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Monday, May 15, 2006

—
Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Monday, May 15, 2006

The House met at 11 a.m.

Prayers

GOVERNMENT ORDERS

•(1100)

[English]

BUDGET IMPLEMENTATION ACT, 2006

The House resumed from May 12 consideration of the motion that Bill C-13, An Act to implement certain provisions of the budget tabled in Parliament on May 2, 2006, be read the second time and referred to a committee, and of the motion that this question be now put.

The Speaker: When the bill was last before the House the hon. member for Edmonton—Sherwood Park had the floor and he had three minutes remaining in the time allotted for his remarks. I therefore call on the hon. member for Edmonton—Sherwood Park.

Mr. Ken Epp (Edmonton—Sherwood Park, CPC): Mr. Speaker, it is a privilege to begin the debate this week in this exciting new Parliament with a new government that has a forward looking vision for the country and not a backward looking one like the Liberals of the past.

I might also mention in passing that I may hold the record for the longest interrupted speech. I do not remember which Parliament it was or the exact dates but I recall being in the middle of a speech when the end of the day came and my speech was resumed just a few days less than a year later. I began that speech by saying, “When I was interrupted, this is what I was saying”.

I do not think I will have time to review everything I was saying last Friday but I was talking about families and the fact that the government has a vision and recognition that parents make the best choices for their children. I put forward the proposition that the best caregivers in the world are the mothers and fathers of children, which is what we are promoting with our budget and policies.

I had the privilege this past weekend of attending several functions but the one that touched my heart the most was a bicycle and run fundraiser for people with cerebral palsy. This touched my heart because it reminded me so much of my sister who had cerebral palsy and spent her whole life without ever being able to speak. She was totally dependent and lived for 55 years. She passed away six

year ago. It was a wonderful privilege to be with these people who are raising money to look after family needs.

This budget has exactly the same vision. We need to do a better job than the Liberals have ever done in providing for families who have these special needs. I do not think people who have not experienced it have any idea of either the mental or emotional pressures or the financial pressures on families that have members with disabilities and need total care.

In this budget I am very pleased that the Minister of Finance and the Prime Minister had the foresight and wisdom to increase the maximum annual child disability benefit from \$2,044 to \$2,300 effective July 1. That is one of many good things in this bill. I urge all members in the House, whether they are for the government or against it is irrelevant as long as they want good things, to support the budget implementation bill.

•(1105)

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I share the member's enthusiasm for family but why is it the government decided to eliminate the young child supplement under the Canada child tax benefit program of \$249 right out of their pockets? Why is it the childhood allowance that is being provided is a taxable benefit that will not translate into dollars in the pockets of low income Canadians relative to high income Canadians according to the Caledon Institute? In terms of families generally, why is it the government increased the income tax from 15% to 15.5% on the first tax bracket, which will impact low income Canadians?

Those are three examples in the budget of how low income and modest income Canadian families will be worse off. Why is it the government does not have any compassion for low and modest income Canadian families?

Mr. Ken Epp: Mr. Speaker, it is just the opposite. It is finally a compassionate Conservative government that is addressing the issues facing families.

The member said that these benefits are taxable and that there will be less in it. Many families do not pay income tax because they are living in poverty. The GST reduction benefits them because with what little money they have they will have less GST to pay.

The benefit of the new \$100 child allowance is taxable but that is reasonable. If people are making enough money that they are in a high tax bracket, then that should be taxable income. Why should certain people not have to pay taxes on it? We have increased the threshold so the total tax bill will be less, notwithstanding what the member said.

Government Orders

The benefits and the tax rates that we get in this package actually result in less taxes being paid by every individual and every Canadian family in the country. The member across the way has his numbers wrong. The fact is that most people who will benefit from this will pay less taxes in total than they would have under the Liberal plan.

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, that was a nice try at a defence but it is just not true.

Wealthy people who have a spouse making no income can have that money and it will not be deducted. Therefore it inordinately affects poor people. Poor people who do not have income are getting other benefits that are then clawed back. As the member remembers, the Caledon Institute cited that a poor person could get as little as \$200 of the \$1,200, which is 55¢ a day and covers day care for 14 minutes.

The Liberals provided so much out of the national child benefit to support parents staying at home. The Conservatives are saying to Canadians that for 14 minutes a day, 55¢, they can quit their job and stay at home.

Perhaps poorer people will get a little more money in total but the fact that the government would increase the income tax level for poor people and not do that for others, the fact that it would remove the child tested income supplement as part of the national child benefit that affects poor people and the fact that this is discriminatory, that corporations and people who do not need the break get much more of a break than other people, is really unconscionable.

• (1110)

Mr. Ken Epp: Mr. Speaker, the fact is that by increasing the thresholds all Canadian families will be paying less income tax.

Under our plan there will be some 600,000 Canadian families off the tax rolls entirely, while the Liberals kept ripping them off. Even though they lived in poverty by the government's own definition, the Liberal government was still taxing them and charging them income tax. Under our plan, over 600,000 Canadian families will be off the tax rolls and that is a real benefit.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, this morning I am pleased to speak on the subject of Bill C-13, the bill to implement certain provisions—those concerning taxes—in the budget tabled by the Minister of Finance nearly two weeks ago.

In light of this bill, part of this budget is positive, but the Bloc Québécois considers part of it to be very negative. As we have said, eliminating the fiscal imbalance is, of course, not part of the bill to implement fiscal measures. Rather, it is a commitment on the part of the government—a commitment that seemed firm two weeks ago—to settle this issue by the next budget in spring 2007 at the latest.

When a friend or an acquaintance promises you something and puts it in writing, it is difficult for you to say you do not believe him. Spoken words may fade away, but written words remain. You have to give him the benefit of the doubt.

The fiscal imbalance is Quebec's top priority. Reaching comprehensive, definitive, short-term solutions to this issue was one of the

things we demanded from the new government. That is why we supported the budget. Otherwise, we would have been inclined to vote against it because the other measures it puts forward do not coincide with Quebeckers' top priorities and issues.

As for the fiscal imbalance, the Prime Minister's disappointing statements this weekend cast some doubt. We hope that this is only temporary and that the Prime Minister and the Conservative Party will pull themselves together and speak more firmly about eliminating the fiscal imbalance.

On the weekend, the Prime Minister said that the provinces had not agreed among themselves, thus complicating the debate and making it harder to reach a solution. This is the first thing he said on the weekend. I remind him, simply, that there was no consensus because of one province, Ontario. That day, the representatives of Ontario left the meeting of the Council of the Federation whining that Ontario was not getting any benefit from its membership in the Canadian federation and that there had been a considerable shortfall every year. As Ontario does not receive equalization payments, it was shortchanged by the group statement, which concentrated on the reform of equalization payments.

I remind Premier McGuinty—I think everyone knows it—that, if there is one province that benefits from federal economics, it is Ontario. Year after year, it generates incredible trade surpluses, because Quebec, the Maritimes, the West and British Columbia buy goods and services from Ontario much more often than Ontario buys them elsewhere in Canada. Federal economics is very profitable for Ontario. It is not a poor province. It is rich thanks to its trade relations with Quebec and the provinces of Canada. So Mr. McGuinty can stop whining that Ontario is losing while the other provinces get special treatment. It is totally wrong. I hope the Prime Minister will put Ontario in its place when the day comes to propose a definitive solution to the fiscal imbalance.

In addition, the Ottawa area and the involvement of Ontarians in the public service and contracts awarded by Public Works and Government Services warrant an examination. There are more research centres on the Ontario side than on the Quebec side. Mr. McGuinty is bellyaching without cause. He has no reason to complain about Ontario being given poor treatment. Ontario wins on all counts through its membership in this system.

If Ontario continues to whine like this, the Prime Minister will have to be firm and come up with a solution that will be accepted by all Canadian provinces, including Quebec, to correct the fiscal imbalance.

The surprising thing about the Prime Minister's speech this weekend was that he was setting the scene by suggesting that the federal government has much less of a surplus than in previous years.

• (1115)

In that context, Quebec and the provinces would not want appear too greedy in their demands.

Government Orders

I would simply like to remind the Prime Minister that we are following him closely and we will stay hot on his heels until he finds a comprehensive solution to the fiscal imbalance. Such a solution will involve reform of federal transfer payments in the areas of post-secondary education, health, welfare and so on. They will be transformed into transfers of tax fields that are much more predictable and stable, and much more likely to deliver stable tax resources to Quebec and the provinces so that they may meet their core mandates.

Second, correcting the fiscal imbalance must be based on equalization reform. In calculating the per capita equalization payment for Quebec, the reform should ensure that the base is the average of the 10 provinces; that is, the tax capacity of the 10 provinces to collect income tax from their citizens and not the average of only 5 of the 10 provinces. If this is to be representative of our entire country's wealth, in order to determine whether equalization payments should go to any province, we need a true average, not an average that has been miscalculated for the past 25 years, based on only 5 provinces.

Parameters such as property tax must also be changed. Something is wrong here. For 15 years, Quebec has been fighting against Statistics Canada's calculation method, which makes for muddled, incredibly complicated assessments worthy of the cleverest economists I have ever known. Yet it is easy to determine the actual property value of a province or Quebec using the real figures. This approach shortchanges Quebec in particular and gives an unrealistic picture of each province's land wealth. Reform is needed.

We must be guided by these two parameters as we reform the tax system involving the federal government, Quebec and the provinces, in order to correct the fiscal imbalance.

Once again, if the Prime Minister tries to backtrack, he will hear from us. He has claimed since he was elected that he always honours his commitments, but this is the most important commitment of all.

I am also referring to a major disappointment directly connected to the budget: the payment of \$1,200 for every child under six.

My colleague from Trois-Rivières worked very hard to try to persuade the government, and I did the same with the Minister of Finance. We would have liked the \$1,200 to be converted into a refundable tax credit, simply because the government would not be interfering in the jurisdictions of the Government of Quebec and the provinces with a direct transfer that impinges on the prerogative of Quebec, in particular, with regard to family policy, and because families would not have to pay tax on the \$1,200.

The government opted for the suggestion to pay \$1,200 in cash, \$100 a month, for every child under six. It exempted the national child benefit from the cuts in family benefits. But the national child care supplement, which helps the most disadvantaged families, will be abolished starting next year.

I was rather struck by the speeches of my Conservative colleagues, the Prime Minister, even the Minister of Human Resources and Social Development, who stated that their principal clientele consists of families with a stay at home parent. When we examine the specifics of the budget, it is precisely these families who will suffer because of the elimination of the national child care

supplement. The family without day care expenses and by implication the one with a stay at home parent—the family focussed on by the Conservatives—will be losing out on \$486 per year, plus income tax, because of the disappearance of this program next year.

• (1120)

With one hand they are giving and with the other they are taking away. They claim to be helping this type of family, but really it is the main victim of this budget. If this \$1,200 transfer had been a tax credit, three things would have happened.

First, the \$9.6 billion budget for this measure would have been respected, without going outside the fiscal framework. Second, low, middle, and moderately-high income families would have paid practically no tax on the \$1,200 per child. Third, the families targeted by this measure would have benefited from it. Now we are in the situation where richer households are the main beneficiaries. This is not acceptable. They cannot say one thing and do another. This is a major disappointment.

The Bloc Québécois has a message for families with regard to the \$1,200: put aside a few hundred dollars because, next spring, there will be a nasty surprise when they fill out their income tax forms. At that point, after having spent the \$1,200 per child, they will realize that they have to pay tax on that amount.

With regard to social housing, the Bloc would have preferred the government to be more generous. Clearly, the \$800 million taken from the 2005 and 2006 surplus is a good start. Not a penny had been invested in social housing by the government since 1993. So \$800 million is better than nothing. However there are billions of dollars—nearly \$4 billion, I believe—going to waste at the Canada Mortgage and Housing Corporation. That money could be used to develop social housing. In any case, the Bloc has not waited for the government. My colleague from Quebec City, who has to compensate for the inertia and incompetence of the new members for the Quebec City region—in particular, Conservative members—will be tabling a bill which would put the CMHC surplus to use to build social housing.

Let us now speak of employment insurance. We were expecting at least some awareness of this issue on the part of the Conservative government. We know that it is not part of its core philosophy, but it seems to me that we have been fighting for employment insurance reform for quite a long time. When the Conservatives were in opposition, we even fought certain battles together. Sixty percent of the clientele, a figure which is rising where women and young people are concerned, has been excluded from the EI program since the previous government decided in 1996 to put the axe to it, tighten the eligibility criteria and set up a totally brutal program which strips the dignity from people already suffering from the scourge of unemployment. There is nothing on employment insurance.

Government Orders

The Bloc and the government have been discussing the POWA for three weeks. I myself have been in conversation with the Minister of Finance in particular. The aim was to persuade this government to reintroduce the program for older worker adjustment as it existed in 1997. This is urgent. In his budget speech, the Minister of Finance made a commitment to consider this program. It must not just land on his plate and stay ignored for years. He made a commitment to doing a feasibility study. As we see it, the purpose of a feasibility study is to estimate the annual costs of this program, to ascertain whether those costs could explode in more and more spending, year after year. This cost study must be done quickly.

In 1997, when the POWA was abolished, it was costing Canada \$17 million per year. That money was used to rescue households composed of persons aged 55 and over who were victims of mass layoffs. Had this program been in place this year, its projected costs have been estimated at around \$100 million for Canada as a whole. That is a generous estimate. In fact, the amount could be some \$75 million or \$80 million more than \$100 million. That is not expensive, and it could help to prevent tragedies, especially in single-industry regions or regions that rely on virtually one industry, where there is only one principal employer.

●(1125)

Because of emerging countries and globalization, there are massive layoffs. It is obvious that companies have to re-organize, become more competitive, and prepare to face these new emerging countries and international competition. The victims of this, though, are often older workers.

Last week, a citizen from Acton Vale wrote to me about this. An Airbus employee, she had worked for 28 years for the same company. However, because of the need to upgrade and become more competitive, the company had to reduce its workforce, quicken the pace, and ensure that employees produced more than before, one and a half times more.

These people have given 28, 35 or 40 years of their lives to a company where the work is tough, like companies that manufacture textiles, clothing and footwear—military footwear in particular. They have devoted all those years to a company. They are tired out and on the verge of retirement at 55 years of age or more. They cannot find another job very easily because they have always done the same work—and their spouses have always done the same for the same company. So they find themselves in difficult situations. These people, who worked all those years, exhaust their meagre employment insurance benefits and are then forced to liquidate all their assets to survive the period between 55 and 65 years of age, when they can retire.

As a result, they lose all their dignity. After having contributed to corporate profits and to the development and growth of their regions, they find themselves terribly squeezed at 55 years of age. They are told they are on their own and no one shows any appreciation for them.

