggling with slower growth and rising unemployment. Instead, a budget appeared that was obsessively focussed on fiscal prudence.

The problem with employment insurance is not that the premiums are too high, as the members of the Conservative Party say. The problem is very few people are eligible to receive employment insurance. This is a universal program where every Canadian who works pays into an EI program. Yet according to the numbers, less than 40% of people are actually eligible to receive employment benefits. Some do not work enough hours. It depends where one lives. In some provinces and territories it takes 910 hours of work and in others 410 hours. It is a makeshift operation, and it simply is not meeting the needs of Canadians in a changing work life. People who are adversely affected by being ineligible for employment insurance are woman, younger workers and immigrants.

Something is very askew when only 38% receive employment insurance benefits. Since 1994, the government changed the rules on employment insurance. It used to be that more than 75% of people would apply for EI. That is now down to 38%, and \$50 billion has been taken out of the EI surplus. It has essentially paid for all the surpluses that the government has been running for the last several years. The leader of the New Democratic Party, Jack Layton, calls it theft, and he is absolutely right. Employers and employees have paid into that fund, and it has simply been taken over by the government and driven into its bottom line to pay down debt and deficit. It is leaving part time workers, particularly women, seriously short-changed.

These are two of the areas that I wanted to talk about today; the lack of money for health care as well as for employment insurance. There are a number of other issues, but I am confident that my colleague from Vancouver East will deal with these in the time that is allotted to her.

Suffice it to say, this is not a budget that will gladden the hearts of Canadian working men and women or their families, certainly not in the region of the country where I have the privilege of representing constituents.

Mr. Ken Epp (Elk Island, CPC): Mr. Speaker, I listened to what the member was saying. He talked about EI and the fact that so many people who pay into EI are not eligible for benefits when they need them. This is a matter of considerable concern to me as well.

The Budget

EI should be set up in such a way that for example students who have jobs in the summer or whenever and pay into EI should at least get their premiums back if they go back to school, for which there is no EI eligibility.

The other thing which is very offensive to all of us, and I am sure to the member opposite as well, is that the government year after year rolls billions of dollars from the EI fund into general revenues for which it was never intended.

I would like to say by way of comment that it is one area where I certainly agree with the member. We should insist that the government follow the rules that were intended for EI.

• (1320)

The Deputy Speaker: Before I give the floor to the hon. member for Palliser, let me remind other colleagues in the House that to ask questions, members must be in their own seats before they can be recognized by the Chair.

Mr. Dick Proctor: Mr. Speaker, I appreciated what the hon. member for Elk Island had to say. I am glad that he too is interested in the fact that so few Canadians actually qualify for EI, even though we all pay into it when we are working.

This gives me an opportunity to expand on that. The member mentioned students and people who go back to school. There are 900,000 Canadians who are in the low paid economy and are trapped there. They are not getting out of that trap. They tend to be older women, people who have generally not received a high school diploma. Almost all of them are not working in a place that is organized by a trade union. They tend to be care workers, nannies and recent immigrants. It is a very bad situation.

I will use the example of Alberta and specifically Calgary which is a booming metropolis as we all know. The minimum wage in Alberta is \$5.90 an hour. For a family of four with two adults working it would amount to a little over \$28,000 a year. It certainly does not meet the low income cut-off. We do not have a poverty level in this country but we do have low income cut-offs. The average rent in Calgary is some \$804 a month. We can see how difficult it would be for a family of four in a city like Calgary. I am not picking on Calgary; it could be any number of cities in this country. That is the reality. With a low minimum wage and a booming economy it is very difficult.

We need training programs. The member for Elk Island is absolutely right. If we could take some of that employment insurance money and drive it into training programs, it would help families like the family I described. It would be to the benefit of this country. It would certainly be to the benefit of families like that one.

Ms. Wendy Lill (Dartmouth, NDP): Mr. Speaker, I am very interested in the comments that my colleague has made about employment insurance.

In my community of Dartmouth we lose \$20 million a year that was coming into our community to pay workers who had lost their jobs. They lose their jobs and the money is no longer coming into our community. Furthermore they are leaving the community. They are having to move to other parts of the country. Then our population declines and our equalization amounts then decline. There is this

vicious circle of people leaving the community which makes the community weaker.

I would like the member's comments on that. I believe it might be the same kind of phenomenon that he experiences in Saskatchewan.

Mr. Dick Proctor: Mr. Speaker, my colleague from Dartmouth is absolutely right.

I would like to pay tribute to a gentleman by the name of Kevin Hayes who works at the Canadian Labour Congress and who is focused very much on this whole issue of EI and what has happened with the changes in EI. He has documented what my colleague from Dartmouth is saying about money that has been taken out of local economies as a result of the withdrawal and the ineligibility of so many people for employment insurance.

It is absolutely the same in Saskatchewan. Millions of dollars have come out of my riding of Palliser, as in her riding of Dartmouth and everyone else's riding in the country. Money that used to be available is no longer available. We need to make that money available again.

• (1325)

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, one thing I have come to know in this place is that the hallmark of Liberal budgets is they leave a legacy of broken promises. I will focus my comments on what some of those broken promises are.

We have heard the Liberals say that it would be a budget that would really support students and would deal with the crisis that is facing students. Only two days before the budget, I read in the *Vancouver Province* that tuition fees at the University of British Columbia were going up another 16%. Arts students will now pay about \$4,000 in tuition compared to \$2,000 three years ago. That particular increase was on top of previous tuition hikes of 23% and 30%, and in effect doubles the tuition costs for students at that facility.

That university is not alone. It is happening at every post-secondary educational facility in British Columbia and in many other parts of the country.

Why is this happening? Is it the fault of the facilities? Is it the fault of the students that somehow they are not paying their way? No. As was pointed out in the alternative federal budget, it is that the cash transfer from the federal government for post-secondary education is 50% lower than it was 10 years ago. That is why students are in a crisis.

I read another story the day before the budget which said that according to a new study, four out of 10 university students are unable to graduate on time because they have to drop courses in favour of paid work to make ends meet. Actually, this study was commissioned by the millennium fund which was set up by the former prime minister. This is further evidence of the kind of crisis students are in.

The Budget

It quite astounded me to see the finance minister stand up in the House and hear him crow about all the good things the government was doing for students in this country. In effect what the government was doing was allowing students to borrow more debt. That is what the solution has been from the federal government, rather than addressing the systemic serious flaws and the fact that transfer payments have been cut back.

Let me turn for a moment to housing. When the Prime Minister was in Quebec City on February 23, he said in remarks to the media that there would be a five year commitment in new spending, five years of funding in this coming federal election. He said it would be in the Liberal platform. In the budget there is zero dollars for housing.

There are many members who represent ridings and communities where housing is probably the most serious daily problem facing people. People are unable to meet their rent payments. They are unable to secure decent, affordable and safe shelter.

The Prime Minister promises a five year commitment for funding in the election and a few weeks later in the budget there is a zero commitment to housing. Is it any wonder that people have lost faith in the Liberal government and the political process in general.

Michael Shapcott is the spokesperson and co-chair of the National Housing and Homelessness Network. He pointed out in his analysis of the budget that from 1984 until today we have suffered with cuts of hundreds of millions of dollars in social housing funding in Canada.

In fact, at that same press conference in Quebec City on February 23, the Prime Minister had the gall to say that he had not cut social housing. I remember raising the issue in the House a few days later. Not only did he cut social housing, but he demolished the whole program. It was when he was finance minister that social housing was cut.

There have been some commitments through the affordable housing framework agreement which was signed in 2001, and there was finally some money committed, although it was far short of what was called for across the country. Even after that, when the analysis is done and we look at what has been spent, only about 8.8% of the promised funds have actually been spent on developing affordable housing.

• (1330)

That is another example of a broken promise by the Liberal government. I would go further.

My colleague from Palliser has mentioned the situation with the debt. I remember in 1997 and again in the 2000 election, the Liberal promise was that whatever surpluses there were, 50% would go to debt reduction and tax relief and 50% would go to social programs. In reality, during that period of time, 44% of the fiscal dividend has gone to debt reduction, 46% went to tax cuts and only 10% of that so-called dividend has been allocated to genuine enhancements in federal programs. This comes from the very good analysis that has been done by the alternative federal government. Is it any wonder that people lose faith in the budgetary process.

The finance minister made a lot of noise about how he would target his budget to ensure that the debt to GDP ratio would go down to 25%. When we examine the impact of that in terms of the loss of revenue and investment in social spending that has suffered so much, we have to seriously question the logic and the priorities that have been put forward by the present finance minister, the one who came before him, and the one before him.

In his analysis of the budget, the executive director of the National Anti-Poverty Organization said:

First it was an obsession with the deficit. Now it's the debt.

It is a bitter pill indeed for Canada's poor, who as a result, get nothing for social housing, child poverty, employment insurance reform or other social needs.... As the finance minister in Chrétien's government who brought down the drastic budget of 1995, [the present Prime Minister] bears a large share of the responsibility for the unravelling of Canada's social programs that his father helped put in place.

There are people out there who watch what is going on. There are people who actually take the time to monitor the long term impacts of budgets and what the impact is on low income people.

I held a forum in my own riding of East Vancouver. We heard from the Vancouver and District Labour Council. We heard from the Vancouver Aboriginal Council and the B.C. Coalition of People with Disabilities. We heard from people from End Legislative Poverty and from the Tenants' Rights Action Coalition. They all said the same thing, that the people they were dealing with on a daily basis were suffering the terrible impacts of the broken promises from the government.

The budget was a great disappointment to people. I look forward to the day, soon I hope, when we can get out there and have a debate in terms of an election and examine what the real record of the Liberal government has been. People will have an opportunity to cast a ballot and to make a decision through a vote about what they want to see in terms of changes. I think people are really disgusted with what they have seen in terms of not only the corruptness of what goes on such as in the sponsorship scandal, but the broken promises through successive budgets that have hurt the most needy and vulnerable people in our society.

I do not think the budget is anything to be proud of. Indeed, it is something we should examine in light of all the other budgets that have come down to see how much the gap has widened in this country between wealthy, affluent people and poor people. That is the true measure of whether or not the federal government has done its job in distributing income, support and wealth in this country. I would say it gets a failing grade.

• (1335)

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, I am rising for the first time to debate the budget speech. I would like to identify with Canadians who are viewing the proceedings in terms of trying to understand the process that we go through in capturing the essence of responsible management stewardship and a sensitivity to the issues that are on the minds of Canadians.

The Budget

It includes those insights that come from people in the low salary categories, those who are on very low fixed incomes; an aging society; and on the other part of the spectrum, a society that has young people looking for their particular position in the budget and how their needs have been accommodated. It includes the needs of small business people, entrepreneurs and those who make the contributions that not only instill a sense of confidence, but a sense of hope that we can generate revenues that will be contributing toward carrying the costs of a society that from time to time needs that government support.

I am pleased to try to capture the feeling that Canadians have as they watch these proceedings. All of the documents that I am referring to are available through the ministry of finance website.

I would like to make the point, in particular, as it was made very eloquently by the last speaker, in respect to things that are not in this budget speech. Canadians should be aware that while this is a budget that is on the threshold of 2004-05 in terms of the financial positioning or repositioning of the financial accounts of the country, that it also is part of a context, a larger budgetary context that has been set by previous budgets.

While there may not be something mentioned in this budget, that does not mean that those priorities are not high. What it could mean, and I am going to give housing as an illustration, is that there have been major commitments made in other budgets. So, while it is not mentioned in the 2004-05 budget, housing is a very high priority.

I would like to direct the last speaker to the 2003 budget, and in fact 2002, under the homeless and affordable housing files. The government's position and record of accomplishment, and record of future opportunity is great.

Recent budgets indicate that more than \$2 billion has been committed over the six year period between 2002 and 2008. One billion dollars has been committed for the affordable housing initiative, a capital grant program aimed at increasing a number of affordable rental housing units.

Almost \$500 million, committed for housing renovation programs under the RRAP, had been included in that particular budgetary cycle. The home adaptation for seniors and dependents program, the emergency repair program, and the shelter enhancement program were also committed. These are all programs that are within that budget context. While they are not mentioned in this budget, they in fact have been allocated, and discussions and negotiations continue with the provinces in terms of the delivery of the programs.

That does not even mention the SCPI program, the supporting communities partnership initiative. Some \$665 million was allocated on the national homelessness initiative, a key element of which was the SCPI program. As we know, negotiations continue to go on. In fact, additional announcements are being made with respect to local community groups applying for those funds to offer support of its services and facilities.

● (1340)

These investments are in addition to the \$1.9 billion provided annually to support 640,000 households living in existing social housing units. Far from the government being disinterested in the housing initiative, here is an illustration that while housing is not

mentioned in this budget, housing is an extremely high priority of the government. The record illustrates how that is being accomplished within the total budgetary context.

When families are looking at their capacity to acquire new capital goods, be they washing machines, dryers, sewing machines, a new car or whatever, they look at what their projected income is going to be and make a calculation based on responsible stewardship of their financial needs. They look at the risks that are associated with making specific decisions. That is not a far cry from what the government has to do.

In my remarks I would like to outline not only some of the risks but some of the records of accomplishment. When we look at Ernst & Young's evaluation of the budget, it said that sound financial management was a cornerstone of the this government's first budget. Canadians want to see their government involved in sound financial management. That involves looking at some of the accomplishments.

We might remind ourselves that the rate of increase in terms of the GDP was around 1.7%. That was below the economic growth rate that had been projected for a number of reasons. That tells us that sound and prudent financial management means that one should not inflate the expectations of economic growth in the business cycle of the country.

It is interesting to note that the culmination of sound financial management has resulted in interest rates being at a modern all-time low. Of course, low interest rates are an opportunity for people to enter the housing market and to look at the acquisition of capital goods, and they take that into consideration in terms of their financial management.

There is the additional fact that the economy, through sound and prudent financial management, has since December 2002 created 271,900 new full time jobs. We should compare that to the growth rates of our American friends. It has been suggested that in addition to international policy, unemployment will be the key point on which the Bush administration will be judged, the creation of new multipliers that create job opportunities for Americans. In Canada, because of sound prudent financial management, minimizing or lowering the risks, we have created confidence in the capacity for the management and stewardship of our economy.

However, while the Canadian economy continues to grow by an average of 1.3%, projections are that we must be very careful with respect to our future rate of growth.

There are risks involved. We all know that from time to time, when the dollar is falling, the opposition has asked if this means there is no confidence in the Canadian dollar. Yet, on the other hand when the Canadian dollar strengthens, opposition members will remind us that if we have too strong of a dollar, it means that our exports are going to be less competitive and the American relationship with our economy is going to put us at risk. They are quite right on that. The corollary we draw from that is that we just have to tune and calibrate our business decisions very carefully.

The Budget

●(1345)

I would suggest that as our dollar bobs and weaves around the 75¢ mark, we are attempting to tack very carefully, according to the winds of international monetary and business change. In a global economy, it is always hard to get that exactly right, but the fact that we are creating jobs, the fact that our economy is relatively buoyant, and the fact that we are, in relation to other G-7 countries, in a relatively competitive position means that prudent financial management, the tools that we are using, are being used in a sensitive and responsible manner.

In terms of the general situation, as has been said before, this is the seventh consecutive balanced budget and the first time since Confederation that we have balanced budgets at that rate. We have included a \$3 billion contingency reserve. Families can understand what that means. We do not go back on our capital to keep our general day to day operating budget in check. We are very careful to ensure that we keep our reserves there in case we have a rainy day. The government is doing that and Canadians can understand and respect that.

We are adjusting and calibrating our budget toward the day when, in our health care, in our services to seniors in an aging society, we can see that if there was an actuarial requirement to project what the needs of the economy were to be in terms of sustaining that standard of living, that we have at this point got it right. We are actuarially sound. We are investing in those areas that will create new jobs.

At the same time that we are doing these things—and I know it has been mentioned with respect to the sponsorship programs and so—that whole set on which Canadians will judge the government are not only the financial approaches that are being used in terms of prudent and careful management, but also the checks and balances.

At this time the cabinet committee, on an expenditure review, will be examining all accounts in terms of attempting to claw back up to \$3 billion in expenditures that can be redirected. There is an order through the President of the Treasury Board to re-establish the office of the comptroller general. The public expects that will be done, but that should be seen within the total context of how the government has managed prudently and responsibly the concerns of all Canadians.

I would now like to relate in terms of what this budget means to low income Canadians. That is the bottom line. To me, the bottom line is how people accurately see in the budget their position with respect to how important they are in the tax regime to which many members have made reference.

I would like to point out that the \$100 billion five year tax reduction that was introduced in 2000 continues to provide that kind of tax relief. Three-quarters, and this is an important point, of this benefit is flowing to individuals, with most of the tax relief going to low and modest income Canadians. If Canadians want to see where they stand with respect to a 2002-05 perspective, they should go to the website and look at that chart.

●(1350)

For example, on personal income tax from 2001, of that \$100 billion, 75% goes in terms of personal income tax. That question was asked of the member for Toronto—Danforth. In terms of corporate

income tax the amount is 10% of the \$100 billion in tax reductions. In terms of employment insurance, another point that was raised, it is 15.2%. So a huge part of that \$100 billion in tax incentives in terms of reductions goes to individual Canadians through personal income tax.

I think it is also important to point out what that means with respect to business and entrepreneurs. The tax system and this budget support the growth of small businesses by encouraging them to retain more of their earnings and by enhancing opportunities and incentives for investors, such as venture capital funds, to invest in small enterprises.

These measures mean, for example, that in terms of a small business deduction limit, that limit will rise to \$250,000 from \$225,000 in 2003. That limit will rise to \$300,000 in 2005. In terms of the federal capital tax threshold for small businesses, the cap on that will be lifted and raised from \$10 million to \$50 million so that more businesses will qualify for that kind of tax relief.

What does that mean in terms of a Canadian advantage? It means that as a result of the actions taken from 2000 to 2003, Canada's average federal and provincial corporate tax rate, including capital taxes, will be 2.3 percentage points lower than that of the United States. That is the impact it has in terms of low income Canadians and, if we will, low income businesses and entrepreneurs.

We should also look very quickly at what the budget means in the priority areas. I am not going to talk about health because it has been accommodated by other speakers, as has the importance of learning in terms of the Canada learning bond. That learning bond will provide upfront annual grants of up to \$2,000 for low income families who have children with learning disabilities.

As the Prime Minister has said, this prudent and financially responsible budget shows some future opportunity for flexibility. Additional contributions will be made to health, not to mention that on the community based health side over \$600 million will flow into various clinic-type approaches that are more preventative in nature and are major contributors to our health care program.

I have spent a great deal of my life in political activity at the municipal level. I think it goes without saying that the announcement the government made in terms of the rebate on the GST will mean several billions of dollars to municipalities right across this country over the next 10 years. It will provide local municipalities with an additional opportunity to invest in transportation systems that are environmentally friendly, in housing initiatives that they wish to make their portion of the program, and in social programs that they wish to activate at their level.

The commitment given by the government to discuss its budgetary cycle with municipalities before a budget is announced looks at them as an order of government, as responsible partners in shaping economic policy for the country.

Finally, let me say that I think we have all been concerned with respect to the international situation and what Canada's role is. Traditionally it has been in peacekeeping. This budget allocates funds for major involvement in the international activity in the world to make it a safer place to live.

S. O. 31

● (1355)

In closing, let me say that I do believe the budget represents a careful and caring agenda for action on the part of the government. I think it is consistent with the commitment the government has made to Canadians from all regions: that the government is sensitive to its responsibility and its accountability. Within the broader context of its stewardship over the last 10 years, over the last decade and into this decade, I believe the government has earned the respect and the right to continue to administer the affairs of the Canadian people, and I believe it will be supported in that.

Mr. Ken Epp (Elk Island, CPC): Mr. Speaker, I would like to ask this esteemed colleague a question with respect to his speech. He indicated that basically the government has done a great job on this budget and everything is so fine and so well. I wonder whether he does not actually have some serious questions about some of the elements of the budget.

For example, one of the things that has come through loud and clear for many months now is the fact that the government is rolling into general revenue a huge windfall from EI.

We have the NDP on one end saying that this is a crime because people who need to have their benefits are not receiving them, and I would echo that. I think that we buy insurance because if we need it we want to be able to collect on it. Particularly in his area, that has to be a serious shortcoming. Meanwhile, we have the government rolling this money into general revenue and using it for whatever other reasons. That is specifically not a purpose of the EI fund: to just be a source of general revenue for the government.

I would like him to comment on those two things: the ineligibility of those who should be entitled to benefits and the fact that way too much money is being collected relative to what is being paid out.

Mr. Alan Tonks: Mr. Speaker, the member will be aware that the rolling into general revenues of the EI surpluses has been a question that has been raised by the Auditor General in two or three reports. In reaction and in response to those observations by the Auditor General, it is my understanding that the employment insurance premiums and rates have been reduced consistently over the last two or three years.

The government has given assurances that it is working toward the objective of using employment insurance for the very reasons that the member has raised, but I would say that part of those general revenues is used for employment creation, for skills development and so on. It is not a fiscal slight of hand. It is in fact just another financial tool that is used to achieve the objectives of employment and employment opportunities for Canadians.

The Deputy Speaker: Let me advise the House that there will be approximately seven minutes remaining in the question and comment period for the hon. member for York South—Weston.

* * *

[Translation]

AUDITOR GENERAL'S REPORT

The Deputy Speaker: I now have the honour to table the Auditor General's Report for 2004. Pursuant to Standing Order 108, this

report is deemed to have been permanently referred to the Standing Committee on Public Accounts.

STATEMENTS BY MEMBERS

[English]

AGRICULTURE

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, the Canadian Wheat Board, which represents 85,000 Canadian farmers, says there is potential economic danger in the introduction of genetically modified wheat into Canada.

Given that European, Asian and other markets are closing their doors to genetically modified wheat sales, the prairie farm economy would suffer even further than after the mad cow crisis.

In addition, the biotech industry would not benefit from the introduction of genetically modified wheat in the marketplace if there were no interested buyers.

Canada is putting at risk a \$3 billion industry for a product that has already been rejected by our primary market sources.

Because of these consequences, I urge the Canadian government to stop the introduction of genetically modified wheat in Canada so as to avoid the widespread opposition it would face in the global marketplace.

* * *

EPILEPSY AWARENESS MONTH

Mr. Greg Thompson (New Brunswick Southwest, CPC): Mr. Speaker, March is National Epilepsy Awareness month. As the month draws to a close, we can congratulate Epilepsy Canada on its very successful "Lavender. Think Epilepsy" campaign, which included many media and public awareness activities and a new initiative: a lavender ribbon and lavender flower representing the solitude experienced by people with epilepsy.

Epilepsy is not a disease. It is a symptom of a neurological disorder and is a physical condition. Epilepsy causes people to feel hopeless, isolated, discriminated against and often ridiculed.

Approximately 1%, or about 300,000 Canadians, have epilepsy. Each day in Canada, an average of 38 people learn that they have epilepsy. That would be about 14,000 Canadians per year.

Let all of us in the House congratulate Epilepsy Canada and the many volunteers who made its campaign such a huge success this year.

* * *

● (1400)

MEALS ON WHEELS

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I wish to congratulate and thank all Meals on Wheels volunteers across Canada, especially those from Peterborough. These volunteers provide hot meals to their fellow citizens who, for one reason or another, are shut in and unable to prepare the major meal of the day themselves.

S. O. 31

Meals on Wheels volunteers work in all weather through all seasons. With the meals, they bring a friendly contact, a smile and news of the day. For many shut-ins the visit is worth as much as the meal.

I also would like to remind all MPs that most Meals on Wheels organizations provide frozen meals. They are good for MPs who live alone in lonely garrets here in Ottawa. MPs can help their local Meals on Wheels organization by buying these frozen meals. Last night I had sole florentine. The night before, I had traditional pot roast, and the night before that, fish and chips.

The frozen meals I bring from Meals on Wheels Peterborough really are on wheels. They travel three and a half hours by car from Peterborough to Ottawa.

I urge all members to support Meals on Wheels.

* * *

MOHAWK COLLEGE

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, recently Mohawk College, on Hamilton Mountain, officially installed MaryLynn West-Moynes as the school's sixth president.

Ms. West-Moynes is focused, committed and forward thinking. She believes in the excellence and growth of Mohawk College, its academic programs and its students.

Mohawk College employs 814 full time staff that facilitate the 9,600 full time post-secondary students and 40,000 continuing education students enrolled. Mohawk College is the largest in-school apprenticeship trainer in the province, with more than 3,000 registered in skilled trades programs.

I wish to extend to Ms. West-Moynes best wishes for success in her role as president and to offer her our continuing support for the next few years.

* * *

RESEARCH AND DEVELOPMENT

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, all of us know that Canadians need access to safe, clean drinking water right across the country. While as a nation we are blessed with abundant water resources, we must manage our water wisely and effectively.

It is for this reason that I am so pleased Technology Partnerships Canada has announced a \$9.2 million investment to develop clean water technologies. Partnerships with industry and the private sector are key to innovation in this field. The government has an important role to play in stimulating innovation and supporting research and commercialization of new technologies.

In this case, a leading Canadian company, Zenon Environmental Inc., is working to develop leading edge technologies to produce better and more affordable water filtration systems.

I am proud to announce this initiative because it is an excellent example of how government can act as a catalyst, bringing economic, environmental and social benefits to all Canadians, and let me say way to go to Zenon.

ATHABASCA CONSTITUENCY

Mr. David Chatters (Athabasca, CPC): Mr. Speaker, I rise today to say farewell to the riding of Athabasca, a riding I have represented since being first elected to Parliament in 1993.

I have always tried to represent the constituents of the riding with perseverance and conviction, and certainly enjoyed the time I spent there.

I would like to take this opportunity to congratulate Brian Jean who recently won the nomination for the Conservative Party of Canada and will hopefully soon be a colleague in the House of Commons. I know Mr. Jean will do a good job representing the people of Athabasca when he is elected.

Due to redistribution, my residence no longer lies in Athabasca but rather in the new riding of Westlock—St. Paul.

Concerning media reports about my future in the House, I would quote Mark Twain, "reports of my death are greatly exaggerated". I would like to clarify that I do in fact hope to be around for some time to come.

It has also come to my attention that I am not running in the upcoming election. Might I just say that I fully intend to run and represent the new riding of Westlock—St. Paul.

* * *

● (1405)

TORONTO TRANSIT COMMISSION

Mr. Dennis Mills (Toronto—Danforth, Lib.): Mr. Speaker, it is a very special day in Toronto. Today is the 50th anniversary of the Toronto Transit Commission, the TTC.

I am happy to inform the House that the Government of Canada, along with the city and the province, announced a \$1 billion expansion. The money will renew all the TTC cars, buses and the entire infrastructure.

This is a very special day for the City of Toronto and we celebrate with the whole House.

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[*Translation*]

FRANÇOISE GAMACHE-STANTON

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, "I think it is time I started to do less". Those were the last words of Françoise Gamache-Stanton, who died this past Monday in Quebec City at the age of 89.

Françoise Stanton was deeply committed to women's causes, and that commitment encompassed involvement in the Fédération des femmes du Québec; promoting sovereignty, including a position as national head of the yes campaign in the 1980 referendum campaign; and work with seniors, including a position as vice-president of the Association internationale francophone des aînés. Although she is gone, we will continue to be inspired and guided by her open-mindedness and tenacity.

I knew this woman of conviction personally, and thus feel qualified to comment on her contributions. I was inspired by her dynamism, commitment, forward thinking and genuineness. She passed on those values to her four daughters, Michelle, Julie, Françoise and Danielle, of whom she was proud.

Speaking for myself and the Bloc Québécois, I pay tribute to Françoise Stanton and extend our most sincere condolences to her family and friends.

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COLLÈGE D'ALFRED

Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, today it is with great pleasure that I acknowledge the support our government provides to the University of Guelph's Collège d'Alfred.

For 23 years, Collège d'Alfred has been providing francophones with quality training in agriculture and agroindustry.

When the college was founded in 1981, it was the first French-language college in Ontario.

Yesterday I had the pleasure to announce, on behalf of my colleague, the Minister of Canadian Heritage, that Collège d'Alfred would be receiving nearly \$35,000 in funding. This financial support was provided under the Minority Language Education component of the Development of Official Language Communities Program.

This money will help Collège d'Alfred reach an ever-growing number of francophones who wish to take the professional courses the college provides, and I thank the Minister.

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[English]

HOCKEY

Mr. Charlie Penson (Peace River, CPC): Mr. Speaker, you may have noticed a lot of hockey players in town this week, out walking about enjoying the Ottawa spring.

That is because the Canadian Adult Recreation Hockey Association is hosting the 2004 World Cup of Hockey right here in Ottawa this week. There are 126 teams competing, 51 international and 75 Canadian.

In all there are over 4,500 players participating from 10 different countries. Two teams from Alberta hail from my riding. They are the Grande Prairie Pentastars and the Spirit River Oldtimers.

Hockey of course is the national game of Canada and it is certainly a hotbed in the Peace River country. I am sure that it will be a fun and exciting week for all the players.

S. O. 31

This is an opportunity to renew old acquaintances and make new friends. I am sure they are going to enjoy their week here in Ottawa. Good luck to all of them.

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NORTHERN CANADA

Mrs. Karen Kraft Sloan (York North, Lib.): Mr. Speaker, I would like to commend the Governor General for her exemplary leadership in focusing our attention on Canada's north. She has worked tirelessly to promote northern and aboriginal issues, both in Canada and internationally.

The huge expanse of the Arctic, which makes up a significant portion of our country's land mass, is an integral part of our national identity and a strategic component of our country's future. Being a northern nation carries distinct responsibilities. First and foremost, we must ensure that the needs and aspirations of northerners are met through increasing indigenous and northern capacity for innovation, commercialization and job creation, the protection of our sovereignty, and the promotion of sustainable development.

Additionally, we must take an international leadership role in circumpolar north initiatives, particularly in the areas of northern science and social development.

* * *

● (1410)

AFRICVILLE

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, Canada prides itself on its support for multilateral institutions, particularly the UN.

Earlier this month, the UN follow-up report on Canadian compliance with commitments made at the World Conference on Racism, with specific reference to the community of Africville in my riding of Halifax, stated:

After 150 years of collusion between...government and the business community, through abuse of power, neglect, encroachment and invasion of hazardous industrial materials, in 1970, the community of Africville was forcefully removed...

The UN report called on all levels of government to redress this travesty in consultation with the community that lives on, in spirit and in the hearts and kinship networks of former residents and descendants of Africville. Shamefully, less than 24 hours after those recommendations, the federal government rejected any notion of reparation to the Africville community.

In the spirit of reconciliation, all levels of government must work in good faith by formally apologizing and supporting a community based compensation—

The Speaker: The hon. member for Terrebonne—Blainville.

S. O. 31

[*Translation*]

HEALTH

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, although health care needs are increasing at an alarming rate, the Minister of Finance did not see fit to transfer additional money to Quebec and the provinces.

Yet, he was quick to come up with \$1 billion to beef up the bureaucracy by creating the Canada public health agency, and he did not hesitate to earmark money for a surveillance system which duplicates the responsibilities of the Institut de santé publique du Québec.

A few days ago, 10,000 women with breast cancer filed a suit against the hospitals, charging them with having waited too long to begin their treatment. The real guilty party in this situation is the current Prime Minister of Canada who, as finance minister, decided to make drastic cuts in health transfers.

We see that the Liberal government continues to intrude in Quebec's jurisdictions, preferring to impose its hegemony rather than help the sick.

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[*English*]

CAPE BRETON ISLAND

Hon. Mark Eyking (Sydney—Victoria, Lib.): Mr. Speaker, it gives me great pride today to announce that Cape Breton Island was named the world's second best tourist destination by the *National Geographic Traveler Magazine*.

Cape Breton's beauty is obvious to the people who live there and it is an honour to be recognized by a publication as prominent as *National Geographic*.

Cape Breton Island's rugged coastlines and the Cabot Trail are just two of the many attractions of our island. Our festivals and events and our rich Celtic music bring thousands of tourists to our shores every year. This, of course, has a significant economic impact.

Mr. Speaker, as you know with your visit there last week, with its wonderful people and diverse cultures, its many unique attractions and community events, Cape Breton Island is an oasis for visitors to return time and time again.

We are proud to be recognized by *National Geographic* and we invite all Canadians to discover the many treasures that make us proud to say "Ciad Mille Failte", which means one hundred thousand welcomes from us to you.

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CHILD PORNOGRAPHY

Mr. Myron Thompson (Wild Rose, CPC): Mr. Speaker, I would like to pay tribute today to seven Toronto police officers who are members of the child exploitation branch of the Toronto police sex crimes unit. They are: Detective Sgt. Paul Gillespie, Detective Ian Lamond, and Detective Constables Bill McGarry, Kris McCarthy, John Menard, Paul Krawczyk and Steffan Mueller. It was through their sheer hard work that a little girl in North Carolina owes them her life.

As was reported this past weekend, it was through this unit's perseverance that they managed to gather enough information from gruesome child pornography images to find and save this little girl. She is one of fewer than 300 children who have been identified worldwide from an estimated pool of 50,000 to 100,000 victims.

It takes a very special kind of police officer to be able to endure what would traumatize the average person in order to protect our children. On days when we hear the tragic news of Cecilia Zhang, we can find a little solace in the fact that one little girl was saved.

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JEFFREY BOWMAN

Hon. Wayne Easter (Malpeque, Lib.): Mr. Speaker, I want to take this opportunity to pay tribute to a remarkable young man, Jeffrey Bowman of North Wiltshire, P.E.I., who passed away at the age of 21.

Jeffrey was afflicted with a lifelong degenerative disease. He lived with courage and dignity which should challenge us all. In spite of his severe physical challenges, he won friends well beyond the Island with his positive attitude. He always wanted to be involved in the activities around him and he was.

Jeffrey had a love of horses and horse racing. Beginning in 1994, Jeffrey's story won him the support of standardbred horse owner, Tom MacPherson, whose filly won a long shot race with the winnings going to a fundraiser for Jeffrey. He became an honorary member of the United States Trotting Association and maintained close connections to the P.E.I. Horse Owners Association.

Jeffrey's life was remarkable for what he achieved. He set an example for all of those who had the chance to share in it.

* * *

● (1415)

TAXATION

Mr. Gary Lunn (Saanich—Gulf Islands, CPC): Mr. Speaker, for three years I have worked on behalf of former JDS Uniphase employees regarding current tax treatment of employee stock purchase plans. These innocent people are caught up in a tax nightmare which has taken a tremendous financial and emotional toll.

I have written to at least three ministers of finance including the current Prime Minister. Former JDS employees have also been writing to both the Minister of Finance and the Prime Minister. I have also personally raised this matter with the Minister of Finance in recent weeks. To date, we have received no response.

I believe that the government is more concerned with covering up the sponsorship scandal than addressing this matter. It is simply not acceptable that the government refuses to deal with this matter, yet it has no problem cutting special deals to write off Mr. Radwanski's \$600,000 income tax owing. Of course, he is a well connected Liberal.

We are asking for the government to treat former JDS Uniphase employees fairly. If the Prime Minister expects us to believe that he actually cares about these people, he should show us and deal with this matter before he calls an election.

*Oral Questions***ORAL QUESTION PERIOD***[English]***NATIONAL SECURITY**

Mr. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, in 1996 the Auditor General said that the government had inadequate information to support frontline officials responsible for national security. Eight years later, nothing has changed. The Liberals are still asleep at the switch on national security matters.

Given the Prime Minister's track record, a scandal, incompetence, and mismanagement, why should anyone believe things are going to change now?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, one of the very first things that the new government did upon taking office was to consolidate all of the activities required for national security. I am delighted to say that we have created the new post of Minister of Public Safety and Emergency Preparedness. We have put it under the Deputy Prime Minister who is an outstanding member of the cabinet.

Mr. Stephen Harper (Calgary Southwest, CPC): Mr. Speaker, the fact is that the AG's report condemns the government's handling of terrorists and criminals. There are huge security gaps, 25,000 passports lost or stolen, a two and a half month backlog for fingerprint analysis, and thousands of airport personnel with possible criminal associations.

Once again, why should Canadians trust the government after 10 years of these failures?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, I thank the Auditor General for her report. In assessing our progress since September 11, 2001, the Auditor General is dealing with an issue that is not only important to this government but important to all Canadians.

I would remind the hon. Leader of the Opposition that far from condemning the actions of the Government of Canada since September 11, it is worth noting that the Auditor General said "... Canada's performance managing national security in the past two and a half years is consistent with that of our—"

The Speaker: The hon. Leader of the Opposition.

[Translation]

Mr. Stephen Harper (Calgary Southwest, CPC): Mr. Speaker, the Prime Minister made a big deal about reorganizing national security. Nevertheless, there are huge security gaps, 25 passports lost or stolen, a two and a half month backlog for fingerprint analysis, and thousands of airport personnel with possible criminal associations.

Once again, why should we believe that things are going to be better now?

[English]

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, let me reassure the hon. member and all Canadians that we have taken significant steps since September 11 to enhance the safety and security of Canadians.

For example, we have increased our intelligence gathering and sharing capabilities. We have put in place smart borders where we are facilitating the safe and efficient movement of goods and people across our borders. We have provided additional resources to the Royal Canadian Mounted Police so it can develop further integrated law enforcement actions, be it against terrorist activities or organized crime.

• (1420)

Mr. Kevin Sorenson (Crowfoot, CPC): Mr. Speaker, the Auditor General's report highlights the sheer incompetence of the government when it comes to tackling key policing and security challenges. Only the Liberals would dream up a \$39 million system to gather electronic fingerprints and then forget to fund and establish the system needed to analyze them. The result is a two and a half month fingerprint backlog.

My question is for the Minister of Public Safety. Why has the RCMP not been given the necessary funds to establish the real time identification system? Why has it not been given the resources to do its job?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, the RCMP has been given the resources. If the member were to check with the Royal Canadian Mounted Police I believe he would find it is in a position to go to requests for proposals any day now.

Mr. Kevin Sorenson (Crowfoot, CPC): Mr. Speaker, the RCMP has become synonymous with the word backlog. There is a backlog in the RCMP forensic lab. There is a backlog in the RCMP's database of lost and stolen passports. There is a backlog in the firearms registry. I could go on.

Under-funding, under-resourcing and just plain Liberal neglect has left the RCMP's cupboard bare. After a decade of mismanagement, why should Canadians believe the Liberal government?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, as I have indicated, since September 11, 2001 there has been a substantial infusion of new resources into the enhancement of our safety and security in this country. In fact, included in that is additional resources for the Royal Canadian Mounted Police.

As I have already indicated for the hon. member, we understand that real time identification is important, which is why the RCMP will be requesting proposals in the very near future in terms of putting that system in place. When that system is in place we will have the world's finest security system.

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*[Translation]***SPONSORSHIP PROGRAM**

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the auditor, Norman Steinberg, told the committee that the 2000 audit report on the sponsorship program pointed out not five administrative problems but five "serious and unacceptable errors" and that he informed the Treasury Board about them himself.

Oral Questions

Given that he was the vice-president of the Treasury Board, how can the Prime Minister continue to claim that he was unaware of the sponsorship scandal when he knew, did nothing, and was complicit?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, it was the Deputy Minister of Public Works himself who used the term “administrative problems”.

Also, it was the Deputy Minister of Public Works who said that there was a 39-point action plan to fix those administrative problems.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, it seems as though several steps in the plan were skipped, judging by the result.

I am looking at this report. Collapse of controls, non-compliance with Treasury Board policies—of which he was vice-president—lack of transparency; the findings of the 2000 audit are devastating. And Alfonso Gagliano, the Privy Council, the Prime Minister's Office, and the Treasury Board were all informed by Norman Steinberg, who, I remind the House, was the auditor.

Will the Prime Minister admit that, as vice-president of the Treasury Board, he was aware of the sponsorship scandal, that he was part of the gang, that he—like the others—did nothing, and that this is called cabinet complicity?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, the answer to the question is no.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the Prime Minister has said he realized only in the summer of 2002 that the sponsorship scandal was far more than mere administrative errors. That was in the summer of 2002.

How can he claim that he realized this only in 2002, after his own admission yesterday that he read the summary of the internal audit in 2000, which reported very serious flaws in the program and rules that were broken. How, after reading that, could he not know?

[*English*]

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, as the Prime Minister has mentioned previously, as well as many others in the House, it was progressively from 2000 with the audit, which was an internal audit found by the auditor of public works identifying serious administrative errors, setting out a 39 point action plan to correct it and progressively, through internal and forensic audits, eventually a reference to the Auditor General by public works in 2000 on the Groupaction matters that led to her first report and to references to the RCMP and then progressively to where we are with the number of inquiries going on today.

● (1425)

[*Translation*]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, they make me laugh with their talk of the 39 point action plan. After that plan, Pierre Tremblay, Alfonso Gagliano's former chief of staff, took over, and things got worse. That is the reality.

How can the Prime Minister, then finance minister, explain that, despite the 2000 report of which he was aware, he continued for another two years, in his finance portfolio, to pump tens of millions into a program that had been denounced by the department's internal auditor? Let him explain that to us.

[*English*]

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, as I have said, progressively from 2000 with an internal audit from public works, that led to further forensic audits and the closing down of the communications branch in public works in September 2001. With a reform of the sponsorship program by the current Minister of Finance when he was minister of public works, commissions were no longer paid. A whole set of reforms were set in place leading, eventually, after RCMP investigations and after the Auditor General's report, to the cancellation of the sponsorship program.

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CITIZENSHIP AND IMMIGRATION

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, we have yet another Auditor General's report that shows the incompetence of the government. The immigration system is in such disarray that the Auditor General could not even reconcile the information. We have officials who cannot get information on the 25,000 passports that have been lost or stolen. We have fingerprint equipment that only half works.

A system that does not work leaves the door open for racial profiling. It targets people unfairly.

How does the minister account for the massive failure of this system that leaves people so vulnerable to racial profiling?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, a passport is an extremely important document for our citizens and our country. As every member in the House knows, many members opposite have been complaining to me about the length of time the passport office takes to issue new passports.

The problems, to which the Auditor General quite rightly adverted, have been addressed by the passport office. Immediate communications are made with the police. All passports that are lost or stolen are immediately deactivated for travel. We have addressed these issues.

We appreciate the Auditor General's comments. We will continue to strive to ensure that our passport is the most secure and best document in the world.

* * *

HEALTH

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, today the Auditor General's report also points out the government's appalling disregard for health protection around medical devices. Worse, she notes that Health Canada knew of the risks to human health but did not do anything.

Thanks to the Liberals, patients do not know if surgical masks, blood test kits, heart valves or breast implants are safe.

Oral Questions

How can the Prime Minister expect anyone to believe Liberal rhetoric on health care when the government cannot even ensure our health care system's basic equipment is safe?

Hon. Pierre Pettigrew (Minister of Health, Minister of Intergovernmental Affairs and Minister responsible for Official Languages, Lib.): Mr. Speaker, Health Canada fully accepts the findings and the recommendations of the report. We are moving forward to further improve the regulatory program for medical devices.

Health Canada has already acted on many of these recommendations, such as initiating a postmarket inspection strategy and creating an interactive database so that the public knows which devices are authorized for sale.

Health Canada is developing plans to respond to the recommendations that have not already been addressed.

* * *

NATIONAL SECURITY

Mr. Rahim Jaffer (Edmonton—Strathcona, CPC): Mr. Speaker, the Auditor General confirmed today what the Conservative Party has been saying for years. At our points of entry, terrorist watch lists do not include the 25,000 passports lost or stolen every year, nor the 162,000 Canada-wide arrest warrants from the CPIC database.

Our customs agents are the front line of defence, keeping terrorists and criminals out of Canada. It has been three years since 9/11 and the Liberals have not addressed this problem.

When will our border agents get this critical information so that they can do their jobs?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, perhaps I could repeat, for the benefit of the hon. member, what I said in response to an earlier question. We appreciate the Auditor General's report but we have taken action already to address every one of her concerns. Reports of lost passports go straight to the police and are deactivated. No stolen or lost passport can be travelled on. It is not valid for international travel. All stolen or blank passports are immediately communicated to the police.

We have dealt with these issues. The government and the department treats these issues very seriously. We will make sure the Canadian passport is the best and most secure travel document in the world.

• (1430)

Mr. Rahim Jaffer (Edmonton—Strathcona, CPC): Mr. Speaker, the minister has failed to address the problem of our customs agents getting access to this information. They clearly do not get that information at the borders.

Lost and stolen passports are a major security concern. Under the current process it takes an average of 70 days to exchange information between the passport office and the RCMP. If the Mounties cannot read the handwriting on the forms, they send the paperwork back to DFAIT. In this day and age, they are still using an outdated paper system.

How can we trust the government to protect Canadians when it has left this ridiculous system in place for so long?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, if it will help the hon. member, I can inform him that as of February of this year, the passport office began to input lost and stolen passport data directly into the RCMP database, thereby enabling law enforcement officials and authorized government departments and agencies to have 24/7 access to lost and stolen passport data.

An agreement to provide this information to front line officers is now in place and we will make sure that everybody has the information that is necessary to ensure our passports are properly monitored.

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AIRPORT SECURITY

Mr. Bill Casey (Cumberland—Colchester, CPC): Mr. Speaker, a couple of days ago, when the Deputy Prime Minister made a speech to the Canadian Club of Ottawa, she said that security at airports had been enhanced. She went on to say that CSIS, the RCMP and other agencies were continuing to share relevant information on a timely basis.

However the Auditor General blew her out of the water. The Auditor General totally disagreed with her today when she said that thousands of employees at airports have not passed examinations and they could possibly have criminal associations because examinations were not done. She also said that there was not sufficient sharing of information.

Why is the Deputy Prime Minister trying to mislead everybody?

Hon. Tony Valeri (Minister of Transport, Lib.): Mr. Speaker, we certainly appreciate the Auditor General's report, but let me clarify some of what the hon. member has said.