In my view, we should show more gratitude and compassion for them than we do now. I cannot believe that there is no way to find \$100 million in a budget of \$198 billion to help these older workers victimized by mass layoffs.

In the manufacturing sector, we expected to see an assistance plan to improve competitiveness and help these companies along. The sectors that are considered weakened, like furniture, clothing, textiles and softwood lumber, need a little help in view of all that has happened over the last few years. But there is nothing for them in the budget. That is a big disappointment for us.

The same is true for the Kyoto protocol. Canada is currently losing all credibility when it comes to dealing with greenhouse gas emissions. In economic terms we have always referred to the Kyoto protocol as a *minimum minimorum* accord. *Minimorum* is the smallest minimum on a curve. The budget needed to go much further in order to ensure that future generations are not penalized for the way we have destroyed the environment in the past.

This is an urgent problem around the globe. Mr. Suzuki, among others, keeps saying so. We have to implement measures that go further than the Kyoto protocol. We currently have a government that thinks that the challenge of achieving this *minimum minimorum* is too great.

There is another irritant. I will not have enough time to go over it all. Let us talk about the Canadian Securities Commission. For 15 years now they have been harping on about the Canadian Securities Commission, which, as hon. members know, comes under the jurisdiction of Quebec and the provinces. The federal government needs to keep its nose out of it. The Canadian Securities Commission would only promote Toronto and Bay Street. In fact, it is the only province that has been completely stuck on this idea for about 13 years now.

I could have mentioned culture, which is also a great disappointment. My colleague, the hon. member for Saint-Lambert, said enough about it. We expected \$150 million, but got \$50 million for two years.

If it were not for the firm commitment on the fiscal imbalance, we would have gladly voted against this budget. For the rest, we hope the government will understand and not go back on its plan for the fiscal imbalance, that it will implement measures on employment insurance, and set up POWA quickly, including the special EI pilot project, which will end on June 30.

●(1130)

Mr. Steven Blaney (Lévis—Bellechasse, CPC): Mr. Speaker, my question is for my colleague from Saint-Hyacinthe—Bagot.

I listened carefully to his speech. His words were refreshing—he talked about a positive budget and a good start.

I believe this to be an accurate description of the past 13 weeks, unlike the past 13 years of Liberal powerlessness, inertia and incompetence with a Bloc opposition.

However, he left out one thing, and I would like to know his opinion about it. With respect to the fiscal imbalance, we know that our government took immediate measures: the \$670 million that will soon be paid out to eliminate the fiscal imbalance, the 6% increase in transfer payments for health, and equalization.

What about equalization? How does my colleague think that equalization can be used to develop and improve the prosperity of Quebec and the rest of the country?

Government Orders

Mr. Yvan Loubier: Mr. Speaker, I thank my colleague from Lévis—Bellechasse for his question.

I would just like to rectify one thing. I did not say that it was a very positive budget, but that it was a budget that included a commitment in a fundamental area for Quebec. I also added that we were keeping a close watch on the government. We are worried about the fact that, on the weekend, the Prime Minister backed down from his resolve to fix the fiscal imbalance. If I were in his shoes, I would not get too cocky or too arrogant, the way some of his colleagues have done. He did not do so this morning, but I wish to warn him. Our support for the government actually depends on this commitment.

Equalization, as far as Quebec and the other Canadian provinces that benefit from it are concerned, is the only program entrenched in the Constitution. This means that public services of equivalent quality can be offered from east to west in Canada. It is in the Constitution. On the other hand, in order to measure the ability of the provinces and Quebec to offer these uniform, equivalent services from east to west in Canada, there has to be a true measurement of the various governments' capacity to collect taxes from their citizens.

At present, however, the equalization formula presents several problems, given that it is not meeting this objective. First of all, a Canada-wide average is calculated, which determines whether or not a province or Quebec is entitled to a per capita equalization payment. Currently, this average is calculated on the basis of five provinces. Why not take the 10 provinces into account? If we want to know the true fiscal capacity, the 10 provinces have to be weighed and each one's fiscal capacity assessed in relation to this Canada-wide average established on the basis of the 10 provinces and even the two territories.

Furthermore, some parameters do not work. Unbelievable intellectual somersaults are performed to measure property tax, for example, when—it is easy to check—property tax is real in every municipality.

This is the sort of correction that has to be made to equalization.

I would simply like to remind my colleague of one last thing. The positive measures contained in the budget are acceptable as far as short-term transfers are concerned, for such things as post-secondary education. The amounts provided fall far too short of the mark, however, to correct the fiscal imbalance as the Prime Minister has undertaken to do. We are talking about \$10 billion to \$12 billion a year for all of Canada. Equalization that allocates \$285 million more falls short of the mark.

• (1135)

[*English*]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member spent some time talking about the \$1,200 child tax allowance. He suggested, as did the Caledon Institute, that the allowance was skewed in terms of the value of the benefit to wealthier Canadians than to average Canadians.

As a solution the member suggested that consideration might be given to including it as a refundable tax credit. I would like to ask him about this. With refundable tax credits, yes, the money would

flow even if there was no income. The money would get there, but the recipients would have to wait until they filed a tax return and actually received the refund cheque or a reduced payment made when filing their taxes.

Maybe it would be better to make it part of the Canada child tax benefit program which is a non-taxable amount which is paid monthly and is streamed more to low and modest income Canadians. In fact, higher income Canadians would not even qualify for it. I wonder if the member would care to comment on the possibility of including it in the Canada child tax benefit.

[*Translation*]

Mr. Yvan Loubier: Mr. Speaker, I thank the hon. member for his question.

In fact, the refundable tax credit would have been preferable to a cash transfer. However, I disagree with his statement that families should have had to wait until the end of the year, when they prepare their tax return.

I will give a good example. The government can determine family income levels when the time comes—and even in advance—to provide tax credits, GST credits, for example. Those credits are paid quarterly. The same principle could be applied with the refundable tax credit.

I heard the Prime Minister or the Minister of Finance say that the Bloc Québécois does not want Canadians to receive a cheque with a flag on it.

They are aware of it, they started the propaganda with the Canadian flag all over the place, and more than once. But that is not the point. There could have been a refundable tax credit, payable by cheque with a Canadian flag or two—if they want 10, they could put 10 on—or even on a whole flag, but quarterly like the tax credit for the GST. That would be no problem.

The benefit would have been twofold: the jurisdictions of the provinces and Quebec would have been respected and the amounts would have been totally tax free. This is not currently the case.

As I was saying, the families not paying for child care, in which one parent stays home—the folks the Conservatives are targeting—will be the big losers. They will get \$486 less a year if they have two dependent children under six and were getting the national child tax benefit. This is what is incongruous in the Conservative approach.

Ms. Denise Savoie (Victoria, NDP): Mr. Speaker, I thank my colleague opposite for his remarks.

This weekend, I spoke with families in my riding who said they were coming out behind with this change to the national child benefit supplement and this \$1,200. This budget does nothing to help those families, not just in terms of child care, but also in terms of housing. Of course there is the \$800 million that comes from last year's NDP budget, which had already been approved, but no more, even though we know that the Canada Mortgage and Housing Corporation is making billions of dollars in profits.

This budget is also silent on the Kyoto protocol. We know that Canada is going to lose its credibility in that respect. This budget is a step backward in numerous areas.

Government Orders

My question to my colleague is this. Given that the Bloc supports a number of values that are important to me and to a lot of Canadians and Quebecers, why and how could it have supported a budget like this, which is truly a step backward? I find that hard to understand.

• (1140)

Mr. Yvan Loubier : Mr. Speaker, I know that my colleague shares our analysis from a social point of view, particularly with respect to helping the most disadvantaged families. I have just stated our point of view: we would have preferred to see this \$1,200 payment in a different form.

However, there are two things I would like to say. Last year, we voted against the \$800 million in the NDP budget because with that bill, the NDP got conned as if they were schoolchildren. There was no firm commitment from the government. It even said that there had to be a \$2 billion surplus at the end of the year, and it also said: unless the government had other priorities.

The New Democrats were conned. They were patting themselves on the back about Bill C-48, when they had achieved absolutely nothing.

Second, when a friend or a colleague makes a commitment and makes a firm promise to carry out the projects that are dearest to our hearts, do we come down on them when that firm commitment has been given? We wait to see whether the commitment is honoured. That is our fundamental reason. Perhaps there are those who behave differently in society, but we are civilized people.

Hon. Maxime Bernier (Minister of Industry, CPC): Mr. Speaker, I take the floor today as the member for Beauce and as Minister of Industry to discuss the importance of the budget for my constituents and for all Canadians. I will be sharing my time with the hon. member for Wetaskiwin. My great thanks to him for expressing his point of view.

Last February 6, the Prime Minister formed a new government, a government that has a clear mandate to meet the important challenges facing all Canadians. The budget has given shape to many of our commitments, and we will continue to keep our word.

The first decision of this government has been to move quickly to enhance accountability to Canadians and ensure that government operations are more transparent. The federal accountability action plan, released last April 11, presents a wide range of reforms which were necessary after 13 long years of Liberal regime.

We promised to cut back the GST. The budget provides for a one-percent reduction of the GST as of July 1. We also promised to introduce the universal child care plan in Canada. As of July 1, Canadian families will receive \$100 per month, or \$1,200 per year, for each child under age six, to pay for child care expenses. In addition, there are concrete measures to improve health care and combat crime in Canada.

The hon. finance minister has tabled a budget which fulfils the commitments made in the last election campaign. Like the great majority of Canadians, I am very pleased to support this budget today. I would like the opposition to give the budget its support as well. In addition to respecting our priorities, this budget contains more tax reductions than the last four federal Liberal budgets combined.

Allow me now to speak of the budget measures which more particularly concern the department I head, the Department of Industry. First of all, the budget establishes a much more transparent planning framework, as it has a realistic two-year planning horizon, instead of the five years used by the former government.

Furthermore, it puts the government's finances in order by providing for control over increases in the rate of spending. Our expenditures will target concrete, tangible results. Taxpayers' money will be spent under strict guidelines, thereby helping us find ways to save.

For years, the previous government generated surpluses at the expense of taxpayers. It then looked for ways to use those surpluses and its tax revenues by interfering in provincial fields of jurisdiction.

This government, however, recognizes that this money belongs to Canadian and Quebec taxpayers, including the people of Beauce, and that it should be given back to taxpayers. Sound financial management also means that we must pay for costs from the past. Thus, the government intends to reduce the federal debt by \$3 billion a year. Yes, you heard correctly, \$3 billion each year. Our goal is to reduce Canada's debt-GDP ratio to 25% by 2013, which is one year earlier than planned.

The federal government's communication of financial information will also be improved, in order to give Canadians the transparency they expect from us, their elected members.

Let us take a moment now to talk about productivity and competitiveness, two terms that are very important to me as Minister of Industry. Tax rates have a considerable impact on the productivity and competitiveness of businesses in Canada, Quebec and the Beauce region. My background is in business and I know that every entrepreneur will have their own suggestions for dealing with the economic factors that affect their business. However, I can assure you that all entrepreneurs in my riding and throughout Canada agree on one thing: the importance of reducing the tax burden and the importance of reducing taxes. The 2006 budget does just that.

The new Conservative government's budget facilitates the competitiveness and productivity of Canadian businesses by leaving more money in the hands of entrepreneurs so that they can properly manage their business.

• (1145)

They know better what is good for their businesses than we do here in Ottawa. That is why we are cutting taxes so that they can reinvest this money and create jobs.

Canadian businesses are applauding our decision to cut back the corporate tax rate, which will fall from 21% to 19% by 2010. These businesses are also applauding our decision to eliminate the corporate surtax by January 1, 2008.

Some of these tax changes particularly affect small and medium-size businesses, which drive the economy in the regions and create jobs everywhere in Canada.

Government Orders

After years of half-measures and programs developed by the previous government that never kept its promises, and after listening to concerns of small and medium-size businesses about tax rates, our new Conservative government took action. It took action in this budget. First, we are going to raise the maximum revenue threshold for eligibility for the small and medium-size business tax rate from \$300,000 to \$400,000 by next January. Better yet, we are going to cut the tax rate for small and medium-size businesses to 11.5% by January 2008 and then cut it again to 11% by 2009. These tax cuts will enable businesses to create jobs and be more competitive on the international scene.

Our new government knows as well that the innovative companies which help our economy grow must sometimes work for years—sometimes many long years—before they are able to penetrate international markets. These companies will benefit from our decision to allow non-capital losses and investment tax credits to be carried over for up to 20 years. This includes the scientific research and experimental development tax credit, which is one of our government's most important measures to support innovation.

Another important aspect of the budget is the support our government provides for research and development in Canada. This budget provides \$100 million a year in additional funding for this area, which is crucial for the Canadian economy.

This new funding includes an additional \$400 million a year for the three large granting agencies that support much of the research done in Canada. The Canadian Institutes of Health Research and the Natural Sciences and Engineering Research Council will each receive an additional \$17 million a year, and the Social Sciences and Humanities Research Council will receive an additional \$6 million.

Beyond these commitments, our government has selected two other approaches to meet the needs of our research institutions. First of all, we are increasing the funding paid to universities to defray indirect research costs. The budget dedicated to indirect research costs will rise from \$260 million to \$300 million a year. Second, the government is undertaking to build a dynamic research community by contributing \$20 million to the Canadian Foundation for Innovation's Leaders Opportunity Fund for 2006-07 and 2007-08.

I am very happy to talk today and let the House know about an important commitment in our budget, namely fiscal balance. There is another reason why I am pleased to support this budget: our new government understands the importance of restoring the fiscal balance in Canada. Unlike the former government, our government's budget contains a clear and precise road map for getting there.

Our government has been working hard since the first day and is fulfilling its commitments. We have already accomplished much for Canada in a short time. The 2006 budget shows that we are determined to get even more results for Canadians. This is why I am asking all the members in the House to support the budget.

• (1150)

[*English*]

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, the member mentioned some good points, but I would ask him to refrain from silly rhetoric such as saying that the previous government did not keep its promises. We cut taxes by \$100 billion in the biggest tax cut

in history. The member is insulting his own party's tax cut of \$20 billion if he goes down that road.

What I would appreciate the member confirming as the industry expert is what the Canadian tax rate is compared to the American tax rate. In the past, Conservative members have suggested that Canada was worse off. If we look at the chart on page 32 of the budget plan, we see that it suggests that with no changes or with the changes to this budget, in both cases, Canadian taxes and Canadian taxes for manufacturers would be lower than United States taxes, both under the previous regime and, even better, under this regime.

Would the member confirm that under the previous regime and also under his own tax plan Canadian corporations would have a lower corporate tax rate than the Americans?