Over the past few months, we have in fact put together some programs to ensure our commitment to enhancing our security system, such as new programs to screen non-passengers and a new agreement between Transport Canada and the RCMP to share sensitive law enforcement information, which responds directly to the Auditor General's report.

Mr. Bill Casey (Cumberland—Colchester, CPC): Mr. Speaker, that does not respond to my question.

Moving right along, the government has chosen to focus its security efforts on cyber security intelligence and border protection. Meanwhile, ports like Montreal and Halifax see the priorities as completely different. The ports need funds now to establish uniform security coordination with U.S. ports. They need funds now for waterside security.

If the government wants to get value for the money, why does it not listen to the port officials and put the money where it is really needed?

Oral Questions

Hon. Tony Valeri (Minister of Transport, Lib.): Mr. Speaker, aside from the rhetoric, the member does actually put out a concern that we in fact have been dealing with in respect to port authorities. They have made their interventions. If the hon. member looks to the budget and the \$605 million envelope that deals with security, he will see marine security as part of that \$605 million.

In fact, what we will do is go forward and assist the ports to meet the security challenges in the future, to meet the international standard, which Canada will meet as of July 1.

* * *

[Translation]

TAXATION

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, the Quebec Minister of Finance, who will be bringing down his budget this afternoon, has already stated his intent some weeks ago to wage a merciless battle against tax loopholes, including the use of such things as tax havens in Barbados.

As the Quebec Minister of Finance is expressing a desire to do something about these dubious practices, how can the federal government explain its failure to include in its own budget any measures to eliminate tax evasion via Barbados, something a number of Canadian companies are merrily taking advantage of?

[English]

Hon. Ralph Goodale (Minister of Finance, Lib.): Mr. Speaker, indeed, the Department of Finance has started a process in concert with officials within the Government of Canada and also in cooperation with other countries around the world to determine the appropriate way in order to deal with the activities of international business corporations.

It is obviously an objective to ensure that Canadians can succeed internationally. At the same time, we want to make sure that our tax system is perfectly fair and equitable for all concerned.

•(1435)

[Translation]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I trust that, this time, it is not a 39 point process.

In an anti-tax evasion context, how can the federal government justify the fact that the Foreign Affairs website boasts that what it terms Canadian investments in Barbados totalled \$18 billion in 2001 and enabled 2,000 companies to pay no Canadian taxes?

This is all the result of the revised tax convention that was renewed by the present Prime Minister during his time as finance minister. Does this seem fair to the taxpayers who are obliged to pay all their taxes in Canada?

[English]

Hon. Ralph Goodale (Minister of Finance, Lib.): Mr. Speaker, the hon. gentleman continues to distort the record. Every step taken by this Prime Minister when he was Minister of Finance was aimed at closing the international loopholes. That is the record. That is the truth.

[Translation]

HEALTH

Ms. Monique Guay (Laurentides, BQ): Mr. Speaker, at the same time the Prime Minister is shamefully holding Quebec and the provinces hostage by imposing conditions on health care funding, the Auditor General is telling us that the medical devices for which the federal Department of Health is responsible are not safe.

Before unilaterally dictating his priorities for health to the provinces and Quebec, should the Minister of Health not instead follow the advice of the Auditor General and ensure that the medical devices for which he is responsible are safe?

Hon. Pierre Pettigrew (Minister of Health, Minister of Intergovernmental Affairs and Minister responsible for Official Languages, Lib.): Mr. Speaker, allow me first to say that our government intends to work with the provinces to find ways to strengthen our health care system for the long term. That is how we see things. We will have to work in partnership to find lasting solutions.

With respect to the Auditor General's report, of course we accept her recommendations on the use of certain medical devices. We have already started making these corrections, which are absolutely necessary. We appreciate the work of the Auditor General on this matter.

Ms. Monique Guay (Laurentides, BQ): Mr. Speaker, the report shows that safety inspections of medical devices are compromised because Health Canada has assigned only 58 inspectors to this task when it needs 97.

How can the federal government impose its way of doing things on Quebec and the provinces when it cannot even provide the right number of inspectors to allow Health Canada to do its work properly?

Hon. Pierre Pettigrew (Minister of Health, Minister of Intergovernmental Affairs and Minister responsible for Official Languages, Lib.): Mr. Speaker, we have absolutely no intention of telling the provinces what to do. We intend to treat them as partners when it comes to health.

The Canada Health Act requires us to have a health system that meets Canadians' expectations and reflects Canadian values. We know that this is important to Canadians and the provincial governments as well.

We are currently working on the Prime Minister's very firm commitment to hold another federal-provincial conference this summer. We want a plan with lasting solutions made in cooperation with the provinces.

* * *

[English]

SPONSORSHIP PROGRAM

Mr. Vic Toews (Provencher, CPC): Mr. Speaker, the Liberal fix is in at the public accounts committee. Last week, following the instructions of the Prime Minister, the Liberal majority on the committee defeated a Conservative motion calling for a release of the Gagliano papers.

Oral Questions

Is the Prime Minister now trying to cover up the sponsorship scandal because the only thing at the bottom of this scandal is more evidence of Liberal sleaze?

Hon. Jacques Saada (Leader of the Government in the House of Commons and Minister responsible for Democratic Reform, Lib.): Mr. Speaker, I reject outright the allegations made by my colleague as to the intervention of the Prime Minister. It simply is not the truth, so I cannot say anything else. It is simply not true.

As far as the work of the committee is concerned, members know full well the committee is the master of what it does, and it is not for us to go against the rules of the House. They have been set to be observed by everyone, including the opposition, notwithstanding their reluctance to do so.

Mr. Vic Toews (Provencher, CPC): Mr. Speaker, last week the Liberal vice-chair of the public accounts committee said that the committee may not be able to find out the truth of who was responsible for the millions of dollars taken by Liberal-friendly advertising firms.

Rather than trying hard to find out the truth, the Liberal majority is pushing forward with a whitewashed report to bury their connections with the sponsorship scandal. How can the committee find out the truth when the Liberal majority keeps on burying it?

Hon. Jacques Saada (Leader of the Government in the House of Commons and Minister responsible for Democratic Reform, Lib.): Mr. Speaker, it is the other side which prevented the work of the committee to develop as quickly as we wanted it. It is the other side which is resisting the calls for an interim report. It is the other side which has politicized the debate so much in the committee that they have lost credibility in the process.

It is their problem, not our problem.

• (1440)

Mr. Jason Kenney (Calgary Southeast, CPC): Mr. Speaker, it is the government's own judicial inquiry which will not even start hearings for six months.

The Prime Minister said he was going to get to the bottom of this come hell or high water. What a joke. The public inquiry will not start for six months. The Liberal majority on the committee is trying to jam through a whitewash report before we have even heard any testimony about where the stolen millions went, before we have even heard from Chuck Guité.

Why is the Prime Minister breaking his promise? Why is he pushing for a whitewash report before we know the truth about Liberal corruption?

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, internal audits, forensic audits, Auditor General's reports, RCMP referrals, the public accounts committee, a public judicial inquiry: if anyone is rushing to judgment here it is the supposedly independent chairman of the public accounts committee, who seems to have already come to the conclusion that people should go to jail.

I think we should hear the evidence, consider it carefully, analyze it and then come to conclusions. Let us not rush to conclusions and let us not make wild accusations in this—

The Speaker: The hon. member for Calgary Southeast.

Mr. Jason Kenney (Calgary Southeast, CPC): Mr. Speaker, none of those reviews and none of those inquiries will report the truth to the Canadian people before this Prime Minister wants to go to the polls without getting to the bottom of this scandal. That is the problem.

We want to know the truth. Why is the Liberal government shutting down the public accounts committee before we have even heard from Chuck Guité, before we have heard from anyone from the crown corporations and before we have heard from anyone from the PMO? Why the cover-up?

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): I think, Mr. Speaker, that the only thing that is covered up to this stage in the public accounts committee is the testimony of Chuck Guité, which the chairman has not agreed to release. If he wants to get things moving, let us hear these witnesses more quickly. Let us release that evidence that was given in confidence, which Mr. Guité says now can be released. Let us get to the bottom of it. Let us not jump to conclusions before the facts are heard, though.

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VETERANS AFFAIRS

Mrs. Judi Longfield (Whitby—Ajax, Lib.): Mr. Speaker, my question is for the Minister of Veterans Affairs. With the 60th anniversary of the D-Day landing and the Battle of Normandy rapidly approaching, what is the Government of Canada doing to recognize the valued contributions of our veterans who participated in this campaign?

Hon. John McCallum (Minister of Veterans Affairs, Lib.): Mr. Speaker, my colleague from Whitby—Ajax is a great friend of veterans and I thank her for her question. Last week, thanks in large measure to the efforts of the member for Haliburton—Victoria—Brock, the government committed \$1.5 million to the Juno Beach Centre.

Later today, in the Hall of Honour, we will be honouring our veterans from D-Day and the Normandy campaign. I invite all parliamentarians to join me in saluting these Canadian heroes who took enormous risks, many of whose colleagues perished, to give all of us the freedoms and the liberties we enjoy today.

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[*Translation*]

THE ENVIRONMENT

Mr. Joe Comartin (Windsor—St. Clair, NDP): Mr. Speaker, my question is for the Minister of the Environment.

After eleven years of Liberal reign, food containing GMOs is still not labelled as such. Today, the Auditor General's report is additional proof of the Liberals' blind support of genetic manipulation. We learn that genetically modified plants are free-growing in the wild, and we know nothing about the long-term effects on the environment.

Can the minister explain why the Liberals let this situation get out of hand?

*Oral Questions**[English]*

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, the situation is not at all out of hand. The fact is that we have a very complicated and sophisticated transportation system for grains in this country and for other agricultural products. Labelling of each individual shipment is next to impossible under our current system.

We do have the voluntary measures that are in place, an opportunity for those who wish to avoid genetically modified organisms to in fact take advantage of that labelling. They can in fact do that, but overall we have a system that works effectively and well and we are going to continue with it.

* * *

● (1445)

INTERNATIONAL AID

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, four months have passed since the Liberals first introduced Bill C-9, a bill to assist developing countries to get affordable drugs. An estimated 800,000 Africans have died from AIDS and more than 1.5 million have been infected with HIV since that time.

When Kofi Annan was here, the Prime Minister told us that the time to act is now, but this month the Liberals have cancelled the committee four times for the meetings on Bill C-9.

For the Prime Minister, some of the Liberals have told us they want to change the name of the bill to the Jean Chrétien pledge to Africa. Is this why the Prime Minister is stalling the bill? Because of his personal vendetta?

[Translation]

Hon. Lucienne Robillard (Minister of Industry and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec, Lib.): Mr. Speaker, that is unbelievable. I think that I am going to forget the question and talk about the overall will of parliamentarians, here in the House. The majority of parliamentarians want to have such legislation to allow us to provide drugs to less developed countries.

That is why there is a bill currently before the House. Parliamentarians have worked extremely hard to try to improve this bill. We hope to be able to finalize it shortly.

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*[English]***FOREIGN AFFAIRS**

Mr. Stockwell Day (Okanagan—Coquihalla, CPC): Mr. Speaker, Denmark's soldiers land on Canadian Arctic territory, hoist their flag, claim the island as their own, and Canada does nothing.

As a matter of fact, yesterday it was the Danes who had to summon a Canadian official forward to creep forward and peep up on the Prime Minister's position on this expropriation of our property. Incredibly, yesterday his response was simply this, and I quote, "it is not Canada's intention to stir up a tempest...". That summed up the Prime Minister's shot across the bow of the Danish ship of state.

How much Canadian territory has to be claimed by a foreign power before our scandal-burdened Prime Minister will speak up and stand up for Canada? How much property?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, there is a lot of talk about shots across bows here, but let us make sure we have our aim straight before we start shooting.

This is a matter that has been discussed between Denmark and Canada for years. This is a matter which we have discussed and Canada's sovereignty over Hans Island has been well established by us. It is established in international law. We have told the Danes that. Clearly they have a different approach.

We are working with them. They are an ally with us on many other issues. We will work with them to resolve this issue, but I can assure this House that this government will not surrender any sovereignty of any of Canada's lands in the Arctic or anywhere else in the world.

Mr. Stockwell Day (Okanagan—Coquihalla, CPC): We already have, Mr. Speaker. Previous aspiring prime ministers would not even let a foreign icebreaker or a turbot boat into our waters without challenging them. This Prime Minister simply flops around on the deck gasping for air. He is clearly overwhelmed by these scandals and he cannot even protect Canada's sovereignty.

Our ambassador to Denmark was recalled because of the scandals. I want to ask the Prime Minister the question that he ducked last week. Is he not reappointing an ambassador to Denmark because he wants to keep that spot open for the return of his good friend, Alfonso Gagliano?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, I think we are seeing a return of the Sea-Doo on Lake Okanagan. That is what we are seeing in the House today.

We often have empty places in our ambassadorial corps. We have a perfectly good chargé d'affaires in Denmark who is doing a very good job of representing Canada. In due time that post will be filled.

In the meantime, I can assure the House and all hon. members that we are telling Denmark clearly Hans Island is Canada's, and we will continue to do that.

* * *

TERRORISM

Mr. Andy Burton (Skeena, CPC): Mr. Speaker, the government has been unable to respond to some serious questions on internal security as well. For example, a large tract of land in B.C., namely the Gang Ranch, was purchased by a wealthy Saudi who appears to have been named in a lawsuit by families of 9/11 victims as a possible financial supporter of that terrorist act.

Why has the government made no response to a request to look into what types of activities have been going on in this remote area of British Columbia?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): I can only suggest, Mr. Speaker, that if the hon. member has any concerns, if he is alleging that there is any wrongdoing, criminal in particular, that he provide whatever facts and evidence he has to the Royal Canadian Mounted Police and it can investigate.

Oral Questions

Mr. Andy Burton (Skeena, CPC): Mr. Speaker, the fact of the matter is detailed intelligence reports of this Saudi financier have been forwarded to the cabinet by our foreign affairs critic.

If this information is correct, why has the appropriate response clarifying the issue not been received from the minister responsible? Will this scandal preoccupied Prime Minister, who says he is concerned about western Canadian issues, tell us if he is aware of this serious question, and why has his minister not responded?

• (1450)

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, if the hon. member has any evidence of wrongdoing, he should provide that evidence to the Royal Canadian Mounted Police and it will review that evidence and determine what is an appropriate course of action.

* * *

[Translation]

THE ENVIRONMENT

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, four weeks ago I personally wrote to the Minister of Foreign Affairs asking him to bring before the International Joint Commission, as quickly as possible, the issue of enlarging the landfill site at Coventry, Vermont. This project threatens to contaminate the water of Lake Memphrémagog, which provides drinking water to more than 150,000 people in the Eastern Townships, including 125,000 people in Sherbrooke.

Can the Minister of Foreign Affairs guarantee that he will bring this before the International Joint Commission in order to ensure the safety of the drinking water supply in the Eastern Townships?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, of course, as the members of this House know very well, the International Joint Commission is just that, a joint commission. In order for it to examine an issue, both parties must agree.

I can assure the House that we are following this situation closely. I have already raised the issue with our American colleagues. If the joint commission finds it appropriate to consider this matter, I can assure the House that we shall follow up on it properly with the American government.

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, because of the international nature of this issue, the Boundary Waters Treaty allows either of the contracting parties to refer matters to the International Joint Commission.

How much longer will the government wait before it refers this to the commission, in order to do all the studies that would ensure a safe water supply for some 150,000 residents of the Eastern Townships for whom Lake Memphrémagog is their drinking water reservoir?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, whenever we have worked with our American cousins on international water issues, we have worked together. Thus, we are maintaining our method of working first with the Americans. If that does not produce the desired results, we can move to other solutions, namely the joint commission. Let us do the necessary work. I assure

the hon. member that we are dealing with this matter very seriously and that we shall continue to do so.

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[English]

WHISTLEBLOWER LEGISLATION

Mr. Scott Reid (Lanark—Carleton, CPC): Mr. Speaker, the Prime Minister's whistleblower legislation is typical of this government. Far too little, according to Canada's integrity officer, far too late after a decade of secrecy on everything from the existence of the Prime Minister's peekaboo blind trust to the contents of Alfonso Gagliano's briefing notes.

Why did the Liberals wait until a huge scandal forced their hand before bringing forward even the semblance of legislation on this subject?

Hon. Denis Coderre (President of the Queen's Privy Council for Canada, Federal Interlocutor for Métis and Non-Status Indians, Minister responsible for la Francophonie and Minister responsible for the Office of Indian Residential Schools Resolution, Lib.): Mr. Speaker, my understanding is I am expecting the opposition members to vote in favour of Bill C-25. That is what they should do because we walk the talk. Our Prime Minister, with his vision, and our government promised to put a template and action plan in place, and we have done that with the whistleblower legislation. We have consulted also with all stakeholders, and we will proceed.

Not only that, we are expecting all members from the House to participate fully in the standing committee to ensure that we have a good law that will suit everybody.

Mr. Scott Reid (Lanark—Carleton, CPC): Mr. Speaker, over the course of a decade, the government ignored or killed 13 private members' bills from all parties on whistleblower protection. Now it is proceeding with a bill that denies the integrity of commissioner subpoena powers and that requires whistleblowers to go to their supervisors to get permission to go public or face termination. If this had been enacted a few years ago, it would have put Chuck Guité in charge of whistleblowing in his department.

Why should we believe that Chuckie's law will make whistleblowing cleaner and more open in this country?

[Translation]

Hon. Denis Coderre (President of the Queen's Privy Council for Canada, Federal Interlocutor for Métis and Non-Status Indians, Minister responsible for la Francophonie and Minister responsible for the Office of Indian Residential Schools Resolution, Lib.): Mr. Speaker, I know the hon. member practised all morning in front of the mirror to come up with a line, but really, he should read the bill.

This bill is inclusive and can be improved upon. We do not want to create another tribunal, but we do want to resolve a situation and ensure that everyone can play their roles fully and in an inclusive manner.

Oral Questions

I think we have covered the angles at all levels. We are open to further improving on this law, but it is up to him to do his job. He should be glad that we have once again fulfilled one of the promises to help the public service perform well.

* * *

●(1455)

CATTLE INDUSTRY

Mr. Gilbert Barrette (Témiscamingue, Lib.): Mr. Speaker, could the Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec tell the House what the government is doing to support research in Abitibi-Témiscamingue in order to develop new markets with regard to cattle production?

Hon. Lucienne Robillard (Minister of Industry and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec, Lib.): Mr. Speaker, I thank the member for Témiscamingue for his question.

Last Friday in Amos, at the Université du Québec en Abitibi-Témiscamingue, I announced a financial contribution by Agriculture and Agri-Food Canada and Canada Economic Development of over \$3.6 million for the Boeuf eN'OR research project.

The goal of the research is to develop a new product that meets consumers' requirements. This project clearly stems from the desire of researchers and cattle producers in Abitibi-Témiscamingue, and the Government of Canada is proud to be associated with it.

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[English]

WHISTLEBLOWER LEGISLATION

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, CPC): Mr. Speaker, public employees need whistleblower protection that really works, but those who can shed light on the situation are actually afraid to come forward. The government legislation is a complete sham.

Will the minister pull that legislation and replace it with a plan that really protects public employees?

[Translation]

Hon. Denis Coderre (President of the Queen's Privy Council for Canada, Federal Interlocutor for Métis and Non-Status Indians, Minister responsible for la Francophonie and Minister responsible for the Office of Indian Residential Schools Resolution, Lib.): Mr. Speaker, obviously, I totally disagree with the preamble to the question.

In my opinion, we have once again proven that we have balanced legislation that covers all the angles. Obviously, we believe that implementing a public service charter in the future will help to protect individuals. Our primary role is to protect whistleblowers, prevent abuse and guarantee that the code of conduct we adopt will ensure once again both accountability and the sense of responsibility and duty of the public service.

[English]

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, CPC): Mr. Speaker, the Liberals have had 10 years to implement

whistleblower protection. The only reason there is legislation on the table now is to whitewash that they got caught losing \$100 million.

The bill is just a Liberal pre-election strategy that has nothing to do with protecting the civil service, members of the armed forces or the RCMP. It is about protecting cabinet reputations.

When will the government introduce real legislation that protects whistleblowers?

Hon. Denis Coderre (President of the Queen's Privy Council for Canada, Federal Interlocutor for Métis and Non-Status Indians, Minister responsible for la Francophonie and Minister responsible for the Office of Indian Residential Schools Resolution, Lib.): Mr. Speaker, again trying to get 15 seconds in the news tonight. First, not only is it good legislation, but we encourage both sides of the House to fully participate in the government operations standing committee where we are open and flexible.

We believe this legislation is well done. We have consulted all stakeholders. It is the first time we have had legislation that will cover not only the public service, but at the same time will cover crown corporations.

I think he must be pleased. I hope that the way he asked his question means they all support Bill C-25.

* * *

[Translation]

HEALTH

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, there are 4,000 new HIV infections every year in Canada, and this represents \$600 million in additional medical costs annually. The number of people living with HIV rose from 30,000 in 1993 to over 50,000 in 2002. Yet the funding for the Canadian strategy on HIV/AIDS has remained the same since 1993, \$42.2 million.

Can the Minister of Health explain his refusal to act on the unanimous recommendation by the Standing Committee on Health urging the federal government to raise the annual funding for the Canadian strategy on HIV/AIDS to \$100 million?

Hon. Pierre Pettigrew (Minister of Health, Minister of Intergovernmental Affairs and Minister responsible for Official Languages, Lib.): Mr. Speaker, the hon. member for Hochelaga—Maisonneuve has raised a very important point, since it is absolutely obvious that remarkable work has been done, with the help of the government's strategy, in the battle against HIV/AIDS.

I am very much aware of our government's responsibility; \$42.5 million is allocated to the strategy. You can count on the Minister of Health to continue his efforts and to try to improve budgets, because the organizations have clearly done a remarkable job in recent years.

The Budget

[English]

THE ENVIRONMENT

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, my question is for the Minister of Natural Resources. Given that reaching the Kyoto protocol objective requires a considerable improvement in automobile fuel efficiency, when will the minister decide to overcome market barriers and recommend to cabinet the proclamation of the 1982 Motor Vehicle Fuel Consumption Standards Act?

● (1500)

Hon. R. John Efford (Minister of Natural Resources, Lib.): Mr. Speaker, first, the automobile industry and government recognize that considerable work needs to be done to improve fuel efficiency. In the case of Europe, it has a volunteer agreement with the auto industry. In the case of Australia, it has signed an agreement with the auto industry. At present, we are working voluntarily with the auto industry to accomplish fuel efficiency in vehicles.

What we should do first is recognize what it has accomplished to date. I congratulate it and look forward to working with it to accomplish our goals in the future.

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FOREIGN AFFAIRS

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, I have a question for the Minister of Foreign Affairs. Is Mr. Bhupinder Liddar being sent as Canadian consul general to Chandigarh? If so, why and when? If not, why not?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, appointments of heads of mission are always subject to certain administrative procedures, which in this case have not been completed. Until they are completed, the position is that Mr. Liddar is not being sent to Chandigarh.