[*Translation*]

Hon. Maxime Bernier: Mr. Speaker, our latest budget contains tax cuts of \$20 billion over two years. As I said earlier, it is very important for the competitiveness of the Canadian economy. If we make a comparison with the U.S. and the rest of the countries in the world, we realize that Canada is in a very competitive situation where corporate tax rates are concerned. This is a very important fact. As you know, capital is mobile in Canada; it goes where performance is the best. By having the lowest tax rates, rates that are competitive with the Americans, we are able to attract foreign and Canadian money that can be invested and that can create wealth in Canada. The tax cuts proposed in the budget will thus enable Canadians to keep an appreciable and substantial advantage over the U.S.

Regarding corporate tax rates, the reductions will also end up making our corporate tax system more competitive overall and not just on tax rates, which will enable our Canadian companies to increase their productivity.

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Mr. Speaker, I have three simple questions for the minister on this budget.

First, since he seems to be quite familiar with figures in this budget, I would like to know what in terms of equalization will be the amount per capita that will be allocated to Quebec compared to the maritime provinces. It would be interesting to see whether the additional amount will correct the existing imbalance.

As far as the fiscal imbalance in general is concerned, this government promised to resolve it. I would like the minister to tell us how much we are talking about, how much it should cost—without going into details about the final negotiated sum. What can we expect from this government? We have already seen the Prime Minister go back on this issue over the weekend and that concerns us.

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My last question has to do with the productivity of businesses. This is what I would like to know: for businesses that are currently having great difficulty, the manufacturing sector in particular where there are companies that are not making profits or paying taxes—what is in this budget to help them?

• (1155)

Hon. Maxime Bernier: Mr. Speaker, to answer my colleague's first question on the advantages to Quebec in this budget with respect to equalization, the new budget ensures that Quebec will get \$185 million more than it did last November, if we look at the state of public finances at the time. If we compare this to the previous budget of the former Liberal government, Quebec will receive \$741 million more. This is quite advantageous.

As far as the fiscal imbalance is concerned, we are turning over a new leaf to resolve it. It should be noted that in our budget, the budget of the new government, in 2005-06, there is an \$8 billion surplus, but we also have non-allocated surpluses. In an effort to be transparent, we are thereby showing all Canadians that the surpluses that were not allocated in our budget can be allocated to resolve the fiscal imbalance, resolve problems of productivity, problems the environment might cause, problems in several sectors. These non-allocated surpluses represent \$600 million for this year and \$1.4 billion for next year. This bodes well for the negotiations to resolve the fiscal imbalance.

[English]

Hon. Larry Bagnell: Mr. Speaker, I rise on a point of order. I want to apologize. In my last intervention I quoted the wrong page. It was page 75.

The Acting Speaker (Mr. Royal Galipeau): The Chair thanks the hon. member.

Resuming debate, the hon. member for Wetaskiwin.

Mr. Blaine Calkins (Wetaskiwin, CPC): Mr. Speaker, it is an honour to be speaking on the government's budget implementation bill. I am pleased to have an opportunity to speak to Bill C-13, which will implement the provisions of the new government's budget that was passed in the House last week.

I want to begin by congratulating the Prime Minister and the Minister of Finance. I want to thank them for keeping their promises made to Canadians during the election campaign. This is one of the first steps in restoring accountability to our system.

Canadians are tired of being courted by politicians trolling for votes, only to be left in the lurch once the ballots have been counted. It is time to rebuild the relationship between voters and the government, and that rebuilding process began on January 23.

The Prime Minister has set out five achievable priorities and he has taken action on them. This budget puts the mechanisms in place to achieve those goals and one of the key elements of this budget is tax relief.

There are 29 different tax cuts that will deliver \$20 billion in tax relief over the next two years. There is more tax relief in this first Conservative budget than in the last four federal Liberal budgets combined. To top it off, there is \$2 in tax relief for every \$1 in new

program spending. That is a ratio that puts people over programs and it is a ratio that Canadians can feel good about.

For 13 years, Liberal budgets let Canadians down. Year after year, Liberal budgets featured little more than empty promises and wasteful spending. Canadians have been working harder and longer, and saving less, just to pay for Liberal scandals and boondoggles. Who could forget the sponsorship program, or the extravagant and ineffective long gun registry, or where the HRDC money went?

What did Canadians get for all their long hours of hard work from successive Liberal governments? They got to pay too much in taxes for too little in return and watch their tax dollars go to programs deemed wasteful and unnecessary. Finally, families are going to get a tax break, and this is near and dear to my heart. Families were promised help and the Conservative government has delivered.

This new government will increase the amount that all Canadians can earn without paying federal income tax. This budget reduces the lowest personal income tax rate from 16% to 15.5% effective July 1. On average, families will pay less personal income tax in 2006 than proposed by the Liberals in 2005.

This government believes that it is time to give back the hard-earned money that Canadians sent to the government and it is time to give that money back to Canadians. How are we going to do that?

First, there is the universal child care strategy, a key campaign promise and a throne speech priority. When it comes into effect on July 1, it will provide families with children under the age of six with \$100 per month per child.

We are introducing a tax cut to promote physical fitness among children, effective January 1, 2007. This credit will provide up to \$500 in fees for physical activity programs for each eligible child under the age of 16.

Aboriginal women, children and families will benefit from the \$450 million aimed at improving education and socio-economic conditions, as well as water supplies and housing issues on reserves.

Low income Canadians, those whose incomes are too low to pay any income tax, deserve tax relief too, something our predecessors clearly did not believe in. All Canadians will benefit from the reduction in the GST, whether they are purchasing big ticket items like a new car or a new home, or if they are just purchasing everyday essentials.

Workers will benefit from the new \$1,000 Canada employment credit starting July 1. This new tax credit gives Canadians a break on what it costs to go to work, recognizing that people incur expenses while they are going to work for such things as home computers, uniforms and supplies. This government has focused its spending on key federal priorities with programs that will get results and provide value to taxpayers for their money.

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However, more than any other group in Canada, farmers have long borne the brunt of the Liberal lack of foresight on developing effective programs. Farming is part of our heritage. It is certainly part of my heritage and that of the majority of constituents in Wetaskiwin. For far too long, agriculture has been overlooked by Liberal governments. We promised help for farmers. We have delivered help for farmers, farm families and farming communities.

This government recognizes not only the importance of agriculture but the difficulties facing farmers today. To support Canadian farming communities, the government is providing \$1.5 billion this year alone. This includes \$500 million for farmer support, plus a one time investment of \$1 billion to assist farmers in the transition to more effective programming for farm income stabilization and disaster relief.

• (1200)

Agriculture has received more money in this budget than any government has ever given to the sector in one budget before. Falling prices and trade disputes are causing farmers and producers real financial hardship. Current insurance and income support programs are not coming close to meeting the needs.

Canadian farmers need our support now more than ever. That is why one of the government's first actions was to accelerate disbursement of \$755 million in payments under the grains and oilseeds payment program. That is why the government is taking action to restore and sustain a strong, vibrant farm sector that will provide farmers with the income they need to stay in business.

Our government commits \$2 billion in funding over two years, \$1.5 billion of which will be allocated in the budget. We are delivering on the promises we made in the election campaign for farmers, families and all Canadians.

This year Canada Day will be better than ever, thanks to the tax breaks the government is implementing, effective July 1, 2006. We can look forward to a cut in the GST from 7% to 6%; implementation of the universal child care benefit, which gives \$1,200 per year to families for each child under six; an increase in the child disability benefit from \$2,044 to \$2,300; the creation of the Canada employment credit, \$1,000 tax credit for computers, uniforms and supplies; reduction of the lowest tax rate by 0.5%, from 16% to 15.5%; and implementation of the tax credit for the purchase of monthly transit passes. That is not bad for just 100 days.

It will be a happy birthday for all Canadians and I urge all members in the House to support Bill C-13.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I thank the hon. member for listing the budget items. I want to focus on one and it has to do with health care, which has always been the number one priority of Canadians.

The Conservative election platform did talk about health care from the standpoint of wait time guarantees. The member will know that it really involves the Government of Canada providing additional financial support, so that Canadians can be transported to other provinces or, indeed, even to the U.S. for medically necessary health care, which is subject to the wait time guarantee.

The member congratulated the Prime Minister and the finance minister for keeping their promises, but he will recall that not only was the wait time guarantee in the platform but it was also one of the five priorities. Yet in the budget, there was not one penny of new health care funding for wait time guarantees.

There is additional moneys going to the provinces for health with regard to the \$42.5 billion accord that was signed, but as was confirmed by the Minister of Health on Sunday on TV's *Question Period*, there is no new money in the budget, and he feels that there is sufficient moneys within the accord.

Will the member withdraw the congratulations to the finance minister and the Prime Minister because not only did they not deliver, they broke one of the most important promises they made to Canadians?

• (1205)

Mr. Blaine Calkins: Mr. Speaker, I will not withdraw my congratulations to the Prime Minister or the finance minister. As a matter of fact, I will recongratulate the Prime Minister and the finance minister for providing us with one of the best budgets that I can remember in recent history.

There is \$5.5 billion allocated for wait time reductions across the board in the budget. There is \$52 million for the cancer initiative and there is \$1 billion in new funding for pandemic research. There is a lot of money already there.

In my home province of Alberta right now, and I am very proud to be from Alberta, it is taking new initiatives and investing the money to find ways to make the system more efficient and more effective. Everybody understands that health care is very expensive and it is a very near and dear issue to most people. Canadians want health care when they need it.

There is nothing worse than sitting on a waiting list, knowing we have some ailment, knowing that we cannot move because a hip or a knee needs to be replaced, or waiting for cancer treatment. We have to get people the help they need when they need it. That is why I am very pleased that one of our top five priorities is to establish those wait time guarantees, working in consultation with the provinces, and ensuring we have the funding to deliver on that guarantee.

[*Translation*]

Ms. Denise Savoie (Victoria, NDP): Mr. Speaker, I also deplore the fact that many previous governments did not keep their election promises. In this regard, I have a question regarding post-secondary education. Last week, the Minister of Human Resources claimed that the Canada social transfer included, and I quote from *Hansard*:

—\$16 billion for education—

However, only \$8.5 billion are available for this transfer. These funds are for social assistance and a number of other programs, not just post-secondary education. It seems, once again, that we will have to make a leap of faith and that the government has not kept its promise in this matter. During the election campaign, the Conservatives also made a very clear promise concerning a fund exclusively for post-secondary education.

In the interest of transparency, will my colleague elaborate on the figures before this House?

*Government Orders**[English]*

Mr. Blaine Calkins: Mr. Speaker, this is a matter that deals with a social transfer. It is a massive block of money that is sent from the federal government to the provincial government, so it can choose how it wants to allocate that money in the province. The member is absolutely correct. It can go to education and other programs. That is the old way of doing business, which is to have one government passing money on to another level of government with strings attached and have governments squabble and quibble over the money.

I am proud and very happy about this budget as somebody who received a post-secondary education for eight years and had to apply for loans the whole time. As a former faculty member at a post-secondary institution in my home province, post-secondary education has been very important to me. I never got any money back or a tax credit for \$10,000 worth of books that I bought, but finally, this government is putting money back in the hands of those students. I had money given to me for bursaries that was clawed back in income tax. We are addressing—

• (1210)

The Acting Speaker (Mr. Royal Galipeau): The hon. Minister of Industry is rising on a point of order.

[Translation]

Hon. Maxime Bernier: Mr. Speaker, I simply wish to point out that in my speech I said that the amount of \$400 million was allocated to three granting agencies for research and development. The actual figure is \$40 million per year.

[English]

Mr. Gary Merasty (Desnethé—Missinippi—Churchill River, Lib.): Mr. Speaker, I will be splitting my time with the member for Ottawa—Vanier.

To begin with, I must provide some context so members of the House can begin to understand how the Conservative government's budget is failing the people of Saskatchewan.

First, the population of Saskatchewan is approximately one million. Second, approximately 200,000 of the total population are aboriginal people, first nations on and off reserve and Métis. That is approximately 20% of the total population. Dr. Eric Howe, a University of Saskatchewan professor, and others have stated that by 2040 approximately 50% of Saskatchewan's population will be aboriginal. The aboriginal population is booming.

What is more, in the short and medium term the percentage of aboriginal people poised to enter the labour force will increase much more dramatically. Labour force planning in the next five to ten years will be absolutely critical, with aboriginal youth being a key ingredient in the planning.

The future of Saskatchewan's economy is dependent on all levels of government working together to invest in the booming aboriginal population to ensure the successful transition into the labour force in Saskatchewan. All of Saskatchewan is watching and wanting to work together to ensure the future viability of that great province.

The Saskatchewan legislature, aboriginal leaders and people, and Saskatchewan businesses are upset at the federal government's lack

of vision and depth of understanding regarding Saskatchewan's needs.

Let us look a little deeper into how Saskatchewan has been left out. I will begin with child care.

Last week over 100 protesters showed up at the office of the Minister of National Revenue in Saskatoon calling upon the government to respect and build child care spaces. There are 168,000 children under the age of 12 in Saskatchewan, 110,000 working moms and only 8,000 spaces. The lowest income earners have the least amount of choice when it comes to working. They often have no choice but to work and are the most in need for child care spaces.

Saskatchewan's average income is about \$35,000 per year. The \$1,200 per child under age six payment is taxable. The income tax hike affects the lowest income earners the most. The lowest income earners will lose their child tax benefit. When we put all of this together, the net impact is that the most vulnerable low income and hard-working families will only get 55¢ a day.

Let us look a little deeper yet. The government is proposing to utilize a tax credit system to build child care spaces. Questions immediately arise about this proposal. Which big businesses will build these spaces in Saskatchewan? With most businesses in Saskatchewan employing less than 10 people, how can they build spaces? How will spaces be built in inner city neighbourhoods? How will spaces be built in rural Saskatchewan? How will the tax credit system work on reserve? The answer is it will not.

Switching gears to the tax situation, the disappointment with the Conservative plan is also felt in the business community. At an annual meeting of the Saskatchewan Chamber of Commerce in North Battleford, the chair of the Canadian Chamber of Commerce, Russel Marcoux, CEO of Saskatoon's Yanke Group of Companies, said that income tax cuts are one of the best ways to improve the standard of living for Canadians. However, the Conservatives have taken the exact opposite approach. They threw more of Canada's poorest on to the tax rolls by lowering the basic personal exemption and hiked up taxes for workers earning up to \$36,000 from 15% to 15.5%. Remember that the average full time income in Saskatchewan is \$35,000. These tax hikes directly hit the Saskatchewan people like they had a big target on their backs.