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WHISTLEBLOWER LEGISLATION

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, no fewer than three different task forces have strongly recommended that any whistleblower officer has to report directly to Parliament, not to a minister and not to cabinet. Yet the government introduced legislation that says 180° the opposite. This bill is more about protecting ministers from whistleblowers than it is about protecting whistleblowers.

Will the hon. President of the Privy Council, stand up, admit that this is bogus legislation designed to plug leaks, not protect civil servants, withdraw the bill and take one off the shelf, one of the private members' bills that we presented?

Hon. Denis Coderre (President of the Queen's Privy Council for Canada, Federal Interlocutor for Métis and Non-Status Indians, Minister responsible for la Francophonie and Minister responsible for the Office of Indian Residential Schools Resolution, Lib.): Mr. Speaker, it seems that the member of Parliament is using a better word than what he used in the press. I thought he was an expert in manure.

However, the legislation that we are putting forward not only addresses all those questions, but we are doing exactly what we have

to do. I urge the member, instead of trying to play his own little game as usual, to participate fully in the parliamentary committee and ensure that he brings forward all his points.

We have done our job. Let us see if he will do his.

* * *

WAYS AND MEANS

NOTICE OF MOTION

Hon. Andy Mitchell (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, pursuant to Standing Order 83(1) I have the honour to table a notice of ways and means motion to implement certain provisions of the Tlicho land claims and self-government agreement and Tlicho tax treatment agreement, which is part of this notice, and I ask that an order of the day be designated for consideration of this motion.

GOVERNMENT ORDERS

● (1505)

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed consideration of the motion that this House approves in general the budgetary policy of the government.

The Speaker: When the debate was interrupted for question period, there were seven minutes remaining in the time allotted for questions and comments on the debate of the hon. member for York South—Weston.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, at the end of the member's speech he made reference to his many years of service to the people of his city from a municipal and regional perspective.

As the member knows, the budget included a significant initiative related to helping our cities and communities. Today there was an important announcement with regard to his city.

Would the member remind the House and Canadians about the important contribution the government has made to the cities of Canada?

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, during my comments I referred to the new relationship being developed under the umbrella of a new deal for cities.

The first announcement through the budget was the full rebate on the GST. When that washes through to the municipalities, it will allow them to invest in a wide spectrum things, such as infrastructure, water and sewers, housing and transportation initiatives.

The Budget

A continuation of that theme is the announcement with respect to the city of Toronto of \$1 billion that will be a partnership of the city of Toronto, the province of Ontario and the federal government. Under the initiative we will see an improvement to the transit infrastructure in the city of Toronto. Within the context of the GTA when we add that to the \$50 million initiative for an investment in the York region, we will have a federal presence for the first time in a major way in the area of transportation and other infrastructure.

There is also a theme with respect to consultation. For years there has not been the recognition that municipalities have a huge role to play with respect to the quality of air and quality of life that Canadians enjoy. There is a commitment given through the budget that there will be consultation before each budget. Cities will be invited in order that there is an understanding of what their needs are and how the budget can be used to meet those needs.

With that kind of consultative approach and the kind of announcement that was made in the city of Toronto today, we are on the threshold of a new relationship which can only better serve Canadians in the cities.

Mr. Ken Epp (Elk Island, CPC): Mr. Speaker, in our intervention earlier, I asked the member specifically whether he thought it was incorrect of the government to put large amounts of money into general revenue. He answered my other questions with respect to the EI fund to the best of his ability, even though we may not totally agree. However, he did not address the question of the money going into general revenue and there was no mention made in the budget that it would be changed. I would like his comment on that.

Mr. Alan Tonks: Mr. Speaker, I always appreciate a colleague who includes in his preamble the characterization of a member doing it to the best of his ability, which I did.

I indicated that the employer and employee contributions to EI had been reduced in the last two budgets. I indicated that the Auditor General had said that we should attempt to ensure that instead of transferring that fund into general revenues, it should be reinvested in matters relating to employment, such as seasonal employment, employees who find themselves in situations where they are without work.

What I did say also, and I am sorry the member did not hear it, was that while that is the direction of the government, I do not think the government should be faulted for investing general revenues in employee related initiatives, such as skills development. That is in keeping with the philosophy of reinvesting in job creation, job retraining programs that the employment insurance fund was designed for.

I would agree with the principle and the spirit of the member's question. Eventually it would be, I think in accounting terms, more correct to have the fund and out of that fund allocate expenditures that relate specifically to employment creation and employment insurance.

• (1510)

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, for years now we in Atlantic Canada have been asking the government to develop a shipbuilding policy. One was developed by the previous industry minister, Mr. Tobin.

Three budgets have gone by and there is still not a single word on a shipbuilding policy. This would facilitate the employment of thousands of people in Canada, not just in Atlantic Canada.

Why would the government consistently omit this very important aspect of our economy which could develop so much for Atlantic Canada?

Mr. Alan Tonks: Mr. Speaker, I think the intent is to look at the Atlantic regional opportunity program.

I would suggest that with the full spectrum of needs that exist in the Atlantic region, shipbuilding obviously is one of those that should be evaluated. It should be incubated in such a manner that it does create the kind of jobs and economic activity the member would like to see. I am sure the government would support that. It should be looked at through the porthole, if members would pardon the nautical analogy, of the Atlantic regional expansion fund.

Mr. Gary Lunn (Saanich—Gulf Islands, CPC): Mr. Speaker, I am pleased to rise and represent the constituents of Saanich—Gulf Islands in the budget debate. I will be splitting my time with the member for St. John's West.

When we listened to the budget speech, there were such expectations. The Prime Minister, when he was minister of finance, had been plotting for some 10 to 13 years to overthrow the previous prime minister, Jean Chrétien. He was successful last November. That was his dream. We expected to see some type of vision, his plans on where he wanted to take the country.

We were absolutely surprised by the budget. It was so hollow. There was very little in it.

The Prime Minister has been completely derailed by the sponsorship program, by the wasteful and abusive government spending. I call it the theft program, not the sponsorship program.

This matter was created by the Liberal Party. I want to touch on this because this is one of the major points in the budget. It is ironic. The theft program, otherwise known as the sponsorship program, was created to promote unity across Canada. When we talk to people outside Quebec, they say, "Quebec gets all this money. What a crazy program. The \$250 million that the Liberals funnelled in there has gone to Liberal friendly firms". For anyone who is associated with the party it is really a corrupt program. There is no question about it. When we talk to people inside Quebec, they say, "There is nothing but a bunch of crooks in Ottawa. Look at this \$250 million. Look at the unity program". Whether people are inside Quebec or outside Quebec what they are seeing in the program is corruption in the highest order.

I have said that this is one of the darkest days in Canadian political history, but let us get into the specifics. The government has been preoccupied with this for two or three months. Its response has been to bring back the comptroller general of Canada. This was something that was eliminated in 1994 by the Liberals. It was a process that had been started before they took office. The Liberal government weakened that position and eventually got rid of it entirely in 1994.

The Budget

Ironically in 1995 it was the current Prime Minister when he was minister of finance who promised to bring in program review to ensure that we did not get wasteful spending, to ensure that there was value for money. That year, 1995, was the very same year that the minister of finance, who is now the Prime Minister, approved the sponsorship program where we have seen hundreds of millions of dollars go down a big black sink hole never to return.

It is the talk on the streets in British Columbia everywhere we go. When we go into the restaurants, the coffee shops or wherever we end up people are genuinely upset. Members from all parties, including the Liberals, have told me that people are angry about this, and rightfully so. They should be angry. They have a right to be angry.

In British Columbia people have said to me, "When Glen Clark spent \$450 million on the fast ferries, the people of British Columbia were so outraged that they reduced the government majority down to two seats. But at least the government spent the money on ferries. It did not work, but they spent the money on ferries".

• (1515)

In the sponsorship scandal, the theft program, the money was literally stolen. It is corruption of the highest order. Sadly, money went to Liberal friendly ad agencies, the ones that have been doing all the contracting. All the stories have been out there. It is a slap in the face to the Canadian taxpayer. This is the time of year when Canadians are filling out their income tax and writing cheques to send to Ottawa and these are the stories they are reading on how money is spent.

I will bring this a bit closer to home. How has this impacted the people of Saanich—Gulf Islands? A number of employees who worked for JDS Uniphase were innocently caught up in an employee stock purchase plan. It was an absolute tax nightmare. I cannot go into all the details but, in short, people received salaries for one year in the amount of \$100,000 and their T4s showed \$1.4 million in earnings and \$700,000 in tax owing.

I met with the then minister of finance who is now the Prime Minister. He looked at that and acknowledged that it was a serious problem and that something had to be done. He acknowledged that these people were caught up in a tangled web through no fault of their own and he promised to do something. I met with his officials and had e-mails from them saying that they would "cut the motor" on Revenue Canada from pursuing these people.

It has now been three years and absolutely nothing has been done. I wrote the Prime Minister in his capacity as minister of finance and I have written the current finance minister. I have written three finance ministers and it has fallen on deaf ears. Do they care about these people? No.

Who do the Liberals care about? What have they done? How about George Radwanski, the former privacy commissioner who owed the federal government over \$600,000 in taxes? What did the current Prime Minister, the former minister of finance, do in that situation? He wrote off over \$600,000. Why would he write off the privacy commissioner's tax debt? He was a well connected Liberal.

I am sure members can see where this is going. If one is a well connected Liberal, one gets special perks, special favours and hundreds of millions of dollars.

This has brought Parliament into the darkest days of political history. A black cloud is hanging over all parliamentarians because of what the present Liberal government has done. It has of course tried to portray itself as a new government but half of the cabinet are the same Liberal people. We are not seeing anything different.

I want to comment on a few of the specifics in the budget, the first one being health care. I have always said that health care is one of the most important issues for my constituents. We have serious problems in health care: waiting lists are getting longer and access to health care and finding a family doctor are becoming more difficult.

After the government's claim that it put all this money back into health care, let us look at the facts. The lineups are significantly longer today than they were when the Liberal government took power in 1993. It takes longer and longer to get services. No new money went into health care. The Liberals announced some old money that they had already put in, but they have not addressed these problems. They do not look at the systemic problems of the health care system. They do not bring in energy and new ideas. It is a huge problem.

I want to quickly talk about education. If a baby was born after 2003 and his or her parents make less than \$35,000 a year, the child will receive a grant in 18 years. What is being done for the students of today with all this talk about education? The government is telling students to borrow more, to go deeper into debt and to crawl into that big black hole.

There is nothing in this budget that is helping Canadians. The government has done nothing to address the sponsorship program. It is all smoke and mirrors. There will be nothing there to bring accountability back to the government and it wants us to trust it.

• (1520)

Over the next two months, on his campaign trail, we will hear the Prime Minister talk about his new Liberal government but it is nothing but a facade. It is the same old, tired government that has brought the darkest black cloud over this Parliament in Canadian political history. The Liberals need to be sent a clear message that they need to go. It is time for a new government in this country.

Mr. Grant McNally (Dewdney—Alouette, CPC): Mr. Speaker, I think my colleague was getting to the nub of the issue, and that is trust. I wonder if he could comment on the matter of trust. Should Canadians trust the current Liberals to put the financial house in order when they are the ones who basically led us into scandal and mismanagement over these last 10 years?

Mr. Gary Lunn: Mr. Speaker, when I was asked by a reporter last week what the election would be about, I said that it would be about ethics and trust. Trust is something that is earned. We do not have a right to it. It is something we have to earn from the Canadian people.

The Budget

This is not just about the sponsorship program. The sponsorship program was just the latest culmination of scandal after scandal, of lining their own pockets, getting deeper and deeper with more blatant disregard for the Canadian taxpayer. We had Shawinigate, HRDC and the \$2 billion gun registry in the Department of Justice. Someone mentioned \$750 million on the cancellation of the helicopter contracts. We have the office of the Governor General with a budget of \$10 million or \$11 million and having spent \$41 million. This is a total disregard for the Canadian taxpayer.

The Liberals are now asking us to trust them after we have seen the darkest and worst political scandal in Canadian political history. The severity of this scandal cannot be underestimated. When money is stolen, although we do not know exactly who stole it, political masters must be giving the signals and directions. The Prime Minister said that he did not know and yet his own policy advisers were writing him letters. We have had government staff come forward saying that this stuff goes as far back as 1999 and asking us to do something.

What has been going on is criminal. Silence is consent. By his refusal to act and his wilful blindness, he is as guilty as the person who stole the money. We teach our children to know who their friends are and if their friends are criminals and committing criminal acts our children know that if they are with them they are guilty too.

The same analogy can hold true here for the current cabinet and Prime Minister. Half the cabinet is the same. They were sitting in those cabinet meetings. We know there had to be political direction. It is time to get rid of this most scandal ridden government in Canadian political history. Canadian taxpayers deserve better. They deserve an ethical, honest, open government.

For the current Prime Minister to say that his government is a new government, I would suggest, is dishonest. There is nothing new about this government. We have seen exactly what is going on. He is desperate to go to the polls. In fact, we heard today that he is advising all the government members to get their pictures taken and get ready to go.

I say that he should bring it on. If this budget is the best vision he has for this country and if the Liberals can ask Canadians to trust them after the recent scandal, then we are ready to go on this side. I believe Canadians deserve better. I believe that after examining the record of the current Prime Minister and the Liberal government for the last 10 years, Canadians will be looking for a new government.

The Conservative Party of Canada will rise to the challenge. The current Leader of the Opposition has ethics second to nobody. He is one of the most honest, hardworking parliamentarians in the House and he will make an incredibly awesome prime minister.

● (1525)

Mr. Loyola Hearn (St. John's West, CPC): Mr. Speaker, I listened with interest to my colleague's comments. I do not want to revisit the areas but I do want to make reference to his last comment about the government members having their pictures taken. If I were a member of the governing party, the last thing I would want flashing around the country right now would be my picture. I know the hon. member over there agrees with me and, I believe, rightly so.

Having said that, I will now concentrate on the budget. I want to look at what was not in the budget rather than at what was. What was not there is having a negative effect on a number of our provinces. At least four of our provinces today, as we speak in fact, are bringing down or have just brought down budgets. All of them are having major problems trying to balance their budgets.

Balancing the budget is something we always talk about. It seems that it is something we must do. Even though that is a major concern for the government, for the finance minister, there is something much more important in relation to that. We need to know what we have to do to our people in order to balance the budget.

I want to talk about what is happening in the Atlantic provinces in particular because I am more familiar with what is happening in those provinces than I am with what is happening in Quebec, in Ontario or in some other provinces. The costs of our social services, health care and education take up a huge percentage of our budget. In Newfoundland and Labrador, the major expenditure in our budget would be the cost of health care, followed closely by education and followed closely, unfortunately, as is the case in many provinces, with the payment on debt charges.

As health care costs escalate and our population becomes older, more demands are being put on the health care system. That is true right across the country. A few years ago the federal government paid close to 50% of the cost of health care. Now its share is down around 16%, which means the burden is on the provinces to handle this tremendous debt load.

Because of the way the Atlantic provinces have been treated by the central government, because of the neglect of our resources, because of the mismanagement of the fisheries, because of the lack of consideration in relation to the development of our offshore resources, our hydro power and our minerals, we see young people leaving our province in droves. Over the last 10 years, 50,000 young people, or 10% of our population, have left the province. These were people of child bearing age, people who will produce our future. They were the wage earners. What is left is a significantly older population than anywhere else, which means increased health care costs.

I know I have said this a number of times but I learned a long time ago here that in order for people to help they must understand and in order for them to understand it seems they must hear it over and over again. When a province has fewer people than in the past, and when the money that is handed out is based on a per capita, that means fewer dollars. When our younger people leave, leaving behind the older people, it means there are greater demands on those fewer dollars.

● (1530)

When we look at the geography over which we have to deliver health care, then we can visualize how difficult it is to provide even the essential services to people in a province such as Newfoundland and Labrador. However, all the provinces across the country are having problems, but specifically because of these reasons my own province is.

The Budget

Then we look at education. This is where the word vision is missing in the budget. Where is the vision? We have a reactionary budget throwing a few dollars out for two reasons. Because of severe problems some money must be thrown at it. The government was embarrassed, forced, to provide money for farmers in the west, long after they should have done it, putting the farmers and their families through all kinds of hardships because of the government's procrastination.

The government finally threw \$2 billion into health care after three years of promising to do so. Now the Prime Minister, with no relationship at all to what was presented in the budget, says that there will be more money. Undoubtedly, that is after the election. He is sending the message that if he is re-elected, he will ensure the money is there. This is bribery, which is what we usually see from that side. We get bribes and reaction but absolutely no vision.

When we talk vision, let me speak about education. The greatest expense across the board is health care. If we analyze health care costs, we will find many of the costs are because people cannot or do not look after themselves. They cannot afford to or they do not know how to. A lot of that has to do with the education.

Many people avail of health care services, whether it be mental health, physical health, emotional and I can go on, as a result of them not being active in the workforce. This puts all kinds of different strains on them, again physically, financially, mentally, et cetera.

If we look at our justice system and we analyze who avails of the justice system in relation to who are the ones causing us to spend money on the justice system, again many of them are people who, because of no fault of their own perhaps are in trouble, or are on drugs, or commit crimes, do not fit into society as they should. On many occasions we can tie this into a lack of education.

When we look at the environment and we see those who are not properly caring for it, again we will find it is a lack of education or understanding of how important the environment is.

I could go on and on, however I only have two minutes. However, we have the future of the country in front of us. We have young people, the pages in this House, who over the years will contribute so much to the country. They are being educated. I am not sure whether this is an education in here, but hopefully they are learning a lot. However, they are being educated at universities.

They then will become contributing members in our society. They will be young and educated for the rest of their lives. They will work and pay taxes. They will feel good about it because they are contributing and helping others. They will also spend every cent they make buying things which create work for someone else. If they are not educated, they do not contribute. Instead of contributing to the country, they take out more through social costs, health care costs, welfare costs, housing costs, justice costs, et cetera.

A little vision, a little investment upfront pays dividends down the road. Many more things have been left out of the budget. We will have a chance to talk about them at another time. We must start looking ahead. We must invest where we get return. We cannot only react by throwing money at problems. We will have fewer dollars coming in, more dollars going out, and that puts us exactly where we are today.

• (1535)

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I enjoyed my colleague's remarks. I particularly appreciated the way he focused on the budget and his views of it, unlike his colleague who spoke previously, where I really did not hear the budget mentioned.

I think he knows that I share his views about education. I was very pleased about the way he elaborated on how education affects all of our society. For example, the evidence shows that the better educated people are, the more healthy they are. The evidence shows that even if we could set up a perfect health system now, we can only maintain it by educating our people to make it sustainable over a period of time. He knows these things, and he gave some examples.

I thought I heard him say that the federal government only provides 16% of the funding for health care. I could not help but notice this. On page 94 of the budget document, referring to the year 2003-04, it points out that the federal government transfers \$14 billion to the provinces for health care. In tax transfers it provides another \$10 billion for health care. Through the equalization payments, it is estimated that \$3 billion is used by the provinces for health care. Direct federal spending and tax measures worth \$6 billion of support for first nations health, Inuit and veterans' health, employment insurance health, health protection and public health featured very large in the budget. Therefore, federal expenditures for health are approximately \$34 billion, or 40% of the \$85 billion spent by governments on publicly funded health care in Canada.

Could my colleague address the difference between his 16% and the 40% which is in the budget.

Mr. Loyola Hearn: Mr. Speaker, first, let me refer to his earlier comments about investing in our youth, investing in our country, and the dividends that are paid on the far end of something like that. He is dead-on when he says that an educated population is a healthy one, a contributing one and a productive one. However, I want to raise one little point, and maybe he will help lobby for this.

For many of the people who are not educated, it is not because they do not have the ability; it is because they do not have the money. We can talk about student loans. In the budget we saw the government say to young people that they could borrow more. They do not want to borrow more. They have too much of a debt load already. What they want is some adjustment, particularly for those who have extra costs. Tuition is one thing. Board, lodging, food, and travel are all expenses that more than double the cost of education, way more than tuition.

Unless we can ensure that children of poor families, scattered throughout the country, in rural areas in particular where they have to travel in to the university towns, can afford to be educated, they never will be. That is a big challenge for all of us, not a difficult one but one that we must meet.

The Budget

In relation to the figures, I have the word of the Prime Minister and the Minister of Finance, through the budget, that the government pays 40%, and I have the word of 10 premiers plus the territorial leaders that say it pays 16%. I will let members make the choice as to who is right.

• (1540)

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I will be sharing my time with the member for Ahuntsic.

I would like to pick up where my colleague left off, on the matter of education. I use education in a very broad sense, in a sense of lifelong learning. As he knows, because he has great experience at the provincial level and I have some, we normally think of education as largely a provincial responsibility, particularly in the early years but right through, and it certainly is. I would not want the federal government running elementary schools, high schools or even colleges and universities more than it already does. However, as he knows, the federal government in some ways still does.

People do not often realize the extent to which the federal government is involved in education. While I have been in this place, one of my efforts has been to focus and co-ordinate more the federal government's efforts in education in the broader sense of lifelong learning, without impinging on provincial jurisdiction, so we can work as effectively as we can.

I believe that in recent years the government has done a great deal in those areas. Some provinces have responded positively to federal programs and others have not. By that I mean sometimes when we have increased funding for a certain area of higher education, some provinces have responded by helping students from all income levels to engage in that higher education. However, other provinces have responded by raising tuition fees.

The contrast I would give would be between the province of Quebec and the province of Ontario. The province of Quebec has moved to two free CEGEP college years while the province of Ontario has moved to eliminate free grade 13 and has raised tuition to the second highest level in the country.

The budget document really is a remarkable thing. Around this time of year I really wish I was an accountant so I could read these tables to get from them the way the government operates and the emphasis that exists in government. They are all summarized in facts, figures and diagrams in an extraordinary volume. The federal system is truly remarkable.

On the question of learning, training, education or whatever we call it, it is very interesting. There is a table on page 112, which I find is quite good. I have often tried to say that the federal government does not want to have a department of education and impinge on provincial jurisdiction, but it takes a great interest in lifelong learning. The table gives examples of federal government programs at different stages of life, for example, childhood, primary and secondary education years.

We have developed in recent years a prenatal program, with an early postnatal program and early childhood education. In those years we provide the Canada child tax benefit and the national child benefit to low and middle income families to help them give their

children as good a start as is possible. Again, sometimes these are responded to well in the provinces, sometimes less so.

In those same years, we have the early childhood development and early learning and child care agreements with the provinces. We provide funds for child care, and a considerable number of spaces for child care. Again, they are dealt with, and it is the province's entitlement, in different ways in different provinces.

Then we get to the post-secondary years. Bear in mind post-secondary education is still traditionally and should be an area of provincial jurisdiction.

In the budget the federal government has introduced a Canada learning bond, which I hope to speak to in a moment. It has introduced first year grants, which will really fit in with what my colleague opposite was saying. Also, it has introduced upfront Canada study grants for students with disabilities. We have had now for many years the Canada Millennium Scholarship Foundation, which will eventually provide scholarships for about a million students, with student loans of around \$3,000. This is straight from the federal government to students in every province and territory. Also, for a number of years we have provided Canada study grants.