Moreover, most of the government's tax measures require money to be spent on certain things and not others. For example, it offers a tax credit for sports, but what about parents who cannot afford equipment or fees to participate? What about kids interested in the arts and music, kids who want to paint, play a guitar or a piano? What about kids who want to celebrate their culture by participating in powwows or Ukrainian dancing? Are those parents and children less deserving? Why can we not build community, recreational and cultural facilities?

Moreover, why do all these tax measures require money to be spent? Why can people not just have more of their own money in their pockets?

• (1215)

Switching gears to forestry, it is also no secret that Saskatchewan will be hurt by the softwood agreement. The province has stated that Saskatchewan could lose up to 50% of our export market and is disappointed that the government gave up \$15 million owed to the Saskatchewan forestry industry by the Americans. Not only that but the government will tax heavily the Saskatchewan forestry companies that get their refunds on the money that was illegally held by the Americans in the first place.

What is worse is that the government is not offering any help to this struggling industry. It has allotted \$400 million for pine beetles, which is a serious concern, but has left Saskatchewan out in the cold, even while mills in Big River and Prince Albert are shutting down and the mill in Meadow Lake is struggling. Even worse is that the government may have cut \$300,000 from research grants for the Saskatchewan Forest Centre in Prince Albert resulting in research and innovation being lost at an incredibly vulnerable time for this industry.

The lack of concern that this budget and the government show for Saskatchewan's forestry industry, communities and workers is the worst thing to happen at the worst possible time.

Switching to agriculture, it is now apparent that the government will not offer any direct immediate assistance for farmers. We have seen the massive protests but still farmers are being offered nothing this spring. This happens at a terrible time. Severe flooding in Saskatchewan's northeast grain belt is keeping farmers off the fields, or they are getting stuck in them. Farmers across Saskatchewan need help to pay creditors and high input costs, costs like high fuel prices, to which the Prime Minister has only said, "Get used to it".

What is even more mystifying is that the government has really no details on a strategy going forward for agriculture. I hear the environment minister talking about how her hands are tied in moving forward in accomplishing anything and about needing to take planes, trains and automobiles off the road and a made in Canada solution. I will give her a hint. If 35% of gasoline in Canada contained 10% ethanol, greenhouse gas emissions could be reduced by 1.8 million tonnes, which is the equivalent of removing more than 400,000 vehicles from the road.

Building a real biofuel strategy would be a great move forward. It would provide a real solution that would be made in Canada, right in Saskatchewan's towns, giving value added opportunities for a high quality product from our producers in Saskatchewan.

Switching gears again to aboriginal issues, rooted within the aboriginal communities is great disappointment with the government. Aboriginal leaders and premiers have slammed the government for killing the Kelowna accord, an accord which provided \$5.3 billion for various initiatives on and off reserve.

The late Harold Cardinal, who wrote the book *The Unjust Society*, talked about how hard aboriginal Canadians worked to get the attention of the government over the years. He stated:

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"Well, boys, what you have to say is good and you must be commended for the intelligence you have shown through your extremely good presentation"...but we know your problems and what should be done, and we're certain that you will be pleased with our carefully considered decisions".

Kelowna was the joint intelligence that all parties came up with. The government has thrown that away with its "we know what is good for you" attitude. This is very problematic to the aboriginal people. A real credibility gap has emerged where aboriginal people are very wary of the government's intentions.

By killing the accord, all of Saskatchewan is hurt by the loss of opportunity. A targeted investment in first nations Métis on and off reserve education and post-secondary skills training would have created new opportunities for an emerging youthful Saskatchewan labour force, keeping in mind the context I opened with.

Economic development funding would have leveraged millions in business activities. Aboriginal businesses are one of the fastest growing tax bases in Saskatchewan, with exceptionally high rates of returns on strategic business investments. Housing would have pumped millions into the industry and provided more training opportunities.

The budget also completely excludes the Métis people and leaves out survivors of the Ile-à-la-Crosse boarding school despite campaign commitments from the Prime Minister and the previous member of Parliament in my riding.

As I stated earlier, Saskatchewan people have worked hard to re-establish the province as a place full of promise, optimism and pride. All residents of Saskatchewan realize that by betraying the Kelowna accord and ignoring forestry, agriculture, child care and higher education and by raising taxes, our work as proud Saskatchewan people is made even tougher. The government cannot ignore us in Saskatchewan. The budget falls far short of what Saskatchewan people need.

• (1220)

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Mr. Speaker, I listened to the comments put forward by my colleague in his presentation. I respect his understanding for the aboriginal issues and the work he has done to date. I would like him to take a moment to speak to the on ground issues regarding the actions or inactions of the government through the budget in not investing in aboriginal issues, in not supporting the Kelowna accord. We could talk in broad terms about the immense amount of dollars that have been taken from that file, but how do the actions of the government impact on people on the ground and aboriginal people across this country?

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Mr. Gary Merasty: Mr. Speaker, an investment in aboriginal people is an investment from which residents in Saskatchewan and all of Canada could benefit. Success in that demographic means success for all. It is absolutely critical at least in the Saskatchewan context and by extension across the country that there be investment in post-secondary education. It is key.

A small study which was done in Saskatchewan determined that approximately 585 young people needed to be trained for transition into the workforce just to get to a 50% employment rate in northern Saskatchewan. That speaks volumes to the need for investment, an investment that begins in early childhood. Early childhood learning opportunities are absolutely essential to framing the future success of individual youth. Education is the key to addressing many other issues.

Mr. Dave Batters (Palliser, CPC): Mr. Speaker, I listened intently to the comments by the member for Desnethé—Missinippi—Churchill River. Being a member from Saskatchewan, I felt the need to address some of his comments.

It seems odd to talk about concern for first nations people when that member is a member of the party which held government not long ago. In the waning months of the last government, a terrible tragedy unfolded at Kashechewan in Ontario. The then minister of Indian affairs went to Kashechewan and saw what was unfolding. There was E. coli in the water. He came back to Ottawa and apparently eight weeks passed without the then minister doing anything whatsoever about the problem. I remember in the last Parliament that many of my colleagues and I were in utter disbelief that one could see such a tragedy but come back and do absolutely nothing.

Could the member reflect upon what he thought about the Kashechewan tragedy? The current government has provided \$450 million for improving the water supply and housing on reserve and I could go on. I would like to hear the member's comments on Kashechewan and that tragedy.

The choice in child care allowance is of real benefit to people in remote communities, in rural Saskatchewan, but definitely in northern communities which the member represents. It is not like we are going to have a lot of child care spaces at the YWCA in La Ronge. Does the member recognize that under the Liberal plan there would have been no spaces created, but under the Conservative government's plan we are going to see choice in child care?

• (1225)

Mr. Gary Merasty: Mr. Speaker, I do not think it is odd at all to talk about aboriginal issues. They are very critical to be addressed at any point in time in the life of this and future Parliaments.

Child care is something that we are extremely concerned about, but let me back up a bit. The current government has not promised \$450 million for water. It has talked about \$150 million this year, and \$300 million next year for housing and for education, which we do not know anything about yet because there is no plan.

What we see is a government that has no plan on child care for aboriginals, that is building more jails, that has made no education investment and no health investment. It is an atrocity to see no

government response to the TB outbreak in Garden Hill, for example.

[*Translation*]

Hon. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, I am pleased to speak today to Bill C-13, the budget implementation act.

I am going to tell my colleagues about a number of flaws in this bill. We have been talking about this for several days now. We talked about it during the debate on the budget itself and we will debate it today and for the rest of the time the budget implementation act is debated. It concerns various subjects, for example agriculture, the environment, post-secondary education for aboriginal people, which we have just heard about in this House, housing for homeless people and the arts. I have talked about these quite often. There is huge disappointment, when it comes to the arts, as compared to what was proposed. We were expecting that this government would honour its own commitments and the commitments made by the previous government.

There is also the child care issue. As members will recall I have spoken in the past of the problems that the government's decision to cancel all the agreements that the previous government made with all the provinces will cause for the official language communities. The scheme proposed in the budget is not going to ensure that quality child care centres are created for the minority communities of Canada.

I mention all that before taking another direction. That is, a more philosophical approach that a country should take in a budget. I will try to move to a more macro level, a more national level, with regard to the direction a budget takes. I will begin by looking at the early 1970s.

Members will recall that in the early 1970s, Canada started to run up deficits and accumulate debt, both during that period and up to the early 1980s. In 1983, before the change in government, it had accumulated a debt of about \$198 billion.

The new government of Mr. Mulroney was in power from 1984 to 1993. I will talk about the debt. I will not talk about the annual deficit. During all those years, annual deficits continued to be accumulated, year after year. By late 1993, we had reached an accumulated debt of nearly \$500 billion: \$498 billion. Then we started to get worried, quite rightly. The government led by Mr. Chrétien, with the member for LaSalle—Émard who was the Minister of Finance at that time, tackled that question.

For 30 years, Canada essentially had a fiscal imbalance, running up a debt year after year. After three years of major effort—it was a very difficult time, and everyone had to tighten their belts—we managed to eliminate the annual deficit in 1997-98.

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After 30 years, we had finally achieved a balanced budget, although it was a fragile one. At that point, as a nation, we had an opportunity to try to redirect public funds and balance revenues and expenses. Any country naturally has to encourage some spending on social programs, the environment, defence and other programs.

The government balanced revenues and expenses, in order to manage the debt. This is always difficult. We were able to start paying down the debt, something many of us had long dreamed of doing. Canadians who have a mortgage dream of reducing it and eventually paying it off. Alberta succeeded in paying off its debt under Premier Ralph Klein. And we have to say that getting rid of its debt has been good for that province. It eliminated not only its deficits, but also its debt.

After 1997-98, the government struck a balance between paying down the debt using the surplus and reducing taxes using government revenues. The government knew that Canadians wanted a gradual reduction in tax rates and increased spending in certain essential areas such as health, post-secondary education and research. That is the direction it took.

•(1230)

The current government seems to be deviating from this course, and may even have abandoned it entirely. I find this a bit worrisome.

According to the government's proposal, they will reduce the debt by a maximum of \$3 billion per year, except for this year, because the budget surplus is about \$8 billion. Starting next year, they will reduce the debt by only \$3 billion per year.

If I may, I would like to tell a little story. I am honoured and pleased to be a grandfather. My granddaughter was born the year Canada stopped accumulating debt, that is, the year we balanced the budget and stopped running a deficit.

Since then, the Government of Canada has paid back \$60 billion of its debt. If I understand correctly, we will pay back another \$8 billion this year. All told, we will have paid back \$68 billion of our debt since she was born.

However, at \$3 billion per year, she will have to live to be more than 150 before her country becomes debt-free.

I believe it is not right that we who have benefited from this enormous debt all our lives should bequeath it to our children and grandchildren. We must deal with our debt more aggressively.

All in all, I find that the government's decision to reduce the debt by only \$3 billion per year could one day place us in a very unstable situation. That is why I am urging the government to reconsider.

[*English*]

The situation Canada is enjoying now, vis-à-vis our neighbours to the south, is quite telling in terms of the way we have managed to successfully reduce our debt burden. According to the graph provided to us by the government in the budget, between 1995 and 2005 only two countries in the G-7 have actually decreased the debt burden as a percentage of their GDP, Canada and the U.S. They are the two best performing countries right now.

However, over the last two years, in particular, Canada reduced its debt, not by a lot, but last year by \$1.6 billion and the year before

substantially more. This year we reduced it by \$8 billion. Whereas in the United States, which are the numbers presented to us in the budget, the debt last year increased in the neighbourhood of \$500 billion or 4% of GDP. If we do not account for the social security numbers, this year it is in the neighbourhood of \$600 billion or 4.6% of GDP.

In comparison to Canada's situation, the United States' fiscal situation is deteriorating and at some point that will come home to roost in the United States. What the Americans do then may seriously affect us and our standard of living. In anticipation of the day that the United States of America cannot carry on accumulating debt at the rate it is doing, we had better prepare ourselves by continuing to reduce our own debt at a faster clip than what is proposed in the current budget.

That is in essence the approach that I would encourage the government to seriously consider. To let the debt remain as it is and only pay off \$3 billion would lead to a very interesting situation, which the Minister of Finance confirmed in his projections that, for the first time in a long time, our debt service and costs will increase. They were \$34.1 billion last year. They are projected to be \$33.7 billion this year but they will go back up next year to \$34.8 billion.

This is the impact that the non-reduction of our debt at a faster clip engenders. This is where we are making a collective mistake in that while we can afford to reduce our debt at a faster clip we should. Instead of taking the \$4 billion buffer that we have and reducing it to \$3 billion, we should go back to a \$4 billion or even a \$5 billion annual increment so we can reduce the debt and be more responsible toward our future generations.

•(1235)

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Mr. Speaker, a great deal of my colleague's presentation was focused on the responsibility taken by the previous government in paying down debt. One aspect of debt repayment that stands out in my mind was when the previous government honoured the offshore accords and issued upfront payments to both the province of Newfoundland and Labrador and to my home province of Nova Scotia for offshore royalties.

Approximately \$800 million was put forward to the province of Nova Scotia and it very wisely applied the money to its debt. Prior to that, the province of Nova Scotia had the worst per capita debt in all of Canada. Paying down the provincial debt has had a significant impact. The issuance of that cheque to the province of Nova Scotia and its application on the debt has loosened up approximately \$40 million annually that may be used for roads, hospitals and education.

Government Orders

What would the \$68 billion that has been applied to the debt over the years equate to in a free balance on the budget each year? Where should Canadians have expected that amount of money to have been invested?

Hon. Mauril Bélanger: Mr. Speaker, the \$68 billion that was paid back saved the Canadian taxpayer and, I would imagine, the Crown, somewhere between \$3 billion and \$4.5 billion annually.

The \$8 billion projected that would be paid off in the fiscal year that ended at the end of March 2006 should generate, if a 5% rate of return is taken, about \$400 billion in savings on servicing our debt as early as next year. That is the virtuous circle that our party has managed to create in this country in paying off debt, as opposed to the vicious cycle we were in where debt was accumulating faster than the government could handle it.

My colleague opposite should be very careful when he shouts things out because he comes from a government in Ontario that did exactly opposite of what should have been done. Instead, it reduced revenues and increased debt, which we will now have to pay for the rest of our lives.

I was trying to avoid partisanship in saying that the country has a responsibility for the next generation. Whether it be a Conservative government or a Liberal government, we have a responsibility toward our children and our grandchildren. I am saying that we have to be careful in taking a direction of not reducing our debt as fast as we can in a balanced approach. I am saying that the government is veering away from the approach that we had and which the country adopted of paying off debt, reducing taxes and at the same time increasing spending toward more reduction of taxes and more spending and less paying off debt.

We had a tripod balance there that worked. We had best be careful because if we do not reduce debt, the next time we have a recession it may hit us very hard and then we would be back into the vicious cycle of scenarios that we had for about 30 years until 1997-98.

• (1240)

[*Translation*]

Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ): Mr. Speaker, I would like to hear what my Liberal colleague has to say about the fact that there is nothing in the budget for employment insurance.

Can my colleague say what amendments he would like to see made regarding employment insurance?

We are well aware that in various regions of Quebec, and particularly in the region I represent, this is an extremely important issue. I would like to hear him on this subject, and hear what he is asking for.

Hon. Mauril Bélanger: Mr. Speaker, I will be pleased to sit down with my colleague and discuss this.

My remarks today essentially relate to the entire question of an overall balance in terms of what relationship there may be between a government's revenue and expenditures and management of the debt for the future and the direction that a country should take when it comes to tax policy.

I am perfectly aware that some places in Canada need more assistance than others when it comes to the employment situation and seasonal jobs. I entirely agree that our programs should accommodate the needs of every region of Canada to the extent possible.

[*English*]

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, I am delighted to have this opportunity to speak about our new government's first budget. I will be splitting my time with the hon. member for Brandon—Souris.

Public life is about reflecting the essence of the objective, economic and daily realities in the lives of our fellow citizens, the way we work, the way we live, the way we care for those we love and the way we strive for better lives and a better Canada.

[*Translation*]

Our government's first budget is guided by these realities and by important principles. Those principles are clear and specific.

[*English*]

First, government has no absolute right to more and more of the hard-earned money of working Canadians. When government is too large, taxes are too high and surpluses are endemic.

Second, there is only one taxpayer who carries the provincial, federal and municipal load, not three separate taxpayers unrelated to each other.

Third, government must be respectful of the dollars it spends. Taxpayers expect and demand that spending be focused, transparent and accountable. We must ensure Canadians receive good value for the money they send and the money we spend. Our budget honours these principles.

[*Translation*]

Our budget reduces the tax burden on individual Canadians by \$20 billion, more than the last four federal budgets put together.

• (1245)

[*English*]

The budget delivers more than twice as much tax relief as new spending. For every new tax dollar we spend, our government is returning \$2 to hard-working Canadians through initiatives such as the 1% GST tax reduction, the new Canada employment credit, a permanent reduction in the lowest income tax rate as of July 1 and increases in the basic tax exemption for all Canadians.

These tax cuts are broad, are evenly directed and help millions of Canadians from coast to coast. The budget delivers tax relief people can see, tax relief that makes a difference, tax relief on which Canadians can count.

[*Translation*]

Our tax relief plan will exempt 655,000 low-income Canadians from federal income tax.

Government Orders

[English]

All of this is within our government's ironclad commitment to balance the federal budget. We are doing all of this while investing more in health care, child care, defence and national security, policing, safe communities and protected borders and more for farmers across Canada who deserve and merit transitional support during these challenging and unbalanced global commodity pricing periods. We can do all this because we will reduce waste, redundancy, overlap and unchecked growth in the federal government's spending.

I will speak about spending for a moment. Over the past five years, total program spending has grown by an average of 8.2% annually. In one year, 2004-05, growth in spending increased by 14.4% under the previous government. These are simply not sustainable or desirable levels of growth in spending. Our budget brings that down to 5.4% for this year and 4.1% for next year.

[Translation]

Our government is taking a targeted approach, and is determined.

[English]

We are reining in spending and looking inward to ensure that we as a government have our own house in order. We will review all programs and departments to ensure compliance with a few basic principles: first, that government programs are focused on results and value for money; second, that programs are consistent with federal responsibilities; and third, that when programs no longer serve the purpose for which they were created, they are ended. We will identify \$1 billion in savings over this year and next and report by the fall.

[Translation]

Our government will be transparent and open with Canadians concerning the country's public finances.

[English]

The days of surprise surpluses are over. The tax system does not exist to fund large federal surpluses that give licence to spend the people's hard-earned money as if it belonged to the Government of Canada. Government works for the people, not the other way around.

The budget our government delivered on May 2 embraces that kind of relationship between a government and the taxpayers to whom the government is accountable. This is a budget that demonstrates strong support for Canadians and their families. The budget provides Canadian families with children under six a \$1,200 a year universal child care benefit so they can make their own choices on child care. It helps apprentices in the trades. It encourages young Canadians to participate in physical fitness and sports programs. It helps students with university education deductions. It reduces the tax burden on small business.

It is on the farm, in the classroom, on the factory floor, in research labs, small businesses on construction sites, community centres and church basements of all denominations where Canadians move the country forward every day. That is where we should be removing the burdens of excess taxation and encouraging independence, initiative

and hard work because they are at the very core of what drives and enriches Canadian lives.

Government should help in areas that cannot be faced alone by hard-working Canadians in those areas where a framework of equality and opportunity surely reflects our values as caring citizens, neighbours and human beings, very much in the Canadian tradition, in education and health care, in securing safe communities and public health and supporting persons with disabilities, in defence and in removing the capital gains tax from donations to cultural, social and health charities. The government has a role to play and we have embraced that role in the new budget.

As the finance minister and minister responsible for the Greater Toronto Area, I am honoured to be part of a new government that embraces the kind of shift from the old paradigm of Ottawa overspending and Ottawa knowing best. Instead, we are focussing now on priorities that produce results for people in their daily lives. Infrastructure is for example.

[Translation]

Our budget provides more than \$16 billion over the next four years for infrastructure.

[English]

This is a long term investment that will mean better roads, more efficient borders and modern public transit through increased capital funding and tax incentives for transit riders. The ultimate goal of these investments is to get people and goods moving in order to keep Canada competitive. An essential part of our first budget is about making Canada more competitive and more productive. In fact, there are 23 specific initiatives in the budget designed to move us forward on this front.

Productivity and competitiveness are about innovation, fair and reasonable tax rates, education, research and development and enhanced workplace productivity. We are embracing a new beginning, a beginning where the taxpayer is respected as opposed to being overburdened, a beginning where the federal, provincial and territorial governments can work together, like we did on softwood lumber, to restore a fiscal balance to the federation and a beginning where we support families, reward initiative and foster productivity in all regions of Canada.

With the budget, we have turned a new leaf. We have turned a new leaf away from excessive taxation and wasteful federal spending. We have turned a new leaf away from condescension to the provinces and feigned and unnecessary hostility toward our greatest ally and trading partner to the south. We have turned a new leaf away from government that puts being big ahead of every other value or attribute.

Government Orders

Our government is focussed, deliberate and fiscally responsible. Our government is managing a few priorities at a time. We will not over-promise and we will not overspend. Our government knows its place and respects its core accountability to the taxpayers of Canada. We are keeping our promises to Canada. They entrusted us to focus on priorities and deliver results.

• (1250)

Hon. John McCallum (Markham—Unionville, Lib.): Mr. Speaker, my questions for the minister are about the basic honesty, or lack thereof, of the budget and about benefits being distributed evenly.

It appears to me that this is really a meanspirited budget, which plays to the Conservative base. Far from eschewing the principle of Ottawa knows best, this is a social engineering Ottawa knows best budget, which rewards those who play sports, but not those who play music. It takes money from aboriginal people. His own official confirmed the other day at committee that the budget liberates on the order of \$5 billion not now going to aboriginals, the least privileged group in the country. It takes money from lower income Canadians by raising only the tax rate applied to lower incomes. It threatens to cut off the homeless, which is not surprising coming from the finance minister who wished to jail the homeless.

First, when he says the budget is even-handed, why is it that at every turn it is the least privileged Canadians who are cut, the ones who are gouged, simply because they are not likely to vote Conservative?

My second question has to do with honesty. His own budget document confirms a hike in the lowest income tax rate. A few days ago his own officials at committee confirmed that. Everybody knows that. Why can the minister not simply come clean and acknowledge, notwithstanding any other possible virtues of the budget, the basic fact that the low income personal tax rate will go up and not down?

The other thing he should acknowledge is the fact that, if we do the math, the tax relief since 1997, when the Liberals balanced the books until the new government took office, amounted to \$16 billion per year. His budget has \$6 billion of tax relief per year. Not only has the income tax rate gone up rather than down, but over the years of balanced budgets, our government provided a whole lot more tax relief to Canadians than did this budget.

Hon. Jim Flaherty: Mr. Speaker, the member opposite knows no compunction. What nerve for the member opposite to say that the Liberal budget reduced taxes more than this budget. If we add the last four Liberal budgets together, plus the fall update, it does not amount to the tax cuts broadly given to Canadians in this budget. What total nonsense from the finance critic. What more nonsense when he implies that lower income Canadians will pay more income tax.

Six hundred and fifty-five thousand of the lowest income earning Canadians not only will pay less federal income tax, they will pay no federal income tax. They have been removed from the rolls all together. The net results on income tax, with all the measures we have taken, is that every income group in Canada will pay less income tax. The member opposite must know that, if he has read the budget. That is the reality and the truth. That is the effect on the lives of Canadians.

The member opposite, in his first question, mentioned civil discourse. Let us have civil discourse on the facts. All Canadians will pay less income tax. That is the fact. All Canadians will pay less GST. That is the fact. The tax reductions are almost \$20 billion. That is the fact.

I know the member opposite does not like it because he is faced with one of the most popular budgets in recent Canadian history. That is because we are responding to the needs of Canadians and keeping our commitments to Canadians, unlike the party opposite did in its 13 years in government.

• (1255)

[*Translation*]

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Mr. Speaker, after hearing the question from my colleague opposite, I listened very carefully to the answer from the Minister of Finance.

I will try to be brief. I am the Bloc Québécois critic for Indian and northern affairs. Our committee adopted and reported a motion to implement the Kelowna accord, which was crucial to the development of the first nations and the aboriginal peoples.

I do not need to have all the figures read to me, but \$400 million was earmarked for far too many things on reserves. I understand that \$300 million is earmarked for off-reserve housing, but does the Minister not think that this \$400 million for use on reserves is inadequate? The government had enough money to increase that figure to over \$500 million, which is the minimum needed, if only—

The Acting Speaker (Mr. Royal Galipeau): I am sorry to interrupt the hon. member for Abitibi—Témiscamingue.

The hon. Minister of Finance has the floor and will have to give a very brief answer.

Hon. Jim Flaherty: Mr. Speaker, I thank the member for his question.

[*English*]

The funding in the budget for aboriginal needs is substantial. There is the off reserve housing funding and the trusts being set up in that regard. They are dependent only on a sufficient surplus of \$2 billion in the last fiscal year, so that money will flow. There is important funding for education and for health needs of aboriginal persons on reserve. The minister responsible, my colleague the hon. Minister of Indian Affairs and Northern Development, is working diligently to create the—

The Acting Speaker (Mr. Royal Galipeau): Order, please. Resuming debate, the hon. member for Cypress Hills—Grasslands.

Mr. David Anderson (Parliamentary Secretary (for the Canadian Wheat Board) to the Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, I am pleased to have this opportunity today to address the budget.

Government Orders

While the Minister of Finance is here, I would like to acknowledge the tremendous work he has done. He has done great work on the budget over the last few months. What is truly amazing about the budget is that the Minister of Finance did it on short notice. Last year, when the former finance minister across the way was doing the preparation for the budget, it seemed like it took months and months, and he was running all over the country. After all that time, he still was not capable of coming up with a budget that was acceptable to Canadians.

In the election we saw the consequences of the previous government actually coming forward with three separate budgets during the last year. Those members did not think one was good enough. Last summer they had to make a separate deal with the party to their right physically in the House, but obviously to their left, and they came up with another budget. In the fall, they had to take another run at it to try to bring forward more proposals acceptable to Canadians. Of course, as we moved into the election campaign, we found out how interested Canadians were in their budget proposals. Because of that, they had to turn the government over to what we think is a much more confident and capable group of people.

I would like to talk a little about the budget today. Obviously there are some highlights of the budget. One that I am being told about at home and that is very important to people is the reduction in the GST. That has caught the imagination of people across my riding. They know it is going to have an impact on every one of them. Every single person in the country will be able to benefit from that. People are excited about it.

My area is an agricultural one. The people there are very excited to see the commitment the government has made toward agriculture. A lot of them have waited for many years for a government that would begin to pay attention to them and listen to them when they talk about the problems they find in their sector.

This government has stepped forward. During the election campaign we came forward with what we thought was a good election platform on agricultural issues. That was not good enough for the finance minister. Instead of giving just \$500 million, as we had promised, in additional aid to the agricultural sector, he tripled it. He brought it up to \$1.5 billion. That brings farm aid this year to levels that have rarely been seen before.

It is an interesting budget, a good budget and an exciting budget. There are a lot of different things about it that Canadians really like.

The budget is definitely a budget of opportunity. It offers comprehensive tax relief for virtually everyone in this country. For individuals there are tax breaks that will be valued at over \$20 billion over the next two years. That is actually more than was contained in the last four budgets combined. Canadians are beginning to become aware of the fact that this government is not like the previous government, which promised and promised and talked ad nauseam about what it would do but never got around to doing it.

One of the most obvious places that happened was in agriculture, where often we would hear the same money being announced up to five different times. The Liberal government would come forward with an announcement that would sound like a big deal. It would re-announce the money a little bit later, some of it going into the same

thing and some being redistributed. It would come back time and again, re-announcing that same money. We are not prepared to do that. We are going to move ahead. We are a government that keeps our promises and moves ahead. We are doing what we said we would do.

As a result of the \$20 billion in tax relief that the Minister of Finance has so graciously brought forward for Canadians, there will be 655,000 low income Canadians removed from the tax rolls altogether.

As I said, the budget delivers twice as much tax relief as it does new spending. It delivers more tax relief than the last four budgets combined. It has 29 separate tax incentives and deductions for Canadians. Whenever I talk to people in my riding about the budget, they tell me they are excited to hear about the fact that virtually all of our deductions have to do with their lives, the things they deal with and their daily issues.

Obviously the goods and services tax is one with which they are familiar. We are committed to reducing that by 1% by July 1, 2006, and then by another percentage point later in the mandate. I have heard some questions about why we did not just cut the GST immediately when the budget was presented.

• (1300)

The main reason is that the business community asked that we wait to allow its members to have the time to adjust their cash registers, accounting systems and those kinds of things to make the change. It has been interesting. The people I have heard from most on this issue have been the car dealers. They think people are actually holding off until after July 1 to buy cars. We might not think this cut is a big deal on a \$30,000 car, but people will save \$300 and they are excited about that. The car dealers are having to figure out whether they will absorb that loss themselves or if they are going to have people put off their purchases until after the change. It has been fun to see people excited about that.