• (1545)

The member mentioned the Canada student loans program, which is powerful support for students in the country. He is right, there has been an overdependence on loans in recent years and as provinces have raised tuition fees, students have been required to borrow more. Even if the loan program is generous, which the Canada student loans program is, it still leaves them with a burden of debt. Nevertheless, for many years that has been very important base funding for post-secondary students in Canada, and it is a federal program.

There are also the Canada education study grants, which are added to RESPs. When a family purchases an RESP and takes the benefit of the tax shelter the RESP provides, the federal government provides grants for each child in proportion to the amount that is put into the RESP. A family can build up moneys over the years as the child is growing up for the post-secondary years. That has been very well received and was strengthened in the budget. Also, we provide tuition and education tax credits. All of those are in the post-secondary years.

When a student gets to the post-graduate level, which is early adulthood and early workplace experience, we provide interest relief that continues through from the year of the Canada student loan. There are debt reduction provisions for students who encounter financial hardship.

The Budget

Then we get to later adulthood. We support adult learning, for example, training under EI programs and support for the sector councils, which encourage the trades and things of that type. We support literacy programs, including literacy programs for seniors. All the way through the lifelong learning cycle, there is federal government involvement.

In recent years we have allowed people to use RRSP funds to self-fund lifelong learning. People who are in middle life and need to be retrained and who have some RRSPs, can now take the money out of their RRSPs and apply it to any appropriate training that they care to engage in and retain the tax benefit.

It ties in with what my colleague was saying. The federal government in recent years has strengthened its role in lifelong learning and training. I would agree with him that it should be more coordinated and it is an appropriate area for the federal government to work in. I also agree with him that the moves in the budget toward grants instead of loans, toward focusing on low income students, are very important.

In the time remaining, because of some of the criticism I have heard from the other side, I would like to stress the changes that have occurred. I particularly appreciate the Canada learning bond, which provides money from birth for children in low income families. Also, there is the increase in the Canada education savings grant which I mentioned, which is a grant, not a loan, and which is associated with the RESPs.

I am particularly delighted that with respect to the early childhood development, the budget proposes to accelerate the implementation of the framework on early learning and childcare by providing an extra \$75 million in 2004 and \$75 million in 2005 and 2006. The total federal commitment for learning and child care will be \$375 million in the next two years.

I truly believe that of all the lifelong learning span that I have described, the most important years are the early years. I commend the federal government for what it is doing in early childhood education and I urge it to do more.

•(1550)

[Translation]

Hon. Eleni Bakopanos (Parliamentary Secretary to the Minister of Human Resources and Skills Development (Social Economy), Lib.): Mr. Speaker, it is a great pleasure for me to speak today about the importance of the social economy, which was recognized in the throne speech and confirmed in the budget of March 23.

[English]

As Parliamentary Secretary to the Minister of Human Resources and Skills Development with special emphasis on the social economy, I am pleased that my responsibilities focus on engaging communities, non-governmental organizations and the private sector in community development and the social economy.

[Translation]

The social economy is a concept rooted in the long-standing tradition of community living, a road often taken but rarely celebrated.

In Canada, there has been recent interest in new forms of social entrepreneurship, particularly with regard to the activities of enterprises with a social agenda. They are managed as companies and produce goods and services for the market economy. However, they manage operations and reinvest all profits in social and community objectives.

[English]

As the budget speech stated, the social economy is too often overlooked and underappreciated. With the attention social economy has received in the Speech from the Throne and what we plan to achieve through the support provided by the budget, we hope to make the term “social economy” part of the everyday vocabulary.

[Translation]

Communities are the foundation of economic competition and social well-being in Canada.

[English]

The Government of Canada is committed to help urban and rural communities find local solutions to local challenges. A key part of this commitment is supporting the growth of the social economy, that is, community based enterprises that pursue economic activities for the social good. We need to support those engaged in this entrepreneurial social movement by increasing their access to resources and tools.

[Translation]

The Government of Canada has extended the scope of programs currently available to small and medium businesses so as to include social enterprises.

[English]

Accordingly, budget 2004 provides new funding to strengthen support in the three priority areas: capacity building, financing, and research.

The Government of Canada is committed to provide funding of \$162 million over five years as follows: \$100 million in support of financing initiatives that will increase lending to social economy enterprises; \$17 million for a pilot program for strategic planning and capacity building of community economic development organizations; and \$15 million in the next five years to the Social Sciences and Humanity Research Council in support of community based research on the social economy.

I would like to quote two of the comments that came from national organizations that have dealt with the social economy a lot longer than this government has dealt with it.

Speaking on behalf of CCEDNet, executive director Rupert Downing said:

This budget allocation is a demonstration of the government's commitment to address the growing signs of increasing poverty and disadvantage in many of our urban neighbourhoods and rural communities. Clearly the federal government recognizes the important role that thousands of citizens and community groups play in community economic development and the social economy.

*The Budget**[Translation]*

I want to quote a press release by Chantier de l'économie sociale, an organization representing social entrepreneurs:

In short, the social economy budget measures announced by the Minister of Finance will support the growth of a new means of development, based on the values of solidarity and equity, to counterbalance development based on the quest for optimum profitability, which too often translates into the closing of plants and the devitalization of regions, towns and urban centres.

"The Government of Canada can rest assured that social economy enterprises will be ready to seize new opportunities and make good use of them", added Nancy Neamtan, who now hopes that Quebec will follow suit next week with the Séguin budget.

Thanks to these tools, innovative social enterprises, in reality all those who take part in the social economy, will be in a better position to ensure a better future for Canadian communities.

• (1555)

[English]

Through the collaborative, coordinated approach announced in the budget, the Government of Canada will work in partnership with communities, stakeholders and other levels of government to strengthen Canada's social economy.

[Translation]

Since December 12, 2003, when the Prime Minister assigned me responsibility for the social economy, I have been meeting with companies and groups such as Chantier de l'économie sociale in Quebec, which I quoted earlier, and CCEDNet in British Columbia, whose executive director, Mr. Downing, I quoted.

I know that we will not be starting from scratch. In Canada there is rich tradition of social economy that includes cooperatives, credit unions, community economic development agencies and not for profit agencies. We also have new types of social enterprises that start up regularly across the country and in every sector of the economy.

[English]

Often an example is better than a definition. The Neighbourhood Dollar Store in Halifax, affiliated with the Nova Scotia Hospital, employs and coaches people with disabilities to enter the mainstream labour market, while at the same time selling affordable goods to local residents. When I was in Halifax I had the honour to visit that store with the stakeholders. Such initiatives play a vital role by providing a range of benefits to the community.

[Translation]

Social enterprises have shown that they can help communities create jobs, particularly for members of vulnerable groups. They can help in skills development by investing in basic skills and employment skills that broaden learning and job perspectives. They offer social support by providing free or subsidized services to members of the community. They foster economic growth and neighbourhood revitalization by making products and services available that would not be otherwise and they stimulate growth and private investment in neglected areas. They help the social cohesion and mobilization of citizens by creating self-sustaining models for community agencies.

[English]

People may be surprised to learn that Cirque du Soleil began as a social enterprise in terms of community development. Today it is an international organization that uses part of its profits to do community development. That is one of the best examples I could use in terms of citizen engagement, social cohesion and putting profits from social enterprise back into community development and job creation.

[Translation]

The Government of Canada has always recognized and supported social economy stakeholders, namely the NGOs and the community sectors, community economic development agencies, cooperatives and the volunteer sector.

[English]

Provinces and territories have been actively engaged in supporting the social economy. Social entrepreneurship is active and growing in all parts of Canada, in all sectors, ranging from health and social services, to environmental stewardship, to natural resource based industries, to manufacturing and retail.

[Translation]

These enterprises represent billions of dollars in economic activity every year in Canada. I am proud to be able to say that my province, Quebec, has played a leading role in coordinating efforts focussed on the social economy in Canada, thanks to its 10,000 collective businesses and community organizations employing more than 100,000 people.

Let me give you another example of the social economy in action, this one taken from my own riding of Ahuntsic in Quebec.

For people struggling with personal, professional or social problems, the difference between success and failure is often linked to skills acquisition. The Atelier de meubles recyclés d'Ahuntsic-Cartierville is a registered charity and a social economy business that gives on-the-job experience in a real business to people at risk.

The workshop, which provides training in cabinet making and woodworking to young people at risk and the disadvantaged, specializes in the manufacture of new furniture and in the recycling, restoration and refurbishing of used furniture, which it then sells at two retail outlets, one for the general public and one at more affordable prices for the disadvantaged in the community. The workshop also tries to match its qualified employees with employers seeking workers.

[English]

Examples of the social economy abound from coast to coast to coast. With the support of our latest budget and by working together with all the stakeholders, we can strengthen Canada's civic foundation and help to generate economic and social benefits for all. The result can be a more vibrant and sustainable society for all Canadians.

The Budget

I want to thank the Prime Minister for giving me the opportunity to work in an area which I have learned to appreciate. I want to thank the stakeholders who have given over the last 20 to 25 years in terms of helping the communities. I want to thank my constituents once more for giving me the confidence in order to be able to speak in the House.

• (1600)

Mr. John Cummins (Delta—South Richmond, CPC): Mr. Speaker, I listened intently to the comments of my friend across the way. I am having a problem with the definition. I am not sure what she means by social economy. I understand the intent of some of the objectives that she discussed but I think that if there is an intent, there should be some measure. If the object is to provide educational services, the results should be measured to ensure that taxpayers' dollars are well spent.

The member made reference time and again to this notion of social economy. I simply do not understand what she means by it. I wonder if she could define that term. It seems that she has been given a particular responsibility for that area in government. I wonder if she could define her job description and give us some indication of the budget that goes with it, if any.

Hon. Eleni Bakopanos: If the hon. member had been listening, Mr. Speaker, I spoke about the budget and the way the budget is divided. It is \$162 million, the breakdown of which is in the budget. I spoke about it in my speech. If the hon. member had been listening intently, he would have understood. I also gave examples of social entrepreneurship from one end of the country to the other. I will repeat the examples that I used.

[*Translation*]

The examples were the Cirque du Soleil and the furniture recycling workshop in my riding.

[*English*]

There is co-op housing, also part of social entrepreneurship, but the best definition was given to me by someone whom I consider an expert in this area, in my definition, and that is Professor Greg MacLeod, from Halifax. He calls social entrepreneurship “community-based businesses”. And they are businesses. That is why \$162 million was given to Industry Canada: because the economic and social economy is part of what we are trying to do as a government. We are trying to create jobs. We are trying to create jobs, but in a new way, in a new fashion, using a partnership of the private sector and the public sector, meaning the three levels of government, and non-governmental agencies. We want to engage Canadian citizens who want to improve their community in various aspects by getting involved in the social entrepreneurship movement.

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I was delighted by the member's focus on the social economy. I had no difficulty understanding what she was talking about. On this social entrepreneurship, the way our society has developed has at last come together in a way such that it can be dealt with in a policy fashion. I think these community based businesses are a good way of doing it.

In my riding there is a group called COIN, which is a network. They train. For example, they train people to fix computers and then sell the used computers. They train people to use computers. They

set up community access sites for the Internet and put our libraries and our townships on the Internet and so on.

The interesting thing is that this is business, community business, but while it is being done it is fulfilling a social need. I would be grateful if the member would comment further on this.

Hon. Eleni Bakopanos: Mr. Speaker, that is exactly what I was referring to when I used some examples. The member has an example in his riding.

I am sure that every single member of Parliament has an example in his or her own riding although they may not know it. That was the idea when the Prime Minister gave me the mandate as parliamentary secretary with the special emphasis on social economy, which is a horizontal role, by the way, and does not belong to one ministry.

This is exactly what we want to do. We want to promote the community based businesses across the country. We want to create social cohesion by allowing people to improve their own situation by creating jobs for themselves or for other disadvantaged groups in society and, through that process, also leaving us with a better community.

• (1605)

Mr. Chuck Strahl (Fraser Valley, CPC): Mr. Speaker, as always, it is a pleasure to speak to an important issue like the budget. The way I have sliced it up today, I would like to talk about the good, the bad and the ugly. I think that covers the speech in its entirety.

There are some good things. I have put out a press release mentioning what I thought were some good things in the budget. It was a very short press release. It did not take me a lot of time. I did not waste a lot of ink, but there were a couple of things that I thought were good in their intention. We will have to see if they are going to turn out in the long run, but let us say that at first blush there are some good ideas.

There was some tax relief for military personnel overseas. Pretty well everyone thought that was a good idea, although the caveat is that it applies only to those who are in Afghanistan and Haiti. Such tax relief was not extended to the folks in Bosnia, for example, with whom I spent a week last fall and who were quick to point out that there have been 25 guys killed in Bosnia. So I do not know how many guys have to get killed before it can be called dangerous. They pointed out and rightfully so, I think, that if tax relief is good for military personnel it is good for everyone, but in this case it is an extra appreciation for the stress and time away from family and so on for military personnel. Perhaps it should be extended to those who are overseas for extended periods of time; I am talking about the whole works, not just those in selected theatres.

The idea of an independent centre for first nations governance was a small thing, but it does seem to me that if we are going ask aboriginal people to take on more of their own governance issues, establishing a centre for training administrators and personnel and so on is a good idea. Again, though, it is one of those things. It is a good idea and it is proper, but whether this government is the one to teach them good governance is quite questionable.

The Budget

I am not sure on exactly who is going to put together the formula on this and who the government is going to call; I assume that it is not going to appoint an ex-cabinet minister to set this thing up. If it is truly independent and truly about good governance, then it is a step in the right direction and I would like to support it. I think it may be a good idea and that is why I put it in the “good” category.

Finally there is the idea of the education bonds for the future. Education is a very important item for all families, for all Canadians and for our nation. I want to believe that this is a good idea. It is of course for 16 or 18 years down the road; that is when we really benefit from those kind of bonds. It is hard to be against that. It is nice to be able to believe or hope that 10, 15 or 20 years from now this will actually help the people it is intended to help. However, like so many promises, we are not sure if these good concepts are actually going to flesh themselves out and be good in the long run.

I do have a longer list of things that I put under the “bad”, just before I get to the ugly stuff. The bad stuff is of course no general tax relief. There is this misconception on the Liberal side that tax relief is passé, that people are content with their level of taxation, that what they see in their lives is good enough and so on.

That is not what I am hearing. I hear from business folks, homeowners, young entrepreneurs and people who are starting out. They are saying the idea that the government is giving them all the tax relief they are ever going to get is not just good enough. They feel overtaxed. They are sure they can handle their money better than the government can and that if it were left in their pockets it would be more productive than a dollar sent to Ottawa to be circled around amongst friends and given back in programs they have never asked for in a region of the country they have never seen before. They are quite sure about that and I agree with them.

There is also no significant reduction in EI premiums. Again, I do not know how many times the EI auditor has to say that the surplus is too large, the government is using it as a revenue producing tool, it is not right and it is an inappropriate use of the taxation system. EI should be helping people with their employment issues. It should not be used as a general revenue scheme for the federal government. It is an abuse of the system.

● (1610)

If the government wants to raise revenue it should be up front about it. It should not go through the back door and make employers and employees pay through the nose in high EI premiums, and for the foreseeable future because there is no plan to reduce them.

There is also no broad based educational help. I put this under the bad side because I really do think education has to be a priority. I would just point out that these are the kinds of things the government has promised students over the last few budgets since 1999. Every year we get a budget where students say, “Hooray, finally some money”. However, here is what has happened. Since 1998, the government promised to help 12,000 graduates per year but has been helping a total of 2,000. It promised to spend \$100 million annually on grants for needy students but has fallen short of that by 50%. It promised interest relief to student loan holders but none of the targets in that department have been met. Last year's average student debt was \$21,000 and recipients received an average subsidy of \$509 in interest relief.

If we are going to make education a priority, there is no use building the whole program around the idea of a \$500 bond for needy children that they can cash 18 years from now when they go to university. That is not going to help the students of today pay for their student debt or handle their student debt problems.

Last under the bad column, although I hate to call any tax reduction bad, is this \$1 reduction in the aviation tax for every domestic flight. Is it somehow going to just charge up the industry and bring this nation closer together because when we fly from Vancouver to Toronto the taxes are going to be reduced by \$1? That ought to spark the airline industry. That ought to bring Air Canada out of the doldrums.

That is the kind of thing that is almost like the national dream, when we think of it. Let us just think about it: every Canadian can save \$1 on a trans-Canada flight. It just makes me want to get on an airplane right now and go back to Chilliwack.

It is just a farce to reduce the taxes by \$1. Jeepers, I feel good about that. I am sure the airline industry just feels motivated to get up this morning and, as we used to say in the logging business, “Give 'r s'noose”.

Finally, here are some ugly things from the budget. There is an overall budget increase of 7.6%. I do not know what it is with Liberal finance ministers. The current Prime Minister and previous finance ministers were in the same bailiwick in that they increased spending by over 40% over the last seven years. The projected increase is 12.7% over the next two years. They have never yet met their targets on spending. They always overspend. We are looking at 7.6% this year, with probably a 7.5% to 8% spending increase next year, and 8% the next year following that. We can just count on it, folks: under the Liberals we are going to get an 8% increase in spending every year. This is while the economy over the last 10 years has gone through unprecedented growth worldwide.

What is it with these guys that they cannot understand we have to hold the line on spending before we have hopes of managing money well, offering long term tax relief, and letting Canadian businesses compete in a global economy? We cannot keep spending 8% more per year and think we are going to get ourselves out of the debt hole.

Also, speaking of debt, there is no legislated debt repayment plan, something whereby we can count on, every year, paying down a certain portion of the debt. There is no capital tax elimination. Let us get rid of that tax altogether.

There is another \$270 million in venture capital that they want to throw into the mix. It sounds good, of course, as more venture capital is great for our country, but it is a government directed thing and we have no details on how that is going to be handled.

The Budget

It is an ugly thing to believe that the government is going to be able to direct \$270 million. Actually, that \$270 million is almost familiar when I think of it. The last time the Liberals got their hands on \$270 million, \$100 million of it went right to Liberal-friendly firms for work that was never done. So as for another \$270 million, maybe it will be spent well but I do not believe it. I am from Missouri, the show me state, and I have not seen from these Liberals anything that has shown me they understand the budgetary priorities of Canadians from coast to coast. They certainly do not understand my riding. They do not understand the priorities of people back in Chilliwack and Fraser Canyon.

I look forward to bringing forward a budget—and within the next year, I hope—with a new government and with new priorities that reflect the priorities of Canadians from coast to coast.

Hon. Jim Karygiannis (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, I listened to my friend with great interest. I also listened to his leader, who in his speech said that this new party is the party from Sir John A. Macdonald to Brian Mulroney. Let us just examine that. When Brian Mulroney left office, he left a country that was on the verge of bankruptcy. This country had an annual deficit of \$42 billion. Does the member want to talk about ugly? That was real ugly.

This government brought in seven consecutive balanced budgets. I am wondering if my friend across the way calls seven consecutive balanced budgets ugly or good or beautiful. I call them beautiful. Ugly is the government of Brian Mulroney, a \$42 billion deficit, and the leader of that party saying it is the party of Brian Mulroney.

•(1615)

Mr. Chuck Strahl: Mr. Speaker, it is not hard to balance the budget when money is gouged out of the health care system that goes to the provinces. It is not hard to balance the budget when advanced education transfers and Canada health and social transfers are slashed. It is not hard to gouge extra billions of dollars out of projected military spending and give at least some of it to Liberal friends.

It is not hard to balance the budget if Liberal priorities are wrong and taxation continues. In this case, spending is going up 7.6% again next year and 12.7% is projected—we know it will be more than that—over the next two years.

The Liberals happened to hit the 10 years of the longest sustained period of economic growth in the world—and this is no credit to the Liberals, this is a worldwide phenomena—in the last century. They happened to take government just when that long period of economic growth took place.

I am happy the budget is balanced; however, I am not particularly pleased with how they have done it. I believe that they could have had a good budget if they thought about the basics they needed to put in place in order to have long term, sustainable growth through the ups and downs and vagaries of international politics and terrorism, and whatever it might be.

It is not done by increasing the spending by the amount they are doing without also giving some long term tax relief to businesses, individuals, homemakers and others who are trying to do their part to

get the economy going and to make it sustainable in the long run. That is part and parcel of doing it.

It is not done by devising programs that are subject to every kind of government waste and that road to hell of good intentions, and expect that we are going to get the economy rolling in the long term. That is not good. Balancing it on the backs of the health care system was not a good idea either.

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I was surprised that my colleague suggested that there were no tax cuts in this budget. I know he has read the document from cover to cover, but there are several pages at the back dealing with tax cuts, whether they be social or involve children or businesses.

He knows that we are going into the fifth year of a \$100 billion tax cut. By next year, the year that we are facing in this budget, family tax will be lowered 21%. For families with children, tax will be lowered by 27%. A family with two children earning around \$40,000 will pay no federal tax at all, so the personal side has been cut.

I know he is concerned about business taxes. The R and D tax environment in Canada is now equal or better than in the United States. We are going to the fifth year of tax cuts. How is it that he can say there were no tax cuts in this budget?

Mr. Chuck Strahl: Mr. Speaker, I will give the chairman of the procedure and House affairs committee a personal example. I am, as he knows, the vice-chairman of the very same committee that he is chairman. I found out when I was elected there that I actually get a stipend for being the vice-chairman of this committee. I receive \$367 a month to be a vice-chairman of the committee. I got my first cheque in the mail. It was delivered to my office the other day. It was \$367 gross. My take home pay was \$165.

Hon. Jim Karygiannis: You are lucky.

Mr. Chuck Strahl: It was \$165 and I am not complaining.

I am just pointing out that when more than 50% of people's cheques goes for taxes, is it any wonder people say it is pretty hard to be motivated to expand their businesses, to take a risk, to step out and risk their venture capital when, even if they make it, they are paying 50% of the money in taxes?

I want to point out that some of the taxes, like a tax on capital, for example, is such a bad and regressive tax that I do not know why the government did not address that up front. Eliminate it and allow people to invest. I am not against writing off computers at a faster rate. I am happy about that and I will give the member that, but this other stuff is regressive. It continues year in and year out, and never changes for businesses trying to get ahead.

•(1620)

Mr. John Duncan (Vancouver Island North, CPC): Mr. Speaker, I am pleased to speak in response to the budget speech.

I guess the bottom line for me is that program spending jumps over 7.5% from last year to a record of over \$143 billion. It jumps another 12.7% in the next two years, up another \$41 billion over the last seven years.

The Budget

We are seeing a distinct lack of fiscal discipline coming from the government. We have an EI surplus continuing to feed general revenues. That EI surplus will swell by another \$4.3 billion in the next year. We will end up with over \$48 billion EI surplus and no premium relief in sight for workers or for employers.

My other major observations on the budget relate to the fact that there is essentially nothing in the budget for non-urban Canada. The budget not only snubs non-urban Canada, it snubs our Department of National Defence and many of our workers who work in that area.