There are many other things that we are doing. The Canada employment credit we are coming forth with is a tax credit of up to \$500 on employment income. People who are forced to spend money on uniforms and those kinds of things are going to be able to get a tax credit for what they are spending.

We are reducing the lowest tax rate to 15.5%. Of course, the Liberal government will claim it was doing that, but it came up with all kinds of promises that it never came through on. This budget confirms that the lowest tax rate will be 15.5% from January—

An hon. member: It was 15%.

Mr. David Anderson: I notice that the members across way do not seem to like to hear the truth. They are a little concerned by it. As usual, when they do not have content, they make up for it with a lot of noise. I guess we are becoming used to that in the House.

Government Orders

It is actually a great treat to be on this side of the House and realize that we are going to be able to implement what we bring forward. We know that the Liberal government had its opportunity. We hear many of the Liberals still making a lot of noise and wanting to continually be after us, but they had their chance. Now Canadians are apparently more than willing to give us the opportunity to come forward with our legislation and our plan.

We are going to increase the basic personal exemption amount. That is something that low income Canadians really appreciate as well.

There are a few other things that I think are really great. During the campaign, one of the things we talked about was apprenticeship programs and what we wanted to do to try to encourage young Canadians to become part of that. I think this is a really good initiative, as I thought it was during the campaign, and we are moving ahead with it. It has a couple of components.

One is a new tax credit of up to \$2,000 for employers who want to hire apprentices. I think that is a great initiative. We are going to set a \$1,000 grant in place for first year and second year apprenticeships. Young people who want to get into apprenticeship programs will have the opportunity to access some of these grants.

We are putting in a \$500 deduction for tradespeople for costs in excess of \$1,000 for the tools they need to acquire as a condition of employment. If I were a young person, this would be exciting for me. I think young people are excited about the fact that they will be able to go into an apprenticeship program and acquire tools and get a tax deduction for doing that. I think this is long overdue as well.

To wrap up, there are many other good things in the budget that help out families, farmers and people who want to get a job. The universal commitment to parents who have children under six is another big issue and a good initiative that we think is necessary. We look forward to moving forward with the budget and enjoying the support of Canadians as we do.

• (1305)

Hon. John McKay (Scarborough—Guildwood, Lib.): Mr. Speaker, the hon. member keeps repeating, as have other members of the Conservative Party, this nonsense about there being more tax cuts in this budget than all previous budgets combined. That is just idiotic nonsense.

I wonder whether the hon. member could tell us, since the year 2000, what has been the cumulative effect of the tax relief afforded in budgets 2000 through to 2005? Does he still, after doing that mathematical addition, maintain his position that this budget in 2006 has more tax relief than all those previous budgets?

Mr. David Anderson: Mr. Speaker, I am only too happy to stick to the issues here. I am not sure that we need to get into the name-calling or into basically saying that people are idiots because they do not agree with the Liberals. We have seen too much of that over the years. They seem to have the attitude that they are somehow entitled to be in a position of power here.

I will talk a bit about my area of southwestern Saskatchewan in a short answer to my friend's question. I am proud to represent the good people of Cypress Hills—Grasslands. After 13 years of Liberal incompetence and the corruption and the things that we have seen,

people in my riding are definitely not in the same shape they were in when the Liberal government took over 13 years ago.

In fact, the farming sector is in an absolute crisis situation, primarily because the previous government had no interest in helping out Canadians in my part of the world. The Liberals were ready to step up to the plate for their special interest groups, but farmers were not one of them. I have a large agricultural riding, and the folks in my area had basically been left alone by the previous government. Now we have to fill in the gaps and try to prop up the industry so it can get back on its feet again. We look forward to doing that.

There are a lot of other things in the budget that are really good. Members should be thanking us for the child care proposal we have put forward. This government will pay every parent in this country with a child under the age of six \$1,200 per year to be put toward the child care they choose. People where I come from tell me this is a good idea. They know full well that the fantasy plan the Liberals came forward with, and which had no results, was not working for them. While the Liberals would spend millions of dollars on their friends and those they liked, the people where I come from, the people in rural communities, were not seeing any money. They were left alone until we came forward with this proposal of \$1,200 per child. People in my part of the world are thankful. They say they are very grateful and are glad that we are in power. They say they look forward to supporting this government in the future.

• (1310)

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, since the mid-1990s when the former government cancelled the national housing program, we are seeing more homeless people on the streets in big cities. There are certainly people living in rural Canada who are having difficulty trying to figure out a place to live. Homelessness affects everyone across Canada.

We did not have an affordable housing program for many years. The Liberal government started a supportive community housing program called SCPI, which created shelters, not housing. It is not clear whether or not money for this program is being renewed in the budget.

I have a specific question for my colleague. Given that the funding for housing in the budget is one time only funding and the SCPI money is no longer in the budget, how would the hon. member deal with the ongoing costs of shelters, of building supportive housing, especially in big urban centres, so that we can keep people from freezing in the streets?

Mr. David Anderson: Unfortunately, Mr. Speaker, we have a growing problem in Saskatchewan. I would say that the primary reason for it is that we have had NDP governments for 50 years in our province. They have diluted our economy and basically put us in the situation where we are having a very tough time being competitive.

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, the Conservative government's budget delivers the least to those who need it the most and the most to those who need it the least, with next to nothing for the rest of us.

Government Orders

This budget delivers little for what Canadians need. It delivers little for working families. It delivers next to nothing for seniors, students, aboriginals, immigrants, children and parents. Even worse, it delivers less than nothing to future generations. It delivers less than nothing to Canada, to our land, sea, air and water. It delivers nothing for our climate and the environment and less than nothing to all of us.

However, where it does deliver, it delivers the most to those who need it the least, to the small percentage of parents who do not need child care, to the wealthy and the higher income levels who do not need a windfall, to corporations that are awash in profits, and to the oil and gas industries that continue to feed pollution.

It is funny. The Conservative Party has always attacked the NDP for our efforts to redistribute health fairly and equitably, to eliminate poverty, to shrink the gap between the rich and the poor, to open up opportunity to create a better and healthier future for all, and to build a better Canada and a better world.

This Conservative government is proving that it wants to redistribute wealth as well. It wants to redistribute wealth but in the wrong direction. It is redistributing the wealth of this nation, created by generations of people from all over the world, to the wealthy. How do members like that?

After taking the word “progressive” out of the Progressive Conservative Party name, this government is now seeking to take “progressive” out of Canada's progressive tax system.

This callous, shallow and gimmicky budget delivers the most to those who need it the least, to the wealthy and highly paid, to big spenders who squander the money on unnecessary luxuries, to the stay-at-home spouses of wealthy Canadians, to rich corporations, and to the profit-laden, constantly-polluting oil and gas industries.

This budget redistributes Canada's health to the wealthy and with it, the wealth and the environmental health of future generations. This government has a very Bush-league mentality with this budget.

What is left for those most in need, who need a bit of our nation's wealth the most? What is left for working families struggling to get by? What is left for students and seniors? What about aboriginals or immigrants?

What is left for all the children in this country who live in poverty? I ask that question today, more than a decade after every member of every party in this House took Ed Broadbent's pledge to make child poverty history. Today, one in six Canadian children live in poverty. Close to half the children of aboriginals and new immigrants live in poverty; the newest Canadians and those who were here before anyone else.

Child poverty exists in this country and yet, this government sees fit to ignore it. This Bush-league budget does nothing to break the cycle of poverty. Instead, this Bush-league budget rips apart programs, such as child care and affordable housing, that could break the cycle of poverty. It helps entrench that cycle by widening the gap between the rich and low income Canadians, by widening the gap between the have and the have nots, making it harder to break those cycles in order to pursue opportunity and create wealth.

This budget raises hopes by promising choice and promising benefits, and then delivers gimmicks and bribes while gutting and ripping apart the social programs and public spending that people need in this country.

Consider working families struggling to make ends meet. This government has ripped away the funding for the new child care programs that we finally got under way after years of Liberal delays.

• (1315)

Those are real programs for real children like the new child care and early learning centre called Kensington Kids in Trinity—Spadina. Kensington Kids is a wonderful centre created by parents who are on the board of directors and the educators at the community school where it is located.

We need more centres like Kensington Kids across Canada to deliver on the quality child care that parents and children need. Instead, by ripping away the funding for next year, the government and the Bush-league budget has slammed the door in the face of Kensington Kids just as it is getting started. Kids will be out in the cold and that is happening all across Canada.

What does this budget offer instead? What would those parents get and what would these kids get? Well, here is the answer. They will get a couple of bucks a day, barely enough for diapers let alone child care. A couple of bucks a day is all that is left from the new allowance that the government used to call choice in child care until New Democrats proved loud and clear it provided no choice in child care.

The allowance was reinvented in the budget as a universal child care plan, but it still has nothing to do with child care and it still does not deliver a full \$1,200 to anyone. It is Bush-league. Working families and single parents who need child care the most and need financial assistance the most, will actually see the least from this bogus program.

Even with the modest improvements the government made after the NDP pressed it relentlessly, and even after the elimination of some of the federal clawbacks, those who need the most will still see the least. The allowance is still taxable even though it could have been delivered through the child tax benefit program. The government still intends to eliminate the \$250 young child supplement that so many working couples and single parents, low and middle income families depended upon. Canadians will only see a net gain of \$950 and that is taxable.

Hardest hit are single parents, so often women, who have been abandoned and are struggling to make ends meet, feed their kids, juggle part time jobs and find reliable child care. They see the least and working couples see very little more. But who sees the most of this so-called universal program? Well, the wealthy, that is who. We are redistributing child care dollars to those who need it the least.

Government Orders

The Caledon Institute did a post-budget assessment and the stay-at-home spouses of the highest income earners stand to see the highest benefits of \$1,071. That is higher than the families on welfare, families which may actually lose other benefits and end up with nothing extra to help them get child care and get off welfare.

The spouses of wealthy Canadians are the new welfare queens and kings, the wealthy Canadians who do not need child care at all, and do not need the extra assistance to ensure the kids have warm boots in the winter and do not go to bed hungry. They are receiving the highest benefits of all out of this Bush-league budget. That is wealth redistribution of the worst possible kind. It is universal all right. A universal con game. We can do better than that.

The Government of Canada should not be punishing parents who need to work for a living. It not should show bias against working women and it should not deliver more to the rich than it does to the poor and the middle class. This is not made in Canada; this is made in U.S.A. That is why it is Bush-league.

Let us consider our seniors. They are the elders of our community, who worked hard, educated their kids, paid their dues, paid their taxes and deserve to live in dignity and respect. They are people like my mother, people like the seniors who drop into the Cecil Street community centre in Trinity—Spadina. They are people who are struggling to stay in their family home and trying to get home care so families are not ripped apart. They are people who have paid for our health system, saw it become the best in the world, and now see it failing them just when they need it the most.

• (1320)

What is in this budget for seniors? Nothing. Those who need it the most are seeing nothing. There is no new assistance or extra income for seniors, nothing for health care, nothing for pharmacare, nothing for home care, nothing for property tax reduction, nothing but pennies a day from the GST reduction. It means pennies a day for most seniors. Very few will save even as much as \$100 a year. It would take \$10,000 of spending over and above rent or property taxes and food to save as much as \$100 a year on the GST reduction. Most seniors will see maybe \$30 or \$40 a year, pennies a day.

In downtown Toronto that will not stretch very far. Seniors see rising heating bills, cost of living and property taxes. With this budget, they will see declining social services, which they need the most and yet they get the least.

Who will get the most from the GST reduction? Let us face it, it is a gimmick. It is a costly gimmick and a government bribe. Once again, it is wealthy Canadians. Those who can afford to spend the most will see the most from this budget. They will have big savings from the GST. A wealthy person can buy a Porsche for \$100,000 and will save \$1,000. This is a good chunk of change. Yet most seniors will see maybe \$50, pennies a day, not enough for a one way subway ride in Toronto.

Think of the aboriginals. The first nations in this country have also been left out in the cold. Once again, they are an afterthought. The NDP managed to negotiate funding in last year's budget, which was a start, but with this Bush-league budget aboriginals are being ignored. There is nothing new and promised child care funding of

\$25 million was ripped away. Aboriginals deserve better and we can do better than that.

Immigrants in this country contribute so much to our economy, culture and quality of life. Yet this budget fidgets with settlement fees but does nothing to reform a system that is cheating our country of the contributions made by immigrants. There is nothing to reform the system, nothing to reunite families faster, nothing to stop families and communities from being ripped apart, and nothing to address the callous and shortsighted deportations of much needed workers. This is a country built by immigrants, a country that needs immigrants, and yet those who need the most get the least in this budget.

The largest university in Canada is in my riding, the University of Toronto. There are also community colleges and students from many other post-secondary institutions in my riding. The government seems bent on squeezing students out of the picture, at least the students who are most in need. They may save pennies a day on the GST reduction, but that will not help pay tuition or find affordable housing.

Think about it. The little bit that the government has put toward post-secondary education, in Bill C-48 by the way, is for capital spending for universities. That may build some new labs or libraries, but it will probably be for only some of the fortunate few students who will actually afford to go and be able to have a huge debt after graduating.

While the government gives GST windfalls to the wealthiest, it does nothing to address tuition fees. Tuition fees are a tax on students, a huge burden. The tax cuts the government is making are on the backs of students who are footing the bill. This is insane and again is widening the income gap and making it harder to break the cycle of poverty.

Government Orders

The government has talked tough about youth and gang crime, enforcement, policing and putting hard, cold dollars into this budget. That is all fine and good, but what about vulnerable communities? What about youth at risk? There is money to address a small number of criminals. They get lots of money devoted to them. What about the vast majority of youth who need programs, training and opportunities, money for positive programs and education, and public funding to help them get started and not leave them to fail? Those who need the most get the least. In this case criminals will get the most. We can do better than that.

• (1325)

Let us think about the millions of Canadians who need affordable housing, seniors, students, working families, immigrants, artists and aboriginals. We desperately need affordable housing in Trinity—Spadina, since the federal Liberals abandoned the national housing program over a decade ago. In the budget we see the bare minimum, based on what the NDP achieved in the last minority government. It may translate into a couple of homes in Trinity—Spadina, if we are lucky.

Think about it. Someone who is really wealthy could buy a million dollar condo in my riding and save \$10,000 in GST. This is good for that person and for the developer, but what about the seniors, the students, the single mothers who need affordable housing? What about them? Why are we making million dollar condos more affordable, while failing to deliver affordable housing to those who need it? Why are we doing that? Why?

Something in this country is universal. It affects the rich and the poor, new Canadians, aboriginals, artists, business people, everyone, and that is the environment. It is the air we breathe, the weather we endure, the environment we live in. It is what we all need the most and it is getting the least. There is nothing in the budget for the environment. The government covers up by diverting a minuscule tax saving to transit pass buyers and that is it. That is the environmental program.