I have already talked about the EI surplus and how that is continuing to be abused. There is a premium freeze in place and no relief in sight. The premiums being collected are much higher than what is required to sustain the program. Therefore, our workers are paying much more than they need to in order to keep the government afloat in terms of the kind of revenues that it is now used to spending.

Canadians are not getting the level of service from their federal government that is appropriate for the level of taxation that is being dedicated to the federal government.

We saw a small amount of relief on the student front. We saw some government moneys dedicated to a learning bond, which is a longer term savings program.

What we did not see is what the priority should be for students and that is a focus on reducing tuition and increasing the ability to access the student loan program. The combination of those two things would do exactly what is right. It would give immediate relief to students so they can carry on with their studies.

There was no delivery on the fuel tax rebate that the Prime Minister has been touting. It will not take very long before our municipal politicians will become quite cynical. They are not used to the kind of treatment that the government has meted out to the provinces and is now planning on meting out to the mayors and councils at the municipal level.

The government will play favourites. We already have a great deal of suspicion that the so-called cities agenda will completely leave out all the smaller communities, the smaller towns, the larger towns and the smaller cities. The so-called cities agenda of the government is going to translate into many municipalities and other municipal levels of government completely left off the agenda. That is certainly where all the signposts are headed right now.

We have had some discussion about the lack of tax relief in the budget. The only people who think there was tax relief in the budget are sitting on the other side of the House. They are on the government side. That is a quick snap when we look at the budget.

● (1625)

I would like to look at the budget in a little more depth and where we sit in non-urban Canada in terms of this budget. For example, in my part of the world, British Columbia is the major softwood producer in the nation with approximately 50% of softwood contribution. We had a government softwood package announced 18 months ago or longer. As of a month ago we had zero dollar delivery in the Province of British Columbia, whereas we have seen that there has been program delivery on a fairly steady basis, for

example, in the Province of Quebec because the government was playing politics.

Liberals thought that the best way to play politics in the Province of Quebec was to continue to make announcements month by month and they thought the best way to play politics with the softwood funding in the Province of British Columbia was to throw it all into the hopper just before the election.

We know that between that strategy and the fact that this whole exercise was put into the domain of western economic diversification instead of HRDC, that we then had to go out and hire a whole bunch of new people to run this program. Then we had a series of turf wars as a consequence of that within the bureaucracy. We have had second guessing.

I have had initiatives put into the government that were rejected by one level of the bureaucracy and overridden by another level. These proposals have gone back and forth as many as three times that I am aware of. It is very frustrating at the community level.

Meanwhile, we are marching ahead and we are almost at the government's fiscal year end. That also happens to be the provincial government's fiscal year end. This has complicated the whole equation because some of these are dependent on federal-provincial cooperation as well as private sector financing at times. This has become very problematical.

The frustrations at the rural community level with the softwood package are immense. We have other frustrations as well which are either budget related or government related. Rural coastal British Columbia is so immensely impacted by the downturn in the forest sector, the fishing sector and other sectors. I do not know how to be kind in trying to describe what has happened to rural coastal British Columbia compared to 10 years ago when this government came into power. What I do know is the one very strong light at the end of the tunnel is the proposal that west coast oil and gas be a natural development.

That requires the political will from the federal arena and the provincial arena to take us in that direction. The only strong political will that is coming from the government in terms of west coast oil and gas is coming from the Minister of the Environment and it is negative political will. It has put us at least 12 months behind where we should be in terms of that whole prospect. The government needs to get it and it needs to get it soon.

● (1630)

My time is winding down. There are other issues I would like to speak to, but I will conclude by saying that 10 minutes is hardly enough time to point out the problems associated with the budget and the government's performance in the area that I represent.

Hon. Jim Karygiannis (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, we have to be clear. The budget does not try to be all things to all people. It simply tries to be real things to real people.

The Budget

My colleague said that we are not doing anything with the cities. He said that we are not promoting the cities agenda, that we are allowing transport in the cities to be crippled. This morning there was a joint \$1 billion announcement by the city of Toronto, the province of Ontario and the Government of Canada. Mayor Miller, who in my vocabulary is a left-leaning mayor, sang nothing but praise for the initiative that the Prime Minister has taken. The Prime Minister has insight and vision. He has said that we are here to deliver sustainable development, for the Toronto Transit Commission to start rebuilding to get back on its feet, to move people, to get people away from using their cars.

Did the hon. member have an opportunity to read the clippings today to see what the mayor said? How does that jibe with what the member is saying? He is saying that we forgot the mayors and the cities, yet the mayor of one of the major cities in Canada, if not the largest city, said that we are doing good things. Is the member watching a different TV station or reading different news from what I am reading?

Mr. John Duncan: Mr. Speaker, this is typical, coming from the government side. It is called divide and conquer. It is called be thankful for what we receive because we have been favoured by the government.

The government collects \$7 billion in federal fuel taxes on an annual basis and gives back less than 10% of that into transportation infrastructure. The provinces spend 100% to 110%. The U.S. federal treasury spends 100%. The Canadian federal government sees fit to use those revenues for anything.

Then the government makes an announcement that it will spend a small part, and \$1 billion is a lot of money, but it is still only one-seventh of what the government is collecting from our largest city, which represents approximately that percentage of the population. It is getting what it is due, but everybody else is not, so I am not sure why I should be so excited about it.

Government members are talking out of both sides of their mouths. It is time to deliver. Will the Liberals continue to collect those fuel taxes or will they turn them back to the municipal levels of government, through the provinces, so that the money can go back into infrastructure?

Today's announcement is typical of the federal government. It wants to keep its fingerprints all over the announcement rather than doing what is right and giving it to the level of government that can spend it efficiently.

[*Translation*]

The Deputy Speaker: Before resuming debate, it is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Yorkton—Melville, Firearms Program; the hon. member for Sackville—Musquodoboit Valley—Eastern Shore, Canadian Forces.

• (1635)

[*English*]

Hon. Jim Karygiannis (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, I would like to share

my time with my colleague from Winnipeg South Centre. It is with great pleasure that I speak to the budget.

A nation as blessed as ours should always aim higher and reach farther. Canada is in a position to launch a new decade of achievement. We have begun the journey with our new government's first full budget.

The budget lays the foundation for a better future for all Canadians. The government has some very specific goals to create an even greater country, one that will give more Canadians the opportunity to succeed, to enlarge their ambitions and to pursue their dreams.

Let us be clear. This budget does not try to be all things to all people. Rather, it puts real people, people just like us, at the heart of what we are trying to do. We have a responsibility to make sure that our children and grandchildren lead even better lives in an even better land. This is a goal we have set for ourselves. A nation as great as ours should be able to reach it. In this budget we are striving to do so.

The Prime Minister came into office with three clear objectives: to strengthen Canada's social foundations; to build a truly 21st century economy where there is opportunity for all; and to restore Canada's place in the world as one of pride and influence. This budget puts us on the path toward these objectives, without throwing fiscal caution to the wind, without engaging in a pre-election spending spree, without playing fast and loose with the economic process Canadians have worked so hard to achieve.

The budget makes important investments in such key areas as health care, communities and learning. It institutes investment and reforms that will put our health system on a truly sustainable footing, to ensure that Canada's communities provide a quality of life second to none, and to put knowledge in the hands of all Canadians, no matter the geography or income, in order to put them on the road to individual progress.

Budget 2004 also comes with a financial responsibility. This year marks Canada's seventh consecutive balanced budget, something that has not been achieved since Confederation. We are balancing the books and better controlling government spending. We are keeping our debt burden on a steady downward track, while strengthening financial management and operational integrity within the government.

Included in this plan is a new system through a new cabinet committee to examine on a regular ongoing basis expenditures in every government department. The committee is setting stringent standards that every department will have to meet and is asking tough questions that every department will have to answer.

The budget highlights include \$1.25 billion for research and innovation, including efforts to bring Canada's research discoveries to the marketplace. This money, some \$250 million of which will go to bring sustainable transportation innovation to the marketplace, is money well spent. As well it addresses an issue close to my heart.

The Budget

Under the climate change plan for Canada, we are aiming to reduce transportation emissions by 21 megatonnes of Canada's total 240 megatonne reduction target. It is an ambitious goal and to meet it we must take an imaginative approach. That is exactly what we are doing.

The Government of Canada is investing to increase the production and use of alternative fuels, to increase vehicle fuel efficiency, to improve passenger transportation, and to improve the efficiency of freight transportation.

Under Transport Canada's urban transportation showcase program, we are investing in some innovative ideas to reduce greenhouse gas emissions from urban transportation. These range from hydrogen powered hybrid buses, to an Internet based ride matching service, to a bikeway and bike lockers. They are just a few examples.

Under the motor vehicle fuel efficiency initiative we are encouraging manufacturers to introduce more fuel efficient vehicles in the Canadian market. We have targeted a 25% improvement which we hope that industry will comply with on a voluntary basis. By 2010 this could account for one-quarter of the emissions reductions from all of the transport related measures that have been identified so far in the government's climate change plans. If a voluntary agreement with manufacturers is not achievable, the government has legislation on the books which it could enact in support of its goals.

• (1640)

Other expenditures in the budget include \$665 million in new money, plus \$400 million transferred from Health Canada to improve Canada's readiness to deal with public health emergencies. There is increased weekly student loan limits and the introduction of a new learning bond to help low income families save for post-secondary education.

Budget 2004 includes \$270 million for new investments in venture capital financing. There are further tax incentives for small business.

There is another \$250 million for Canada's peacekeeping mission in Afghanistan and the ongoing international efforts to prevent terrorism. There is another \$50 million for our peacekeeping participation in Haiti.

There is \$650 million to address security priorities such as intelligence, border protection, marine and cyber security, and enhanced coordination of systems, information, threat assessments and emergency response.

There is an acceleration of infrastructure funding for municipalities. There is \$4 billion for cleaning up contaminated sites. There is \$15 million to help establish pilot union-based training centres to aid in developing workplace skills for the future.

The budget also provides an additional \$30 million for employment assistance programming for the disabled and new disability tax deductions to reduce barriers to education and employment.

It provides for the appointment of professionally accredited comptrollers to sign off on all new spending initiatives in every

government department. There is the bolstering of the government's internal audit function. There is the establishment of an expenditure review committee which will, among other things, identify within four years savings of at least \$3 billion annually for ongoing investments in the priorities of Canadians.

As an extra cushion against unforeseen economic circumstances, another \$1 billion will be added to our \$3 billion contingency reserve fund.

Also included in the budget is a commitment of \$15 million over two years to start the Canada corps. This new initiative is one that will enable young people to make a personal commitment to international aid and provide sustainable development for building nations. It is my intention to hold community meetings in my riding to explore the direction that this new initiative will take.

This budget makes the initial payments we can afford to make now. In future budgets and future years we will build on the steps taken today. With optimism, pride and cooperation, all of us can succeed like never before.

I am proud to be part of this government that has yet again put forth a budget that balances the need for support of our social programs along with the fiscal responsibility that has been a keystone of this government's tenure. This is a budget that I believe most thinking Canadians will see as a good budget and one that I would be happy to defend in any election that may come about in the future.

Mr. James Rajotte (Edmonton Southwest, CPC): Mr. Speaker, the member opposite mentioned climate change during his speech.

He knows that in the budget the government has committed to sell its Petro-Canada shares and put the money into a foundation. The Auditor General has criticized the foundations very severely in the past because she has not been able to audit the foundations.

Does the member think this is a good idea? Does he not think we should be putting the money toward lowering taxes or debt reduction, or putting it into an area where the Auditor General can actually audit it?

I would like him to comment further on the climate change plan. The Minister of the Environment basically admitted yesterday that the government has spent upwards of \$3 billion and our emissions are going up. The government signed the Kyoto accord in 1997 and ratified it last year. The program has been a failure. About \$3 billion has been spent and there is another \$1 billion in the budget and our emissions are going up. We are not addressing the problem.

Many companies are concerned about the Kyoto implementation. They would like to know whether they will get credit for the action they took from 1997 to 2004 under the implementation plan. The latest response I received from the Minister of Industry was that he did not know and that the government was still negotiating that. We are now getting to the point where we have to meet our targets. Does the member not agree that the companies should get credit for the early action they took from 1997 on?

The Budget

•(1645)

Hon. Jim Karygiannis: Mr. Speaker, the hon. member raises a few good points. I would like to advise him of a couple of things that I have done under my portfolio of responsibilities, and that is transportation with a special emphasis on the environment.

For the first time we have sat down with environmental groups. For the first time we have sat down with car manufacturers. We have asked them where they would like us to go. Is it with incentives or new initiatives? We have asked them to tell us where they see us coming along. We sat down with them many times in the past, but for the first time we sat down and put the two things together: transportation and the environment.

The environment groups have told us that they need initiatives, that they need us to think outside the box. When we talked to the industry, they also told us that they needed initiatives and that they needed us to think outside the box.

One environmental group, the Sierra Club, asked why sales people were not given bonuses for promoting hybrid cars, for promoting fuel efficient cars. If a salesman knows what he can sell, if a salesman knows what it is all about, he can lead clients to the right place and they can buy the right thing.

We need to think outside the box. We need to move forward to ensure that the initiatives, which we talk about, are addressed.

Mr. Jay Hill (Prince George—Peace River, CPC): Mr. Speaker, I listened with great interest to my colleague's remarks. I noticed that, first, he did not answer the question by my colleague from Edmonton or even make an attempt to answer it.

However, second, he did talk about thinking outside of the box. Therefore, I will pose a question that might at first blush appear to be outside of the box. Has the member has taken note of a survey that was conducted by *The Hill Times* newspaper in Ottawa. In that survey the hon. member, who just spoke, was awarded the distinction of being the laziest member of Parliament. I wonder if he would think a little outside of the box—

The Deputy Speaker: Order, please. I am having grave difficulty with the direction of the question, given that I fail to make any relevancy with the debate at hand. I will leave the matter where it is, without any further intervention on either side on this question. I will proceed with resumption of debate, with the hon. member for Winnipeg South Centre.

Hon. Jim Karygiannis: Mr. Speaker, I rise on a point of order. My colleague said that I was voted the laziest. I challenge him to come to Scarborough—Agingcourt, and after it is over—

Some hon. members: Oh, oh.

The Deputy Speaker: Respectfully to the members in the House, that would not be a point of order, but certainly I think that just gives voice to the fact that this is a debate which is really outside the realm of the debate presently occupying the House, and that is the debate on the budget.

I just want to remind colleagues that given the importance of the subject matter and given the limited amount of time left in the debate today, which could affect people on the very side of the House, from that same party, who would like to have the opportunity to speak on

this important matter, I suggest we get on with the business of the day. I remind members that given the proximity of members and microphones being open, to please be judicious.

•(1650)

Ms. Anita Neville (Winnipeg South Centre, Lib.): Mr. Speaker, it is a pleasure to speak in the budget debate. I rise as the member for Winnipeg South Centre, as a Manitoban and certainly as a westerner.

In 1870 Manitoba became the first western province to join the Dominion of Canada. Shortly thereafter, British Columbia joined Canada, thus establishing Canada as one unified link between two great oceans. The Canadian government has a long history of demonstrating its ambition and commitment to expand westward to develop and dynamic idea we call Canada.

With your permission, Mr. Speaker, I would like to engage you in a short history lesson. Sir Clifford Sifton, once a member of the Manitoba legislative assembly, moved to Ottawa in 1896 where he served as minister of the interior and superintendent general of Indian affairs with the Liberal government, under the leadership of Sir Wilfrid Laurier.

Becoming a dedicated Manitoban in his youth, Mr. Sifton was a formidable advocate of western expansion, believing that political, social and economic involvement of the western provinces was central to the prosperity of Canada as a whole.

He envisioned a western Canada that was industrious and agrarian. He established a vigorous immigration policy in which he claimed:

—a stalwart peasant in a sheepskin coat, born on the soil, whose forefathers had been farmers for ten generations, with a stout wife, and a half-dozen children, is good quality.

Times have changed but the spirit of Clifford Sifton survives. Federal initiatives, including the building of a national transcontinental railway, the founding of the Northwest Mounted Police and the constitutional equality of western provinces have done much to join the many parts of Canada and create a cohesive whole with which Canadians are free to share and enjoy the multitude of cultures, values, traditions and customs.

Western Canada has grown into a successful and continually flourishing region, in large part due to the early policies of the federal government. Winnipeg, for example, experienced a major expansion as emerging railway passages allowed travel to, from and through the city during the late 19th century.

Like many growing and dynamic cities, Winnipeg has faced many challenges and many cycles of development, and continues to do so. However, as I have said in the House before, Winnipeg is once again on the cusp of a major revitalization and budget 2004 is integral in supporting this. Federal policies continue to do much to make this happen.

The Budget

The budget is allowing municipalities to recover 100% of the GST as of February 1, 2004. Western Canadian cities and municipalities will receive roughly \$173.5 million within the first year alone. This new deal will effectively increase the financial resources with which Canadian municipalities can address their infrastructure priorities and other pressing projects.

As well, individual Canadians will benefit from this rebate since more resources will be available for police, water, transit and other vital city services. Coupled with the many infrastructure initiatives previously announced and the five year acceleration of the \$1 billion committed last year, there is a significant new beginning and a significant catalyst for change.

Indeed, the mayor of Winnipeg has commented that budget 2004 includes the kinds of things "we were looking for." He continued, "There was a significant payment on the new deal and a significant impact on the infrastructure coming out of this budget".

As well, cities, as major centres for social, civic and economic activity, must function smoothly and accommodate the needs and priorities of their populations. In my city, as in other western communities, the urban aboriginal strategy is a very important initiative. I was pleased to see a 100% increase in the budget for the strategy to \$50 million. It provides the necessary framework in which cities and aboriginal groups can work together to create adequate and sufficient conditions in which to live, work and study. The urban aboriginal strategy in Winnipeg, for example, has devised new models of how governments and communities work together and within themselves to support housing, inner city schools and youth, employment and transitional services.

• (1655)

In addition to addressing issues of growing communities and evolving municipalities, budget 2004 has made evident the Government of Canada's pledge to enhance the national health care system, both in terms of patient care and public health and medical science and research.

Sir Clifford Sifton likely could not imagine that, in addition to being known for its vast prairies, lush farms and rolling hills, western Canada, notably Saskatchewan, would emerge as the birthplace of universal health care.

This contribution to the Canadian identity and system of values is cherished and enhanced by the federal government. Like Canadian municipalities, Canada's health care system must remain flexible and well stocked with appropriate funding that will cover the proverbial slings and arrows of outrageous fortune in matters concerning disease, sickness and medicine. The additional \$2 billion for provinces and territories will mean an extra \$598 million in health funding for western Canada.

It is important that we note the Prime Minister's remarks in Winnipeg this past week when he said that there would be more money for health care, but that accomplishing our goals in health care would take transformational change, with an enduring plan and a sustainable solution. Canadians want their tax dollars committed to a quality accessible health care system. In order to manage the new and growing stresses on our public health systems and to implement

a national immunization strategy, western provinces will receive \$119 million of the \$400 million allocated.

The budget transfers \$400 million from Health Canada and allocates an additional \$165 million over the two years to assist in creating the new public health agency. The National Microbiology Laboratory in Winnipeg is expected to be an integral part of this new agency.

While the federal government recognizes its responsibility to contribute to medical research for the well-being of its own and the international communities, there also exists ongoing interest in supporting non-medical research in such fields as social sciences, the humanities, natural sciences and engineering. As a result, funding for the three federal granting councils has increased, in which the four western provinces will receive nearly \$340 million.

I also want to mention that Winnipeg is very much the centre of activity for persons with disabilities. The funding of \$30 million to support employment assistance programming delivered by the provinces and territories is a most important first step and is celebrated very much across the country.

Manitoba is the home of many fine post-secondary institutions. Not only do these institutions provide quality programming, they provide opportunity through access programs and special initiatives as well. The budget will increase opportunities for young people in Manitoba and beyond: increased grants on RESPs; new grants for children in low income families; and skill development for employees in the workplace. The aboriginal human resource strategy will make a difference.

We have often heard the quote by the American poet Ralph Waldo Emerson as saying that the meaning of success is, "to leave the world a little better; whether by a healthy child, a garden patch or a redeemed social condition". Budget 2004 is not the end of the process. It is the down payment on future activity. This marks only the beginning of a long journey, not unlike the settlers who originally established their homes in western Canada, toward embracing and enhancing the Canadian identity.

• (1700)

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, I have a couple of comments. It was great to hear a rather artistic portrayal of the early years in Canada's history but I would like to bring my colleague a little closer to what is really happening with the budget.

She mentioned the 100% increase in the urban aboriginal strategy, from \$25 million to \$50 million, which certainly was much needed. However I wonder how much more could have been done for urban aboriginals, as well as other people throughout Canada, whether it was the need for affordable housing, had we also had the \$100 million that was wasted in the scandal that took place.

The Budget

I would ask the member to put those two figures together, the \$100 million wasted in the sponsorship scandal compared to praising themselves for putting another \$25 million into an urban aboriginal strategy. Something is wrong with the government's set of priorities and when Liberals feel they need to be cheerleaders for themselves.

Would my colleague also comment on how it is seen as an enhancement of the health care system when the federal government went from providing the provinces with 50% of the cost of health care services to providing 16% of the cost of the services? Does the member, yes or no, support for profit health service providers?

Ms. Anita Neville: Mr. Speaker, no, I do not support for profit health service providers.

I am pleased my colleague acknowledged the importance of the urban aboriginal strategy. This is an issue that many of us have been working on and promoting for a very long period of time. It is very important that the three levels of government work together to bring congruency, to bring some coherence, to bring some policy initiatives that make sense to aboriginal people who move into the city and where the program dollars do not follow them.

I am pleased to see that she acknowledged that important initiative and I hope she will be willing to work on it with me.

Mr. Randy White (Langley—Abbotsford, CPC): Mr. Speaker, I am happy to have the opportunity to address the House on the budget. I will be splitting my time with my colleague from Lanark—Carleton.

I suppose I could talk a lot about what is missing in the budget and the problems that the government has with credibility and integrity on the sponsorship program and moneys that were inappropriately spent, but I have a much higher priority right now, and that is the issue of the avian flu in my riding.

The avian flu will cost individuals thousands and thousands of dollars and thousands of jobs will be lost. I just came from the agricultural committee where I had initiated a meeting on the avian flu. We have talked to a number of officials from the Canadian Farm Inspection Agency but I am still not satisfied that we have addressed the problem. Therefore, if I were to say that anything is missing out of the budget it would be attention to that particular issue and, since it is not there, we must find other ways to address the issue.

I want to give Canadians some facts on the impact of the avian flu. The poultry industry is in excess of a \$1.5 billion industry in British Columbia. The current trade restrictions are costing the industry in excess of \$15 million per week in lost revenue. Retailers, who have been traditional customers for the B.C. industry, are looking for alternate sources of supply which may require a long term commitment.

In addition, the B.C. poultry industry has now created the potential liability, in excess of \$30 million by the end of March, as it has placed product in freezers on the lower mainland that cannot be shipped outside of the control area. In addition to the lost revenue, the B.C. industry is now facing incremental costs of over \$10 million for the month of April. That is \$2.6 million per week in costs associated with the culling of 600,000 to 800,000 healthy birds and hatching eggs per week. It is \$400,000 per week in carrying costs associated with product now in freezers. With the pending reduction

in production, in excess of 1,000 jobs will be lost in the processing industry commencing next week as production levels are scaled back to 50% of traditional levels.