There is not enough to expand public transit by even a tiny bit. It is not enough to meet even the most modest Kyoto commitment. There is nothing for enforcement, nothing for regulations for industry, no teeth for existing enforcement. The budget fails on the environmental front.

In downtown Toronto there were 63 smog days last year. Kids with asthma are gasping for air. Seniors can barely breathe. Our health care system is being crushed by all of this. Yet the government buries its head in the sand, very bush league. We can do better than that, or at least we had better try.

In the budget there is nothing for the environment. Yet the money losing port authority is still allowed to operate squandering millions in taxpayers' money on ferry upgrades, for an airport expansion that no one wants. All that money that is being squandered could be put to good use on Toronto's waterfront, while stopping pollution and planes.

There is a gap between the rich and the poor in this country and it is growing. We have been through a decade of great growth and prosperity, but too many people have been left behind. Now is the time to invest some of that surplus and recycle some of that

prosperity. Instead we are squandering the prosperity and the surplus to give more to those who need it the least, and to give the least where it is most needed. That is wrong.

The Conservative government is using the ridiculous excuse that the Liberals did not deliver on all their promises either. We know that and it is no excuse. The Canadian people voted the Liberals out of office. Canadians expect better from the government. Some are seeing more: the wealthy, the corporations; those that need it the least are seeing the most. It is bush league, and the government should be ashamed of the budget.

We can do better and all Canadians deserve better. It is up to all of us in Parliament to ensure that the government delivers more to those who need it. Let us work for a progressive government for all Canadians and for future generations.

• (1330)

Mr. Dave Batters (Palliser, CPC): Mr. Speaker, I listened with interest to the member's comments. Perhaps the member could make a quick comment on the government's commitment to the environment, specifically in terms of the transit credit and the almost 16% credit for users of public transit. Certainly that will benefit Canadians whether they ride the subway in Toronto, or whether they ride the bus in Moose Jaw, Saskatchewan in my riding.

The transit pass subsidy is something that has been very well received in my riding. It is something that will reward individuals who already utilize public transit, but it will also encourage a number of people to start using public transit. This will of course reduce emissions in the long run.

The member may be tempted to get into a big discussion on the environment. She may rest assured that the Minister of the Environment is working hard on these issues and is working hard on a made in Canada solution that will clean up our air, water and the land.

Would the member please comment on her reaction in the budget to an almost 16% tax credit for public transit? Does she support that tax credit for public transit? Does she think it is a good idea?

Ms. Olivia Chow: Mr. Speaker, the \$150 million which is this year's tax credit for the cost of public transit is something for which the Federation of Canadian Municipalities and all municipalities have been asking. That is not a bad step. However, what the TTC and other public transit systems across Canada are also saying is that people can be encouraged to take transit but what if there is no money to buy buses, or to repair or build subway systems and new lines and pay for fuel?

Government Orders

Gas prices have gone up. Transit authorities, whether they are in Moose Jaw, Toronto, Vancouver or Halifax are saying that because of the rising fuel costs they need operating dollars. They are struggling. Aside from raising fares they cannot find enough money to pay for the transit service that the riders desperately need. They agree the credit will generate more riders, but they also need the funding that is missing. They need the 5¢ gas tax credit right now in order to pay for transit improvements so that more people will leave their cars at home and ride public transit. That is the piece that is missing in order to complement the tax credit. Getting more people to take public transit will not work if there are not enough buses. It is really costly. They will have to increase fares.

● (1335)

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Mr. Speaker, I thank the hon. member for an interesting speech that was full of very strong words about the budget, things like gimmicky, superficial and bush league. While I have no objection to using strong words to criticize a budget that I agree is sorely misguided, I must admit that the hon. member's comments leave me a bit perplexed.

She spoke at great length about the importance of child care to her and her party, yet I could not help but think that it was the member's party that helped bring down the previous government, a government that had committed to an investment in child care. If it is a priority, the question becomes, would the NDP not want the government to proceed as quickly as possible with a national child care program? Why did the NDP want to destroy the chance of seeing that child care system come to light? The only possible explanation would be naïveté. Perhaps the member's party believed that a new government, and the only real alternative we all know was the Conservative Party, would go ahead and create a progressive, well thought out national child care program.

Why did the hon. member's party pull the plug on the previous government? Was it because child care was really not a priority, or was it because of naïveté?

Ms. Olivia Chow: Mr. Speaker, I have been called all sorts of things but naive may not be one of them.

Anyone who knows the history of my political life knows that all through the 1990s I pushed desperately for a national child care program. A whole generation of children have now grown up without child care. It is heartbreaking to see because many parents were promised it, whether it was in 1987 with the Brian Mulroney child care act, or the 1993 red book, or the 1997 red book, or the 2000 red book.

In 2004, whether we call it an early childhood development initiative or a multilateral framework agreement, we could call it all sorts of things but there was no child care program delivered. In fact in Toronto there were fewer child care spaces two years ago than in 1992 because of the various budget cuts by the federal government and of course by the provincial government also.

The child care program that we have been pushing for, which the last Liberal government finally began to put in place in its minority government, unfortunately was not enshrined in legislation. That allowed the new government to come in and cancel the agreements. Imagine if there were a national child care act that enshrined child

care into legislation, today we would be in the House debating a child care act, not these bilateral agreements that can be cancelled with the stroke of a pen.

I put the fault of not having a national child care program with the way the former Liberal government created it.

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, I can certainly confirm to the House that the hon. member has been fighting for many of the things she has talked about. I have some of the scars to prove it from over the years.

She did talk about seniors. Seniors are very important to me in my riding of Ottawa West—Nepean. She said that this budget contains nothing for seniors, but does she know about the important tax cut for seniors in doubling from \$1,000 to \$2,000 the basic tax credit on their pensionable earnings? Is she aware of that and would she not want to promote that to the good constituents of Trinity—Spadina? That of course would be in addition to the GST tax cut.

● (1340)

Ms. Olivia Chow: Mr. Speaker, the first deduction was introduced in 1975. Most seniors do not pay tax because they do not have enough money. They are not over the \$25,000 to \$30,000 bracket.

Seniors are in most desperate need of an increase in the guaranteed income supplement. For 12 years there have not been any additional increases. Last year the former Liberal government put in less than \$1 a day for the GIS. What we need here is an increase specific to seniors on the guaranteed income supplement so that they will not live in poverty.

A lot of seniors are living in isolation because they cannot even afford that extra dollar to buy a subway token or pay the bus fare to visit their friends. They do not even have enough money to have a telephone. They do not have enough money for television sets. That is how desperately poor they are.

It is not the tax relief that is in this budget that is needed. It is extra dollars in the guaranteed income supplement that is most wanted and needed.

Hon. John McKay (Scarborough—Guildwood, Lib.): Mr. Speaker, I will be splitting my time with the member for Mississauga South.

I do not know if anyone read the *Globe and Mail* this morning but there is an article by Norman Spector, a man who is hardly a great friend of the Liberal Party of Canada, having been Brian Mulroney's chief of staff and a former ambassador to Israel. Regardless of whether we agree or disagree with him, he is a noted commentator on the political scene in Canada.

He starts his column with a trenchant observation that no one should be surprised when the public interest gives way to what interests the public. He goes on in his article to point out that there are quite a number of areas in which public policy gets lost in favour of what is political expediency.

Jeff Simpson makes a similar observation when he says, "What's going on here is part of a pattern set early by the Harper government — the making of political commitments in defiance of"—

Government Orders

The Deputy Speaker: I would ask the hon. member not to try and do indirectly through quotes what he is not supposed to be doing directly.

Hon. John McKay: I consider myself well and truly chastized, Mr. Speaker. I will try not to repeat the name.

The quote continues, “—expert advice, including from within government departments. There seems to be a rift between ministers and their own departments. The rift is probably widest in the Department of Finance and probably exists in others, such as the Department of Justice. There is almost a chasm in terms of what the minister wants done and what the people who have spent their entire careers studying these issues think should be done. There is a consensus among experts with respect to those issues.

Spector goes on to raise one of the most difficult and problematic issues facing this government, or any government, and that is the Conservatives' approach to the so-called fiscal imbalance. His argument is that this approach is quite worrisome, that the government could be putting Canada's future at risk for no other reason than electoral politics. The problem here is the raising of enormous expectations which makes the solution to this vexing problem quite difficult to achieve.

I suggest that we will look in vain through the documents submitted with the budget to find a solution to the so-called problem of fiscal imbalance. The only phrasing in the entire document is the issue of fiscal balance. As Simpson said, the pattern set by the government of ignoring the advice of experts in order to achieve its political expediencies is quite difficult. Not a soul in the Department of Finance believes that the fiscal imbalance exists, and they are right.

Provinces have access to all of the same taxing authorities as does the federal government. They have access to personal income taxes, corporate income taxes and consumption taxes. In fact, the provinces have access to some sources of revenue, such as gambling revenue and resource royalties, which the federal government does not have.

In addition, the federal debt as a percentage of GDP is higher on average than the provinces. Some provinces have no debt whatsoever, such as the province of Alberta. If we really want to talk about fiscal imbalance, we should look horizontally at Alberta which is in a league by itself in terms of its ability to raise revenue. Some provinces, quite candidly, have difficulty raising revenue because they simply do not have the wealth base on which to raise it. That is a horizontal fiscal imbalance and that is a legitimate concern because the inequities of revenue among those provinces leads to other difficulties that are politically quite problematic.

Let me give the House an example of a perverse consequence of poorly thought out public policy. The illustration is in the GST. I appreciate that the GST reduction from 7% to 6% and ultimately to 5% is politically popular. I concede that point.

• (1345)

However, the chief beneficiary of this reduction will be the wealthiest province, Alberta, because it has no provincial consumption taxes. The province of Ontario has a total of 15% in terms of consumption taxes, both retail, federal and provincial. Alberta, on the other hand, only has the GST and therefore a one point reduction

effectively means about a 14% reduction in consumption taxes. However, in the province of Ontario and similarly in other provinces it is only about a 7% reduction in consumption taxes.

There is a perverse consequence of reducing a tax which appears to be politically popular but in fact allocates a tax relief measure to a province that needs it the least, which creates its own level of difficulties.

It is not only the Department of Finance. It is also the Department of Justice. No one in the Department of Justice thinks minimum mandatories are the appropriate way to go. The argument is quite clear that minimum mandatories just simply do not work.

I sat on the justice committee occasionally with you, Mr. Speaker, and there was not an expert who came before the panel of parliamentarians who thought that minimum mandatories work but, nevertheless, the government seems bound and determined to plough ahead with those kinds of issues. These are people who have spent their entire careers thinking about and listening to the evidence and yet the government seems bound and determined to ignore what people who think about these issues have said.

Every serious study of Canada's economic future believes that focusing on education, research, innovation and productivity is the only way forward and yet nary a word in this budget about those kinds of issues.

In fact, we shove in the window things like the GST reduction and these fairy tales about 16 is actually lower than 15. We shove in the window that these are actually tax reductions when in fact they are tax increases. We create tax credits where, again, people who think about these things know that giving a sports tax credit will just lead to other people requesting other credits for other activities. The government is creating an administrative nightmare. That has been the position of the Department of Finance for years.

Similarly with transit passes, it gives credit to people already using the system. It will not increase the use of the system except marginally. However I understand how, for political purposes, these so-called ideas are attractive to people.

The budget has a huge gap between what the people, who have thought about the issues, actually think is the proper way to go and this panoply and basket of issues which have political popularity but are poor public policy.

• (1350)

The Deputy Speaker: Questions and comments? I want to say the hon. member for Elk Island but I know that is wrong. The member for Edmonton—Sherwood Park.

Mr. Ken Epp (Edmonton—Sherwood Park, CPC): Mr. Speaker, I am very proud to have been the member for Elk Island for almost all of its existence.

I want to challenge some of the things the member said. I would like to challenge a whole bunch of things but I will go to just one. He said that mandatory minimum sentences do not work but there is a lot of evidence that shows they do.

Statements by Members

I will give a quick example. On Saturday, while I was driving down the road in my riding, there was a construction zone. In the past people would always pass other drivers in the construction zones. Some would go the reduced speed limit and others would just go zipping by. As a result of a number of highway workers being killed because of these people, the provincial government took the initiative to put up signs at these construction places stating, "Speeding Fines Doubled". On Saturday, when I drove through that zone, not one person passed me while I was going the reduced speed limit through the construction zone.

Deterrents do work. I think it is rather specious of the member to just make a point blank statement that it does not make any difference and, therefore, why should we bother. It does in fact.

Hon. John McKay: Mr. Speaker, with greatest respect to the hon. member opposite, I spent six years on the justice committee. We spent a great deal of time talking about whether minimum mandatories would work. With greatest respect again to the hon. member, he should read the material. He should read the studies.

It does not work. It does not reduce crime. It has no impact on the incidence of crime. It is not as if somebody thinks that if he uses a gun, he will get a minimum mandatory of four years, which is the current law. It is not as if he thinks whether he should use a gun or some other weapon. The truth of the matter is, criminals just do not think that way. Therefore, the issue of minimum mandatories, which is essentially taking away the discretion of judges, is an appearance of a solution and it panders to a certain segment of our population, but it has no consequence on the impact of crime.

• (1355)

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Mr. Speaker, my colleague was able to weigh in with some comments on deterrence. I would like him to share with the House a few comments on incentives. The government has put in the window something that is fairly attractive, a \$500 deduction for young people for the registry of sport. When Canadians do their income tax next spring, they will realize this equates to about an \$80 benefit.

Where we have our greatest impact on young people, where we have our greatest impact on young athletes is when our premier athletes excel. We see the stars who are created over the Olympics and how that motivates and inspires the next generation.

If the Conservatives had come through with their campaign promise of 1% of the health budget for sport and fitness, it may have made some kind of difference. Instead they offered this paltry exemption of \$80, as my colleague indicated a bus pass. What impacts will be elicited from these types of tax exemptions?

Hon. John McKay: Mr. Speaker, I know my hon. friend has followed this issue assiduously over the past number of years. When I was the parliamentary secretary to the finance minister, he and I had regular conversations about it. In particular, he must be terribly disappointed by the appearance of a response to the issues that he pursued when he was a member of the government and the results of it.

A lousy \$80 will not make a hill of beans worth of difference to most people who are putting their kids in hockey. That is just reality. These days that hardly covers one skate and that skate has to be used. It will have virtually no impact.