Many farmers will face significant financial hardship as owners will be unable to service the debt on their farms and equipment. This, to say the least, is an extremely serious issue in my riding which depends a great deal on farm income, and it will be hit hard by this. The people involved certainly deserve some concrete answers and some hope that this issue will be dealt with rapidly.

I am very concerned about the amount of compensation that producers and processors will get. I know that CFIA talks about \$33 a bird but that is really not the case. In most cases it is much less than that, likely \$3 or so.

I therefore am asking the House of Commons to look at disaster relief for economic disasters and employment insurance relief for farmers, special measures. It would be ordinary to provide tax relief on the compensation dollars that farmers get. We could defer the tax on those dollars for some time, for years in fact. We can talk about the many ways for providing relief to these farmers. I am asking the House to do that.

I have spent a considerable amount of time talking to officials in British Columbia, the minister of agriculture, the provincial veterinarian, Ron Lewis, and the CFIA control centre. I have listened to producers and processors. I have had conference calls and we have initiated a parliamentary committee. However having the knowledge is one thing, but having the gift of Parliament to respond to these farmers well in advance of the situation hitting the hardest is paramount.

• (1705)

Rather than talk about the budget, I would like to place a request before the House of Commons for a concrete proposal to compensate those farmers, who have worked hard all their lives to make Canada a better place, for having to remove infected birds and for the downtime as a result of avian flu.

Mr. Scott Reid (Lanark—Carleton, CPC): Mr. Speaker, like my colleague, I will be speaking about the inadequacies in the budget with regard to agriculture.

About 60% or 65% of the farms in my Ontario constituency have some beef or dairy component, and many of them are primarily or exclusively beef or dairy. Among other things, this includes the production of organic beef. There is a wide variety of production. All of it, of course, has been affected by the shutting of the border on May 20 last year and the resulting collapse of our overseas markets.

Therefore I am very painfully aware, through the pain that my constituents are feeling, of the inadequacies of the budget with regard to beef and to beef producers.

Private Members' Business

I am reminded of a situation that occurred in my constituency about a year and a half ago. Members may recall the drought out west in the summer of 2002 and that farmers in this part of the country, who were enjoying a very good harvest of hay, wanted to send part of that crop out west. This became the hay west program, initiated entirely without government support, by farmers for farmers. One of the railheads at which hay was collected and sent west was in Smiths Falls in my constituency.

After the crisis had gone on for some length of time, the prime minister of the day, Jean Chrétien, came out to Smiths Falls. I received an invitation with about 12 hours notice from the then House leader for the government to come and join the Prime Minister while he made an announcement of some funds to help with the hay west program, a very small amount of funding I might add, perhaps \$2 million or \$3 million. The exact number escapes me at the moment. Frankly, I turned down the invitation because I felt that it was simply an exercise in grandstanding, that the prime minister would stand on a hay bale beside a train and announce what a good boy he was, and that is exactly what happened.

I realized what the purpose of that announcement had been when I was watching the weather channel, of all things, the next day. The little banner that runs at the bottom of the weather channel, which tells us what else is going on in the news other than the weather, included a reference to the fact that the federal government had tossed in a couple of million dollars.

The real point of that exercise had been so that the people who were not farmers and who would not see the hollowness of the gesture, would say that they were good guys for throwing in a bit of money. It was to satisfy the urban vote that rural Canadians and farmers were being taken care of. It was not for the purpose of actually providing any meaningful aid to farmers.

I suggest that the current Prime Minister's announcement in Picture Butte a few days ago of aid for farmers who are suffering as a result of the BSE crisis is very much of the same nature.

When the Prime Minister went to Picture Butte in the riding of Lethbridge, Alberta, my colleague, the MP for Lethbridge, was not even informed of it. The Prime Minister was surrounded by Liberal candidates as he announced the money. This was simply a way of promoting the Liberal Party and of satisfying people out in TV land that the government cares about farmers.

However farmers themselves know how inadequate and how late this aid is. The point has not been lost on them that the border closed May 20, 2003 and this package arrives in March of this year, shortly before the announcement of an election. I think the math can be worked out in the heads of most farmers.

The announcement was meant for the edification of urban television audiences. It was not meant to seriously deal with the needs of farmers. If there had been a real desire to do this, it would have been done much earlier. It would have been based on herd sizes as of May 20. After all, prices collapsed after May 20. They did not collapse December 31. If farmers had the misfortune of having been forced to sell all or part of their herd at some point prior to December 31, this aid package does not do a whole heck of a lot for them.

If the government had really cared about this issue and the impact it has had on other ruminants, it would not have fallen upon me personally to be the first person, two months after the crisis started, to raise the issue of other ruminants, of sheep, in the House of Commons. The fact is that the Minister of Agriculture never bothered to talk about other ruminants until I raised the issue.

● (1710)

This is typical of the attitude this government has had toward agriculture in general and toward farmers suffering from the BSE crisis in particular.

There is an endemic problem I want to draw the government's attention to as well, which I think may affect this particular aid package. One hopes it will not, but it has been the pattern, that is, federal aid to farmers is notoriously slow in coming. It is quick to be promised. It is slow to actually arrive.

We know this by comparing the aid that my provincial government here in Ontario provides and the speed with which it arrives compared to federal aid. Last year the government promised \$3.1 billion of transfers to farmers. As of March 1, only \$1.3 billion of that had arrived. That is typical.

The Acting Speaker (Mr. Bélair): It is 5:15 p.m. and, pursuant to order made earlier today, the question on ways and means motion no. 1 is deemed to have been put and a recorded division deemed demanded and deferred until Wednesday, March 31, 2004, at 3 p.m.

Shall I call it 5:30 p.m. and proceed to private members' business?

Some hon. members: Agreed.

● (1715)

[*Translation*]

The Acting Speaker (Mr. Bélair): The House will now proceed to the consideration of private members' business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[*English*]

FOOD AND DRUGS ACT

The House resumed from February 6 consideration of the motion that Bill C-398, an act to amend the Food and Drugs Act (food labelling), be read the second time and referred to a committee.

Mr. Gary Lunn (Saanich—Gulf Islands, CPC): Mr. Speaker, I am very pleased to rise in debate on Bill C-398. This is a bill that we have extreme concerns about. Although what the member has put forward is that he wants mandatory labelling for restaurants, we believe that the bill is impractical. We do not believe it is going to help his cause in any way, shape or form.

Private Members' Business

We have a number of concerns. Let me outline them. Obviously obesity and inactivity are on the rise and there are concerns. That is what they are talking about when we hear all these studies about our children being at risk. Of course at the same time we are seeing Canadians take more responsibility for their health. They are paying particular attention to the foods they eat. It is widely recognized that there are strategic efforts in health promotion and disease prevention. That is obviously going to pay dividends. I fully support those initiatives.

That being said, I believe that Bill C-398 in many respects is impractical and unnecessary. The bill would require large chain restaurants to post the number of calories of menu items beside the corresponding price on menu boards. Where menus are used, the amounts of saturated trans fats and sodium per serving would be required. We can imagine going into a restaurant and getting a very thin menu and a binder full of information. Every time they changed a menu and every time they had specials, restaurateurs would be required to provide all that information.

I think the restaurant industry has been doing a very noble and responsible job. Even the fast food chains are offering many low calorie alternatives. They are offering healthy choices. I have letters here from some of them. The general manager from Burger King sent me a letter. He says that on a voluntary basis they offer seven different meal packages with under seven grams of fat.

My little guys love going to McDonald's, which now offers a number of salads and healthy alternatives. It offers veggie burgers. A number of voluntary initiatives are being taken by the restaurants. Most of the restaurants I go to offer alternatives that have a heart beside the healthy choice menu item. Restaurants are doing this on a voluntary basis.

I just do not think it is practical to start regulating and creating another level of bureaucracy, and that is aside from the astronomical cost and the regulation of all of this. It would force a lot of owner-operator restaurants right out of business, of course, because they change the menus all the time. It would mean a redesigning of all the menu boards. Again, there are just so many ways in which this is just not going to be possible.

Not only is it impractical, but there is an absolute economical cost to this as well. Of course the implementation of this would mean that every time there was a menu change the new food would have to be sent off to a laboratory for analysis. It can cost up to \$150 just to have one single food sample analyzed. Of course as they make new menu items this would all have to be done to be in compliance with the legislation.

In regard to putting on labelling requirements for these restaurants, although the member may have some noble efforts here, I have spoken to hundreds of people from across the country, and I have spoken to members from all five political parties of the House who have raised concerns to me, and I just do not think that this would be a healthy option at this time for the industry. I do not think it is going to address the problems that the member is trying to address. It is not going to address the health conscious. It is not going to address the obesity issues at all.

Therefore, I would urge all government members to vote against this. I have been told that during this debate in this hour there is going to be a motion coming forward for the member to withdraw the bill. In response, he is going to send it off to committee for further study.

● (1720)

I even have issues of concern about sending this off to committee for further study, not to mention that since I have been a member of Parliament we have spent a quarter of a billion dollars on various health care studies. I just do not see any need in this case.

The Canadian Restaurant and Foodservices Association, which represents restaurants across the country by the thousands, has done an enormous job in researching the bill. It did an objective analysis that showed all sides of the debate and has presented that to all members of Parliament. It has done an absolutely outstanding job on the bill.

The short answer is that the bill is ineffective. Absolutely no research has been done to show the impact of the bill. No research has been done to show if labelling would even have any effect on consumer eating habits. This really is unworkable with the complexity of the bill, because every time there would be a menu change or restaurants would have specials of the day, restaurants would be required to send the food out for analysis, of course because it is composed of many different ingredients. There would have to be labelling and all of that.

I think the industry needs to be commended for its voluntary efforts to promote healthy alternatives. I go to the dining room in the Parliament Buildings. There are designated symbols for healthy alternatives on the menu. I can name restaurants in my riding, like the Fireside Grill and other local restaurants. There are all kinds of restaurants in my riding that show healthy alternatives symbols on the menu. People who have concerns about what they are eating usually raise those concerns with the waiter or waitress who is serving them, and they are dealt with in a professional manner.

As for creating another bureaucracy to deal with this and to try to regulate this, I believe we have far too much regulation. The restaurant industry itself has been doing an outstanding job in dealing with this on a voluntary basis. Regulation is absolutely not necessary at this time.

To be perfectly honest, I do not see it at any time and this is an issue that I have looked at extremely closely. Because the bill came forward, I took it upon myself to get actively involved and talk to the restaurateurs about what impacts this would have on them. I was not aware of the efforts they do go through to offer healthy alternatives, from Burger King to McDonald's to A&W and all those fast food chains, which are probably at the top of the hit list for being criticized for unhealthy choices. They have very healthy choices. As I said earlier, Burger King alone offers a number of menu items with a very low calorie content.

Private Members' Business

I would encourage all members to oppose the bill. I look forward to listening to the comments of members from other parties. The owner-operators, the small businesses and the restaurateurs, these people employ hundreds of thousands of people across the country. We can argue that they are the backbone of the small business economy. There is no question about it; they do contribute so much to the economy. Tying their hands in this way is completely unnecessary. We have to recognize that this industry itself has been a leader. It has been out in front of Parliament on this issue on a voluntary basis and it has done an outstanding job. For us now to try to regulate that would be ill advised. I would strongly urge all members of the House to vote against the bill.

• (1725)

[Translation]

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, I will be brief because it is not so much a matter of discussing the bill as referring it to the Standing Committee on Health for further study. This is a motion the Bloc Québécois agrees with and it will have our support.

I do, however, have a few comments to make. Of course we subscribe to the objective of better informing the consumer of calorie content, and particularly saturated fat content, and anything that can provide information to help Quebecers and Canadians improve their diets is a good thing.

When we discussed this bill in caucus, however, the colleagues in the Bloc Québécois were uncomfortable with the idea of supporting the bill in its present form, because we were not convinced it was workable.

Some of my colleague have used the example of Subway or other major chains, where there are multiple choices because of the number of foods and ingredients available. We wondered how it could be workable for owners of franchises or restaurant chains to provide the specific information listed in this bill.

No doubt some mid-way solution would have to be found. I understand that the restaurant chains have themselves indicated some degree of openness toward sharing this information and, in a number of the major chains, it is already available to consumers.

At the same time, we realize that every time it is a matter of providing the consumer with information there is a cost associated with it, and what is more arguments based on cost cannot be definitive.

When this House discussed tobacco labelling, and the possibility of having, not content information, but rather notices or information concerning the harmful effects of tobacco on packaging, I remember the major manufacturers and tobacco companies coming before the Standing Health Committee to tell us this was absolutely impossible. Yet, three years after regulation, we can see this was in fact totally feasible.

So the Bloc Québécois attitude is that we want to see this motion go to committee. We feel it is important for the Standing Committee on Health to seek a workable solution that will make it possible to provide consumers with information. This is why we are going to support the proposal by the member for Scarborough Southwest to refer this to committee.

I know that there has been considerable support for the objective of this bill. I am thinking in particular of the National Pensioners' and Senior Citizens' Federation; the Association des diététistes du Québec, and the Ontario Society of Nutrition Professionals in Public Health. Several dozen groups in all supported the bill. The challenge for parliamentarians is to ensure, within an appropriate framework such as the Standing Committee on Health, that we seek a workable way to achieve that objective.

[English]

Hon. Gerry Byrne (Parliamentary Secretary to the Minister of Health, Lib.): Mr. Speaker, I too would like to speak to Bill C-398, but first, I would like to speak of the original mover of the bill. I would begin by presenting the truth of his determined resolve. I would like to commend the hon. member for Scarborough Southwest who has shown that he is truly committed to a project and to a cause that he has championed for quite some time, and has shown considerable success.

He has shown a determined resolve to require the nutritional value of food to be clearly stated on packaged foods, and I applaud his efforts to help to ensure that Canadians have the information they need to combat the epidemic of obesity.

I am sure that I am joined by all members of Parliament in applauding the hon. member's desire to work to ensure that a discussion around these important issues take place. It is in this vein that I would now like to offer a consideration of a further opportunity for parliamentarians to participate with the member for Scarborough Southwest in further debate and dialogue on the issue.

I would like to point out that it was indeed the member for Scarborough Southwest's efforts, by the way, that contributed to the new regulations that were published on January 1, 2003, regarding this subject, and I truly congratulate him on that objective and achievement.

I want the House to know that the government shares the hon. member's concern about fair and informative labelling of foods. To ensure that the important issue raised within the bill, including but not limited to the information consumers should receive about food they are eating outside the home, I move, with the full support of the hon. member for Scarborough Southwest, that:

That Bill C-398 be amended by replacing all the words after the word "That" and be substituted with the following:

That Bill C-398, an act to amend the Food and Drugs Act (food labelling), be not now read a second time but that the Order be discharged, the bill withdrawn and the subject matter of the bill be referred to the Standing Committee on Health to report back to the House on or before September 30, 2004.

I ask for the support of the House, with the support of the member for Scarborough Southwest.

• (1730)

Mr. Marcel Proulx: Mr. Speaker, I rise on a point of order. Discussions have taken place between all parties and I believe that you would find consent for the following order: That notwithstanding any Standing Order or usual practice of this House, that no later than 5:30 p.m. on Wednesday, March 31, 2004, the motion for third reading of Bill C-3 be deemed put and adopted on division.

Private Members' Business

[Translation]

The Acting Speaker (Mr. Bélair): Does the hon. member have unanimous consent of the House to move the motion?

Some hon. members: Agreed.

Some hon. members: No.

[English]

The Acting Speaker (Mr. Bélair): The amendment to Bill C-398 moved by the Parliamentary Secretary to the Minister of Health is receivable.

• (1735)

Mr. John Duncan: Mr. Speaker, I rise on a point of order. I think the amendment is in order without the last part that you referenced in terms of reporting back by September 30. I do not think it is up to the House to make a determination as to when the committee will report back. That amendment would be supported by this side of the House if it were to exclude any precondition about what the committee might or might not do with that report.

The Acting Speaker (Mr. Bélair): I will take the hon. member's intervention under advisement and further check upon the amendment given the circumstances. The Speaker will get back to the House shortly.

Mr. Gary Lunn: Mr. Speaker, I rise on a point of order. The hon. member asked for unanimous consent on a motion with respect to Bill C-3. I was not advised, and I had opposed that. I would be prepared to give unanimous consent now if he were so inclined to move the motion again.

* * *

BUSINESS OF THE HOUSE

Mr. Marcel Proulx (Hull—Aylmer, Lib.): Mr. Speaker, discussions have taken place between all parties and I believe you would find consent for the following motion. I move:

That, notwithstanding any standing order or usual practice of this House, that no later than 5:30 p.m. on Wednesday, March 31, 2004, the motion for third reading of Bill C-3 be deemed put and adopted on division.

The Acting Speaker (Mr. Bélair): Does the member have consent to move the motion.

Some hon. members: Agreed.

The Acting Speaker (Mr. Bélair): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

* * *

FOOD AND DRUGS ACT

The House resumed consideration of the motion that Bill C-398, an act to amend the Food and Drugs Act (food labelling), be read the second time and referred to a committee, and of the amendment.

Mr. Tom Wappel (Scarborough Southwest, Lib.): Mr. Speaker, I was not going to rise on a point of order, but since you said that you would determine the point of order that was made on the other side, I

would like to add a couple of points for your consideration before you make your ruling.

You will recall, Mr. Speaker, that the rules of the House require that a private member's bill that is sent to committee must be dealt with by the House, at least by the committee and reported back by a certain time or it is deemed to be reported back.

My only reason for mentioning this is because clearly the House has already set in place a procedure whereby the House has told the committee what it must do with respect to private members' business. To have a motion of the House, as moved by the hon. member from Newfoundland, which asks that a committee return its report by a particular day is nothing unusual.

I find it somewhat odd that a member from the Conservative Party of Canada, which championed the rights of private members and championed removing those aspects of rules which would prevent committees from reporting back on private members' business, would raise such an objection.

I ask that you consider this, Mr. Speaker, as you consider your ruling.

The Acting Speaker (Mr. Bélair): I will add the intervention made by the hon. member for Scarborough Southwest to the one supplied by the member for Saanich—Gulf Islands and will advise the House as to what should be done.

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, I am pleased to speak to Bill C-398. I am also pleased that the bill may be going to committee. That is the proper place for the bill to be dealt with.

I must say that I had not really looked at the bill. I do not sit on the health committee. However, as I look at the bill I like what I see. I am pleased that the bill may end up at the health committee and be reported back by the end of September.

As I read the bill, its objectives include the requirement that large chain restaurants, and we are not talking about mom and pop restaurants as the member for Saanich—Gulf Islands would have listeners believe, post the number of calories on menu items, together with the saturated and trans fats and sodium contents. In addition, all fresh meat, poultry and seafood would need to be disclosed with full nutritional information. As I further read the bill, it seems to me that with the federal government database available this would be relatively easy for restaurants to include on their menus.

With regard to prepackaged items, multi-ingredient foods would show the percentage by weight of key ingredients, especially with specific relevance to health added items, such as sugars, fruits and vegetables.

A lot of money is being expended in this country, particularly by provinces, to ensure that we have a healthy population. A poor diet contributes significantly to the costs of maintaining good health. The estimates are in the magnitude of \$5 billion or \$6 billion a year in additional health spending. Unchecked it will result in higher drug costs, higher rates of obesity, diabetes and the like.

Private Members' Business

The Auditor General has looked at preventive health activities and estimated that, depending on the item, it is somewhere between six and 45 times more effective to deal with health problems before they become problems, to deal with them in a preventive way rather than after the fact. That is why a number of years ago provinces such as Saskatchewan incorporated wellness programs, to try and deal with the rising costs of health care.

Twenty-five thousand deaths annually are related to diet related disease in Canada, including cardiovascular disease, cancers and diabetes. It is predicted that a new mandatory nutritional label would reduce health care costs and reduce premature deaths and disabilities. That would be a significant return to the economy and that ought to be of concern to members, including the member for Saanich—Gulf Islands.

I listened with some interest when the member was speaking about going upstairs to the parliamentary restaurant. It is nice that members of the Conservative Party are now taking advantage of the parliamentary restaurant because when they were members of the reform party of course they would not do that. The restaurant does have heart healthy choices, but what does that mean? We do not know what necessarily that entails.

It was interesting for me to read the background material to this bill and to note the difference between the amount of saturated fat in a three ounce top sirloin steak versus a shoulder pork blade steak. The fact is there is four times as much saturated fat in the latter than in the former.

Those are things the average consumer would not be aware of, such as the fact that a small McDonald's milkshake has four times as many calories as a fruit or vegetable shake. These are things that perhaps would make a difference to people when ordering—

Mr. James Rajotte: It is four times as good.

Mr. Dick Proctor: Yes, but people might be interested to know and they might change their order if they were aware of what the caloric intake was for option A versus option B.

● (1740)

We went through this at the agriculture committee. We discussed labelling and heard the arguments from restaurateurs and some who are opposed to similar labels on food that we are going to have this enormous list of labels. I simply do not buy it. To add the amount of calories that would be in a hamburger with cheese would be relatively easy and certainly relatively inexpensive to do.

Nutritionists and scientists know that fruits and vegetables result in a lower risk of cancer, fewer stroke results and reduced blood pressure, but two-thirds of Canadians do not consume the 5 to 10 servings of fruits and vegetables daily that is recommended by the guides. Many processed foods which indicate that they contain fruits and vegetables may only contain traces thereof and this does not really serve the purpose that is required.

I will not go on at length, but I think that food labelling and food menus that contain nutritional information are a cost effective means to help Canadians reduce the risk of diet related diseases. This is a good bill and I am glad that it appears to be pointed in the direction of going to the health committee for further review and study.

● (1745)

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I am very pleased to speak to Bill C-398. The first thing I would like to do is congratulate the member for Scarborough Southwest for getting his bill to this stage. I know what it is like. My Bill C-212 on user fees passed on Friday. It took a couple of years and it was a long and bumpy road. I know what he is going through and I congratulate him for taking this initiative.

The bill has some very laudable objectives. For Canadians to understand better what they are eating, what is in the food they are eating is something we should strive for. I think I can support sending the bill to the health committee as subject matter for study, but the problems that I see with the bill are practical in nature. Implementing the bill will cause a lot of difficulties for restaurant owners and I am not sure that at the end of the day Canadian customers will get what they want either.

The food and restaurant industry is a major employer across Canada. The member for Saanich—Gulf Islands talked about tens of thousands, but in fact it was a year ago that we reached the over one million threshold of Canadians who work in the food and restaurant industry, many of them young people. Many of them create a lot of economic activity in Canada.

My riding of Etobicoke North is near the airport. It is near the major intersections of the 401 and the 427. There are many restaurants and hotels and they are concerned about this bill.

I would like to read some comments from various restaurateurs who have written to me to highlight some of their concerns. One is the issue around customization. Customization means customers looking at the menu and saying instead of this, they would like that. That creates some very real challenges for restaurateurs.

Mr. Adrian Whitfield of Jack Astor's Bar and Grill in Etobicoke said:

If I have to undertake a detailed analysis of every item on my menu, you will be forcing me to reduce the number of items I carry and to stop customizing meals to meet individual preferences.

I have a letter stating that Pizza Pizza makes its pizzas to the individual specifications of its customers. Variations on a product are endless. For example, a very basic pizza such as pepperoni can be changed as follows: regular crust, thin crust, thick crust, regular sauce, extra sauce, extra cheese, regular cheese, extra cheese, double cheese, no cheese, light on the cheese, cheese on one half only, regular pepperoni, double pepperoni, pepperoni on one half only. Some of our customers will enhance their pepperoni pizza with olive oil and oregano. Each of these variations impacts the calorie, salt and fat content. Those are the variations on a single topping pizza. Pizza Pizza states that the average number of toppings is three, so that is a problem it sees with respect to customization.

Here is another concern raised by ABC Country Restaurants, a chain located in British Columbia:

Here is one breakfast selection: bacon and eggs, with toast or pancakes? Will that be multi-grain, white or rye toast? No butter? Strawberry preserves or peanut butter and honey? Pancakes with syrup and butter? Instead of hash browns would you like to substitute fresh fruit? There are five different fresh fruits in our fruit bowl. It changes seasonally. Today we have grapes, bananas, strawberries, pineapple and cantaloupe. Tomorrow it may be honeydew, grapefruit and oranges with bananas and strawberries.

Private Members' Business

I am getting hungry just talking about it. It goes on, "I forgot to ask about the eggs. Fried, boiled or poached? One egg instead of two? No problem". These all affect the calorie count and other aspects.

• (1750)

Another letter is from Cara Operations Limited, a big operation across Canada located in Mississauga. Mr. Barlow, whom I know very well, said:

We serve one million guests per week thru our 350 restaurants utilizing the talents of more than 8000 teammates. Our menu offers many choices from burgers and chicken to salads and soft drinks including milk and fruit-based beverages.

It has Harvey's as part of its operation. It has offered customers all these various side orders. Fairmont Hotels & Resorts also have a problem with the customization. This is the big hotel chain across Canada, and indeed around the world. It wrote:

How often do your customers order off the menu or customize their orders?

In our experience 15% of our clients will order something that is not on our menus, especially with the loyal clientele we have who feel very comfortable ordering whatever they like. For example, salads with the addition of seafood or chicken. Choosing a different style of fish than the menu, herb butter sauce, thermidor glaze, etc. We get requests for vegetarian, no lacto, no garlic, no oils. We also get requests for special meat dishes with additions of salsa or chutneys to replace sauces.

All these changes have an impact on what is disclosed on the menu or the calorie intake of these various factors.

Ho-Lee-Chow, in the Danforth, is a big Chinese food restaurant. Mr. Garner wrote:

We currently have 129 different items on our menu, not counting combos. To add this information for each item would double the size of our menu. As we specialize in home delivery, our menu is also our direct mail vehicle. We produce some four million menus a year and mail them out. The size increase required will significantly increase both production and mailing costs.

That has to do with the size of the menu. That is another issue. The Spectra Group of Great Restaurants said:

All menu items would have to be analyzed by outside labs for accurate nutritional information. We have multiple concepts and each concept would have no fewer than 100 menu items that would need to be analyzed. Most labs now charge anywhere between \$600 to \$1,000 per item to do a thorough nutritional analysis. Getting set up initially would be an astronomical cost.

The Bay said:

[It would have to] source and hire a qualified professional dietician to analyze approximately 1,200 menu items to start, and on a continuous basis new items.

[Translation]

Van Houtte says:

Not all the information is available, and obtaining it would cost our small and medium businesses a fortune.

[English]

St. Hubert also had some concerns.

[Translation]

Jean-Pierre Léger said:

In fact, providing mandatory printed nutrition information is nonsensical in the restaurant business. No restaurateur could bear the costs of it, or the time it would take. There are too many uncontrollable variables.

[English]

These are household names. We all know about Dairy Queen as well. Doug White from Dairy Queen wrote:

As a grassroots, community-based company, we help fund many adult and children's recreational programs. We want to be part of the solution and we believe there is a need to create avenues for people to expend energy...Bill C-398 does not address this issue in totality.

• (1755)

[Translation]

Sylvie Paradis, of la Cage aux sports, wrote:

Although I do not have exact figures, the cost would certainly be very high. Outside laboratories would have to be used, as well as specialized consultants. In addition, the time required for this extra task would raise prices considerably.

[English]

McDonald's is expressing some concern about space on the menu board, as well as The Keg. These are serious business people employing a lot of Canadians. They are talking about regional differences of supply. How do they deal with that on their unified national menu? New York Fries has some concerns as well as Dixie Lee and White Spot Restaurants. I could go on.

I respect the member's objective here, but there are some very serious practical issues. Perhaps the subject matter can be reviewed at the health committee. It is important for Canadians to know what they are eating, but we have to arrive at a practical solution to this, not put something in place that is going to cost a lot of Canadians their jobs.

The Acting Speaker (Mr. Bélair): I should have ruled on the amendment that was presented a while ago. Indeed, the amendment is in order, as there were some precedents in the past.

Resuming debate, the hon. member for Calgary Southeast.

Mr. Jason Kenney (Calgary Southeast, CPC): Mr. Speaker, I am pleased to rise on behalf of my constituents, many of whom are restaurateurs, to speak to Bill C-398. Many have said that the objectives of the bill are worthy. I would tend to agree.

As a veteran of the battle of the bulge myself, I appreciate restaurants that provide nutritional information so that I can make more healthy choices when I dine out, which is very frequently given our job. Many of us are veteran customers and consumers of restaurant and food services. I certainly am and I resemble that remark as well.

I believe that there is a good and worthwhile intent for restaurateurs to provide more complete information. The fact of the matter is that it is already happening. One can go down Bank Street to the local Subway franchise and get a brochure filled with nutritional information on the various choices that it offers.

However, it is information that is provided in a way that is plausible for that company. The problem with the bill, as with all similar efforts to impose massive government regulation on a free market economy, is that it would have enormous unintended consequences, and huge additional costs that would be borne by entrepreneurs and ultimately consumers.

Private Members' Business

My colleague across has pointed out that the food and restaurant business in Canada is one of the largest and most dynamic employers in the country now employing over a million Canadians. Thousands of Canadians have invested their life savings in starting restaurants that have become successful, growing them into chains and becoming franchises.

These are business people who have created wealth, jobs and opportunity for millions of young Canadians, particularly, to get their first rung up the labour market ladder in their work experience for their entire careers. This is an industry which we must support and not burden through unnecessary regulation, the likes of which is contemplated in the bill.

The cost of performing a full nutritional analysis of a menu item could be up to \$500 for one item. Restaurants offer dozens of choices and all would have to be outsourced to a lab for testing and analysis. This would present an immediate cost to all restaurants of tens of thousands of dollars.

Furthermore, every time a new special comes in, it would need to be analyzed if an ingredient were switched. A new analysis would need to be performed. This burden would quickly become unbearable for restaurant and franchise owners across the country.

There are other costs as well that are implicit in the bill. Consider the cost of reprinting menus with the specified nutritional information. Adding in the required details to the existing menus would result in doubling their size. This could cost thousands of dollars, not to mention the additional cost of reprinting if an ingredient is substituted or a recipe modified.

Large restaurant chains would be forced to manufacture new and bigger menu boards that include calorie counts. This would be an investment for each outlet of tens of thousands of dollars or even hundreds of thousands of dollars. The return on this investment of course would be zero. Presumably, the nutrition police would stop the harassment, but there is no other tangible benefit for the restaurant.

The restaurant owners are already in a tough marketplace. Why would we want to burden them with this ridiculous extra cost?

The effects of the bill on the food services industry would be detrimental to consumers. Instead of providing them with extra helpful information, Bill C-398 would only serve to limit the choices available to consumers. Daily specials would be too costly for restaurants to introduce. Restaurant owners and managers would have to think twice before adding to the menu. Substitutions and combos would be a huge headache for both the consumers and restaurant staff. Overall, would consumers really benefit from this legislation? I doubt it.

Besides being inefficient, the bill is also inequitable. The regulations imposed by the bill apply only to restaurants with over \$10 million in annual revenues. This unfairly discriminates against the owners of franchise restaurants that have branches all over the country. The bill penalizes one group of business people over another without any justification. It picks winners and losers and the government should not do that.

Even if we ignore all the flaws that I have mentioned, the bill is completely unworkable and impossible to implement. Let us think about the regulations for just a second. The bill would force restaurants to list the number of calories in a menu item next to its price on the menu board.

● (1800)

Consider for example a pizza store. Hon. members should imagine they would like to order a medium pizza, but first they have to choose their toppings. Would they like mushrooms, green peppers, onions, double cheese, or tomatoes? The combinations are endless.

Using simple mathematics it is possible to calculate that the number of different possible combinations for Pizza Pizza, for example, which carries 28 different toppings, would mean 268,435,455 different options for pizza toppings. Can hon. members imagine a menu board with 268 million entries? That is ridiculous.

A simple sandwich store with five possible toppings would imply 120 combinations which would require specific posted information. A Subway store with 10 toppings has 3.628 million possible total combinations. That is why the bill is not workable.

If we go down to the local Subway store, it will give us information that is practical and responds to the market demand in an efficient way. It provides the information with a market advantage over its competitors who are not providing that basic information. However, if we pass this law, we will require them to post 3.6 million caloric entries on a menu board.

This is not just a problem for pizza stores. It is a problem for fast food outlets and for virtually every kind of food service. I would urge all of my colleagues to vote against this ill-conceived bill. The economic effects would be far reaching and there is really no discernible benefit.

I would like to second the view of my colleague. I received dozens of letters from restaurateurs across the country who were very concerned about the bill.

[*Translation*]

For example, Jean-Pierre Léger, president of St. Hubert Bar-BQ, a Quebec restaurant chain, wrote:

We feel that Bill C-398 is neither realistic nor applicable to the food service industry, and would not help educate the consumer about better food choices.

Stéphane Breault, president of the Van Houtte cafe-bistro division, in Quebec, wrote:

Promoting healthy eating habits and a healthy lifestyle is a big job. Choices have to be made, but one has to count on the consumer's ability to decide what he or she wants to eat. As restaurateurs, we have to adjust to changes when they originate with the customer. Our survival depends on it.

● (1805)

[*English*]

Patty Jameson, vice-president of Tim Hortons, wrote:

We are also concerned about the inequities apparent in this bill. Our store owners are independent franchised operators who have put their life savings into their Tim Hortons operations, the same as most "Mom & Pop" type operators do. This bill would create an uneven playing field by dictating that our store owners comply with these regulations, while at the same time exempting the "Mom & Pop" operators.

Joan Overin, from ABC Country Restaurants, wrote:

Private Members' Business

Sure hope the government does not take the heart out of this business by making unreasonable, poorly thought out demands on the restaurant industry. That is what I would call this bill to force some restaurants, (not all) to label the caloric content of their products on menu boards and menus.

Serge Simard of Fairmont Hotels and Resorts wrote:

—introducing such a process would not only be extremely costly, but operationally short of impossible.

I know the sponsor of the bill has been furnished with these and dozens of other letters by the hardworking business people who risk their capital, who work hard to create wealth, and employ hundreds of thousands, over a million Canadians. I wish he would listen to what these people had to say about how the bill is completely unworkable and would take the heart out of businesses of tens of thousands of restaurateurs in this country.

In closing, they need our support through tax relief, lower payroll taxes, and more efficient labour practices. They do not need government imposing yet more burdensome, job killing regulations on a vital Canadian industry.

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, I want to acknowledge that I also received a number of letters from restaurateurs and I recognize that there is concern within the industry that this type of bill would make it too costly to operate.

I do not want to suggest that this happened because it was all men reading the letters, but as I listened to the comments being made by my colleagues about the numerous choices for pizza or whatever item was being ordered, all I could think of was that it was pretty simple. We would have so many ounces that would have so many calories and we would just figure that out. They would only have to show how much each ounce had and we could work it out. We would not have to have the two mile long menu board.

I think we are taking the right tact by referring the bill to committee where we can have discussions and we can listen to the concerns of the restaurant industry to see if there are ways to alleviate their concerns. At the same time, we would be responding to the need that Canadians have to find out what is in the food they are eating. As responsible politicians we should be promoting a healthy lifestyle and we should be providing people with the opportunity to meet that healthy lifestyle while still supporting restaurants.

My colleague from Calgary Southeast mentioned Subway. When I go to a Subway it has it marked how much things are, which is great. As a result, I have a greater tendency to go there. Harvey's was mentioned. Harvey's offers a grilled chicken and people can substitute the salad for the fries.

Restaurants are making efforts because they recognize that Canadians want to live a healthy lifestyle. I think this bill is the extra incentive to provide a bit more information that will benefit all Canadians.

Mr. Tom Wappel (Scarborough Southwest, Lib.): Mr. Speaker, the purpose of my bill is to provide information to Canadians that they can use to make healthy food choices. During the bill's hour of debate on a previous occasion a number of speakers pointed out the various organizations and citizens groups that do support the bill in its current form, never mind with any improvements.

I greatly resent the Chicken Little kind of arguments that have been raised by those who are in opposition to this bill that somehow the sky would fall if this bill were to pass, that somehow millions of Canadians would be thrown out of work because all of a sudden some regulations come in to show that a particular hamburger has 362 calories on a menu board, which is all the bill is about when it talks about fast food restaurants with menu boards only.

I also want to remind those who are listening that it is a gross exaggeration to say that poor old mom and pop restaurants will be put out of business because my bill has nothing to do with small businesses. The minimum threshold is \$10 million a year gross sales. What kind of argument is it to say that this bill would put mom and pop restaurants out of business? Those are the arguments of desperate people who cannot come up with valid arguments.

• (1810)

Nonetheless, I have read the letters from the restaurant association people as well and, by the way, none of them have ever approached me to sit down and talk about this. They have simply mounted, as members have heard today, a huge campaign to defeat the bill at second reading. Some of my hon. friends across the way, apparently, do not even want the subject matter discussed at the health committee.

I have worked with the Minister of Health. I understand that the same kinds of arguments were raised by manufacturers when they wanted to put information on prepackaged foods in a voluntary way. They fought it tooth and nail until finally the government indicated that it must be mandatory. It is clear that people read labels. It is clear that people make food choices based on the information or lack of information they have.

Let us take the subject matter to the health committee. Let the health committee call the witnesses. Let the restaurant associations attend. The bill is not designed to cover six trillion possible combinations. It is designed to offer the kind of solution that Subway has offered, which is that if people order a standard Subway sandwich, they will get approximately seven grams of fat and approximately 350 calories. Of course, if someone wants it loaded up with five tablespoons of mayonnaise there will be more fat, but that is the person's choice. It is just so people will have an approximate idea of what they are consuming.

I urge members not to panic in terms of referring the subject matter to the health committee for further study. I have consented to withdraw the bill if the amendment to withdraw the bill passes, so there will not be any legislation. We are simply talking about providing consumers with further information.

How can anybody be against providing consumers with further information? We are not talking about bankrupting restaurants. We are not talking about putting Canadians out of work. We are talking about trying to find a reasonable middle ground to provide nutritional information to consumers when they go out to enjoy all the restaurants that have been named, many of which I have attended and have enjoyed.

Adjournment Debate

Let us get serious and be reasonable. Let us at least study the subject matter. I urge my colleagues to support the amendment. We will withdraw the bill and send the subject matter to the committee where everyone will have more than five minutes to offer their views, and there will be considered consideration of the principle.

● (1815)

The Acting Speaker (Mr. Bélair): It being 6:17 p.m., the time provided for debate has expired.

The question is on the amendment to the main motion. Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

(Amendment agreed to)

The Acting Speaker (Mr. Bélair): Accordingly the order is discharged, the bill withdrawn and the subject matter thereof referred to the Standing Committee on Health.

(Order discharged and bill withdrawn)

The Acting Speaker (Mr. Bélair): Do I have unanimous consent to call it 6:30 p.m.?

Some hon. members: Agreed.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[*English*]

FIREARMS PROGRAM

Mr. Garry Breitkreuz (Yorkton—Melville, CPC): Mr. Speaker, on Monday, February 9, 2004, we asked the Prime Minister why he did not let MPs have a free vote on future reductions to expenditures in the firearms program.

The Prime Minister let the government House leader and Minister responsible for Democratic Reform respond for him. Unfortunately, the Minister responsible for Democratic Reform did not answer the question, so that is why I am back here tonight.

The Minister responsible for Democratic Reform said, and I quote, “The firearms registry must continue to exist”.

The minister's response has nothing to do with a free vote on expenditures to the firearms program. I did not ask the Prime Minister for a free vote to scrap the registry, just one on future expenditures for the program.

Why did the Minister responsible for Democratic Reform duck the question? Are free votes only an option for Liberals when it does not threaten a slush fund or one of their prized billion dollar boondoggles?

My question was also consistent with promises made by the Prime Minister in the throne speech, one of which I now will quote:

This will include significantly more free votes, so that Members can represent the views of their constituents as they see fit.

Last November, a JMCK poll showed support for the gun registry at an all time low of 37.7%. For the first time, support for the registry was below 50% in all provinces. Support for the gun registry was lowest in Alberta, with 15% support. Atlantic Canada had 31% support. Saskatchewan and Manitoba had 33%. British Columbia had 38%, Ontario had 41%, and Quebec had 46% support. In February, an Ipsos-Reid poll produced similar results, with only 43% of Canadians supporting the registry. This newest poll showed support for the elimination of the federal gun registry as highest in British Columbia at 64%, with Saskatchewan and Manitoba also at 64%, Atlantic Canada at 61%, and among Albertans, 57%, Quebecers, 48%, and Ontarians, 45%.

With so much public dissatisfaction with the program, it is understandable why the Prime Minister will not let his backbench MPs represent the wishes of their constituents, yet that is what the new Prime Minister, hauling around 10 years' worth of Mr. Chrétien's battered baggage, promised Canadians. Now he is breaking the promise before the election has even been held.

It is also very odd that the government is so at odds with the views of its own parliamentary secretary for democratic reform, the hon. member for Sarnia—Lambton, who was telling his constituents in January to expect the Prime Minister to allow a free vote when a request for more funding was presented to Parliament in March. His letter stated, and I quote:

Under the reforms being instituted by [the Prime Minister], it may be very well that the firearms program will die of 'financial malnutrition', that is, no money.

Now the hon. member has to go back, unfortunately, and tell his constituents that no matter what they think, no matter what the majority of Canadians think, the Prime Minister's so-called democratic reforms are dead.

Instead of allowing Liberal MPs to vote freely on the wishes of their constituents on highly contentious issues and programs, the Prime Minister is breaking faith with his backbench MPs and the majority of their constituents who elected them to office. How can these voters ever trust the Prime Minister or their Liberal MPs to keep their promises?

Rather than allowing a free vote on future funding for the gun registry, a program that is already \$20 million over budget on last year's estimates, the Prime Minister says his review of the firearms program will “remove irritants”. Let me tell the Prime Minister that there are no irritants for criminals in the Firearms Act.

While two million government-licensed firearms owners are required to report their changes of address within 30 days or face up to two years in jail, there are 131,000 convicted criminals who have been prohibited from owning firearms by the courts and who do not have to report to anybody. Why? Because all the bad guys are protected by the Privacy Act. Why? Because the bad guys were left out of the Firearms Act.

No wonder so many Canadians want to get rid of this farce of a firearms program. No wonder the Prime Minister does not want to allow a free vote.

Adjournment Debate

• (1820)

Hon. Roger Gallaway (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I thank the hon. member for Yorkton—Melville for asking this question. He knows that the two of us are in agreement with respect to the efficacy of the national firearms program.

His question was posed on February 9 and posed in the framework of a free vote on the national firearms program. It is a very important question because it strikes at the heart of what the role of the House of Commons is in approving funds. What are the estimates? What is the deliberative role of the House?

The role of the House of Commons in approving funds is the most basic and ancient right of this chamber. It is a right that came to us in section 18 of the British North America Act. It is that bundle of powers in section 18 that came to us from section 9 of the British Bill of Rights and was included in our Constitution. It is the right of the House of Commons and not the other place to approve funds required by the government.

Second, what are the estimates? The estimates are in a sense the request of departments and ministers for money for operations of departments, of programs and in certain aspects crown corporations. It is the duty of the House of Commons first, through its committees, and second, in this chamber, to examine those requests. The House and its committees have the right to recommend and enforce reductions. We cannot give increases. We can only give reductions to the estimates.

Finally, what is the deliberative role of the House? The deliberative role of the House is collective. Individual members have the right to represent and they also have the right to deliberate in the sense of hearing evidence before them. Do they think or believe that a particular line item in the estimates is necessary and appropriate? Do they want to support it?

The question asked by my friend opposite was about a free vote. I am not quite certain any more what a free vote means in this place. A free vote is a more contemporary term. I would suggest that every vote is a free vote, save and except those that are confidence votes.

I would suggest also that the question asked by the member opposite and in his response is a little premature. He is attacking the Prime Minister for saying that this would not be a free vote when in fact we have not arrived at the estimates process.

As I understand it, there were no supplementary estimates requests for the national firearms program, but they are in the main estimates.

Committees will have to deal with that at some point soon. We will see what happens at that point. To suggest that the Prime Minister is not honouring his stated intention of allowing the House to exercise its deliberative role is, at this point, premature.

I am not in disagreement with the efficacy of the national firearms program, as the member has characterized it. He and I are in agreement. However, I am not conceding that the Prime Minister has said that this is a confidence matter.

• (1825)

Mr. Garry Breitkreuz: Mr. Speaker, this is the first time in 10 years that I have ever received an answer that was not written by a bureaucrat behind the scenes and then read by a parliamentary secretary. I compliment the member for that. I appreciate the answer he has given. It is too bad we do not have more time because we need more decent debate in the House.

I am also very happy that he acknowledged that the efficacy of the firearms system is not in question at this point. I have studied this thing for eight or nine years now, and I know it is not improving public safety and not helping us. That is why I would like to see a free vote on the funding for this thing because Canadians want to get rid of it. The best and quickest way to get rid of it is to make it dry up by reducing its funding.

I have to read between the lines in his answer, but I hope there is somewhat of a commitment that we will have more free votes on this because that is what Canadians want.

Hon. Roger Gallaway: Mr. Speaker, I want to say to my friend opposite that I would note, as he did, that on December 5, 2002, in regard to the \$72 million item request from the Department of Justice for the funding of the firearms program—whether it was withdrawn or lost does not matter—clearly on December 5 a reduction of \$72 million was not a confidence matter at that time, and it is really difficult to make the argument that today, tomorrow or next week it would be.

The Acting Speaker (Mr. Bélair): Given that the hon. member for Sackville—Musquodoboit Valley—Eastern Shore is not present to raise the matter for which adjournment notice had been given, the notice is deemed to be withdrawn.

[*Translation*]

The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 6:27 p.m.)

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