Simultaneously, it will be an administrative nightmare. We will have a whole bunch of athletic clubs, whether big club or small and they will all have to issue tax receipts. When they get around to trying to issue tax receipts in February, do we think the treasurer of the local soccer club will be really happy trying to remember to what tax credit so and so is entitled?

This is a classic example of poor public policy, released to great fanfare, giving Canadians an illusion that they are actually getting something. When they sit down next February, it will be a big disappointment.

STATEMENTS BY MEMBERS

[*English*]

WINTER OLYMPICS

Mr. Rick Casson (Lethbridge, CPC): Mr. Speaker, today a number of Canada's Winter Olympians and Paralympians are in Ottawa to be recognized for their great achievements. Like all Canadians, I am extremely grateful for the dedicated and skilled athletes who so proudly wear our maple leaf.

During international competition, the focus and measure of success is often tied to the winning of medals. However, I believe such measurements are secondary to the sacrifices these athletes have made to reach the pinnacle of their chosen sport. With hearts of gold, brilliance of silver and resolve tempered like bronze, our Olympians shine for Canada, yet behind every athlete, coach or trainer there is a personal story. In their personal stories we find reflections of our great nation.

The courage, determination and dreams that form Canada can also be found in the character of our Olympians. Their stories are Canada's story. Like Canada's success, their success did not come easy but it was achieved nonetheless.

To the Olympians here today and to all of Canada's Olympians, I thank them. They make this nation proud.

* * *

PETER MCKEE

Mr. Brian Murphy (Moncton—Riverview—Dieppe, Lib.): Mr. Speaker, a gentle giant of a man, Father Peter McKee, originally of Bouctouche, New Brunswick, succumbed to a three-year courageous battle against cancer. Father Peter passed away on January 16 at the age of 70.

After graduating from high school in Chatham, he received his undergraduate degree from St. Thomas University. He later attended Holy Heart Seminary in Halifax and was ordained a priest on May 28, 1961.

• (1400)

[*Translation*]

Father Peter McKee was much more than a priest to the Moncton community.

For over 20 years, he was a member of a hockey team called the Flying Fathers. His vocation and the sport he loved were, in a way, another aspect of his priesthood. His team raised millions of dollars for organizations in Canada, the United States and the world.

[English]

As remarked in his eulogy by Father Jeff Doucette, “yes, Father Peter's passing leaves a big void in the community but, just like him, he has thrown a torch of challenge to all of us to fill that void”. Wise words, indeed. Quite a challenge.

Requiescant in pace.

* * *

[Translation]

PIERRE HARVEY

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Mr. Speaker, passion, perseverance and versatility are a few words that perfectly describe cross-country skier Pierre Harvey.

Pierre Harvey was one of the first athletes from Quebec to make his mark on the international circuit. During his career, he won three cross-country skiing world cups, an unimaginable feat for a Canadian in the 1980s.

A member of the Canadian Ski Hall of Fame and a recipient of the Order of Canada, Pierre Harvey showed that anything was possible with effort, in his case, in both cycling and cross-country skiing.

On April 29, the Canadian Olympic Committee inducted this great athlete from Quebec into the Canadian Olympic Hall of Fame in recognition of his outstanding achievements.

The Bloc Québécois members join me in congratulating Pierre Harvey on his prestigious career.

* * *

[English]

DEVILS LAKE

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, our beloved Lake Winnipeg is choking to death, grievously injured by generations of human ignorance and neglect and pollution ranging from mercury from pulp mills to nitrogen and phosphorus from chemical agriculture.

This massive and magnificent body of water may not survive its latest indignity, the Devils Lake diversion, which diverts water from the northern United States into the Red River and Lake Winnipeg.

The inter basin transfer of water is a crime against nature. It offends the natural order. It is scientifically negligent and wholly irresponsible. Additional chemical pollution, combined with the risk of invasive species entering our Manitoba aquatic ecosystem, may be the end of one of the world's great freshwater lakes.

I urge our Prime Minister and the Minister of Foreign Affairs to use every diplomatic measure possible to stop the governor of North Dakota from opening the floodgates and the Devils Lake diversion and killing our great Lake Winnipeg.

Statements by Members

REGINA—QU'APPELLE

Mr. Andrew Scheer (Regina—Qu'Appelle, CPC): Mr. Speaker, I would like to take this opportunity to thank the residents of Regina—Qu'Appelle for trusting me again to represent them in the House. I am honoured by the trust they have placed in me and promise to make them proud of their choice.

I would also like to take a few moments to congratulate the town of Fort Qu'Appelle, the town of Qu'Appelle and the north central community in Regina for an excellent job hosting Her Excellency the Governor General.

The Governor General paid a visit to these three areas last week. First she visited beautiful Fort Qu'Appelle, where she met with hundreds of residents as she walked along the streets of that historic town. Volunteers helped make her visit extra special and the entire town did a great job hosting her visit.

Next she visited Qu'Appelle, where the residents and town officials had spent hours of work making the town more beautiful than ever preparing for her visit.

After visiting those two communities, she went on to the north central part of Regina. There, residents and community volunteers gave her a true Saskatchewan welcome.

The residents of these three communities deserve a warm round of applause for hosting the viceregal couple and proving that the best hospitality is Saskatchewan hospitality.

* * *

BLIND RIVER

Mr. Brent St. Denis (Algoma—Manitoulin—Kapusksing, Lib.): Mr. Speaker, yesterday, May 14, marked the 100th anniversary of the incorporation of Blind River as a town. For 100 years, locals and visitors have enjoyed Blind River's beautiful natural surroundings and legendary northern Ontario hospitality. Even Canadian singing star, Neil Young, has immortalized Blind River in one of his famous songs.

The community's history has included forestry, being on the cross-Canada Voyageur route, tourism and an excellent history of relations with the neighbouring Mississauga First Nation.

I was born in Blind River. As such, it holds a special place in my heart. Located on the north shore of Lake Huron between Sudbury and Sault Ste. Marie, Blind River picturesque and friendly. The town is famous for its community celebrations, which has included being named one of the top 50 festivals in Ontario. The committee, with a lot of volunteer help, plans many special activities for this summer.

On behalf of town council, Mayor Gallagher and the residents of Blind River, and all of the north shore who share this time, I invite all members, senators and Canadians to visit and celebrate with us. Please join me in saying, “Giv'er, Giv'er Blind River”.

*Statements by Members***SPIRIT RIVER ACADEMY**

Mr. Chris Warkentin (Peace River, CPC): Mr. Speaker, I rise in the House to recognize a group of students who are visiting our national capital today from my constituency of Peace River.

The students from Spirit River Academy are participating in a musical exchange with the Carleton Place High School band. While on the exchange, the students have had the opportunity to participate in two concerts and experience some of the local attractions.

Today the students will tour the Parliament Buildings and will attend question period in the House of Commons. I hope each student will gain a stronger appreciation and an understanding of the work that happens here in the chamber and throughout our nation's capital.

I am sure the students from Carleton Place High School, who have had the privilege to travel to Spirit River, also have gained a great appreciation of the beauty, the culture and the spirit of our communities of the Central Peace

Along with my colleagues, I am pleased to welcome the students and the supervisors from Spirit River Academy.

* * *

• (1405)

[*Translation*]

PRESIDENT RENÉ PRÉVAL

Ms. Johanne Deschamps (Laurentides—Labelle, BQ): Mr. Speaker, yesterday in Port-au-Prince, René Préval was inaugurated as the new president of Haiti.

The new political stability that René Préval has brought to the country since his election on February 7 is a good thing for Haiti.

It is high time that the international community got involved in the long-term development of this country and supported the new president in introducing the democratic, social and economic reforms he wants to make.

As Mr. Préval stated when he was sworn in, MINUSTAH, the UN stabilization mission in Haiti, must remain because its job is not yet done.

Quebec has always been a friend to Haiti, and we will continue to pressure the Government of Canada to increase its financial aid, in view of its special responsibility to Haiti.

The Bloc Québécois congratulates the new president and joins the 120,000 Quebecers of Haitian origin in wishing this jewel of the Caribbean a long and peaceful existence.

* * *

[*English*]

MUSICFEST CANADA

Mr. Colin Mayes (Okanagan—Shuswap, CPC): Mr. Speaker, I am pleased to welcome from my riding of Okanagan—Shuswap, Mr. Gordon Waters, a music director from School District 83.

Mr. Waters is in Ottawa this week with his four piece jazz quartet comprised of Kelly Vanommen on guitar, Devon Leyenhorst on

drums, Andrew Rasmussen on piano and Alex Dobson on bass. This group was awarded a gold/superior rating at the Interior Jazz Festival in Kelowna and was invited to perform in Ottawa at Musicfest Canada.

They will be performing tomorrow morning, May 16, at the National Arts Centre at nine o'clock, and I invite all members to attend.

The thought occurred to me, Mr. Speaker, that if the House had background music, how much easier it would be for you, as the conductor of the House, to set the tempo and tone. Members would not hit as many flats and be so sharp to each other. Music would help to transcend this place of conflict into a symphony of cooperation, "The Speaker's Opus".

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PUBLIC TRANSIT

Mr. Wajid Khan (Mississauga—Streetsville, Lib.): Mr. Speaker, Canada's cities need smart transport if they are going to be economic powerhouses. Take Mississauga for example. It is the sixth largest city in the country, with 700,000 people, over \$30 billion GDP and yet it is increasingly in dire need of a better public transit system.

The province of Ontario and the city of Mississauga have already set aside funds for a bus rapid transit concept, yet the government is lagging on providing funds. Mississaugans want to better their quality of life, travel quickly, efficiently and cleanly between work and home.

Putting together a transport strategy for Mississauga is about getting rid of traffic jams and dealing with capacity problems. Despite what the Conservatives think, we need to make our roads greener. We must find much better way to give people the kind of real choices that will encourage them to leave their cars at home.

This is why I will continue to give my support to the bus rapid transit system initiative for Mississauga. I urge the government to do the same.

* * *

FAMILIES

Mrs. Lynne Yelich (Blackstrap, CPC): Mr. Speaker, 12 years ago today the United Nations designated May 15 as the International Day of Families. This annual observance marks the importance of families to communities across the world and on this occasion I am proud to reiterate our government's support for young Canadian families and their diverse needs.

Our universal child care benefit will provide direct support of \$1,200 per year to parents for each child under six. Our child care spaces initiative will create up to 25,000 new child care spaces per year starting in 2007. This is good news for all preschool aged children. It shows our commitment to supporting parents and their child care choices.

Canadian families are the cornerstone of this great nation. They deserve our support and our government is proud to deliver this to them, as they have asked us to do.

*Statements by Members***CANADA-U.S. BORDER**

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, again this week in Washington there will be debates surrounding the western hemisphere travel initiative, a new law that will require both Americans and Canadians to have passports or new identification to enter and exit the United States.

Numerous studies have demonstrated that this ill thought law will have devastating consequences to Canadian and U.S. tourism, trade and social-cultural exchange.

Most recently, the Zogby study went so far to demonstrate that many Americans will not comply with the new rules at all. With a looming deadline fast approaching, no specific regulations implemented and no detailed plan of implementation, we are on the fast track for economic loss. This is no longer theory as investor Jim Pattison of Ripley's fame recently pulled out of a \$100 million investment for the Niagara region causing another loss.

New Democrats have been speaking on this issue since day one by forcing the Canadian Tourism Commission to study the consequences, demand expectations from the Bush administration, and calling for a Canadian tourism strategy specific to WHTI.

While in opposition, the Conservatives joined the initial fight for accountability. However, the government since abandoned Canadians in Cancun, when the Prime Minister told us to get used to it and was star struck by Condoleezza Rice while in Washington. What happened to standing up for Canadians? Canadian jobs in tourism and trade are at risk. The Conservatives should not be like the Liberals in the last administration. They should stand up for Canadians.

* * *

● (1410)

GIRL GUIDES

Mr. Todd Russell (Labrador, Lib.): Mr. Speaker, I would like to recognize the achievement of nine Rangers, one of the senior branches of the Girl Guides of Canada, from the 1st Happy Valley Ranger Unit in my riding of Labrador.

Rangers Chantelle Callahan, Victoria Bolger, Alicia Broomfield, Lucy Niles, Amy Norman, Vanessa Fewer, Samantha Gillingham, Jennifer Mitchell and Ruth Kearney were recently awarded the Canada Cord, one of the Guiding movement's most prestigious honours.

Eight of these young women, along with Guiders Cathy Fewer, Karen Barnes and Kelly Norman, have spent this past weekend in Ottawa taking in many of the capital's great attractions. I was honoured to meet them during their visit to Parliament Hill today.

On behalf of my constituents, I would like to extend sincerest congratulations to these Rangers on their accomplishments and wish them every success wherever their future endeavours may take them. They are both proud Labradorians and proud Canadians.

[Translation]

OLYMPIC AND PARALYMPIC ATHLETES

Mr. Luc Malo (Verchères—Les Patriotes, BQ): Mr. Speaker, we are pleased to welcome today on Parliament Hill athletes from Quebec and Canada who participated in the Olympic and Paralympic Games in Turin this past winter.

The greatest accomplishments always start with a dream and the achievements of our Olympic and Paralympic athletes are no exception. Beyond the impressive haul of medals during these games, we want to acknowledge above all their passion for sport and physical activity and the values of perseverance and a fighting spirit, which become a true model for us all.

I want to thank these athletes for being living examples of men and women who excel and exceed the limits to achieve their goals.

May their tenacity, their determination and their motivation be with us always.

We are proud of these athletes.

* * *

[English]

WINTER OLYMPICS

Mr. Don Bell (North Vancouver, Lib.): Mr. Speaker, today our Canadian athletes, who have been a source of great pride for all their fellow citizens at the Turin Olympics and Paralympics last winter, are honouring us by visiting the National Capital Region.

Our Canadian athletes just keep getting better. At Nagano in 1998 Canada finished fourth with 15 medals, in Salt Lake City in 2002 Canada finished fourth with 17 medals, and in Turin, Italy we finished third with 24 medals, 7 gold, 10 silver and 7 bronze.

On behalf of the official opposition, I am pleased to extend our sincere congratulations not only to those of our athletes whose excellence was rewarded with a medal but to all members of the Canadian team, including their coaches, families and especially the parents who believed in their children's dreams.

As the MP for North Vancouver I would like to extend a special welcome to team members from British Columbia: Sandra Jenkins, Sonja Gaudet, Lauren Woolstencroft, Gary Cormack and Robert Taylor.

I would like to encourage our athletes to keep their eyes on the prize and to continue to show us all that with perseverance great things can be achieved.

* * *

FAMILIES

Mr. Mike Wallace (Burlington, CPC): Mr. Speaker, today is the United Nations International Day of Families. The theme for this year is "Changing Families: Challenges and Opportunities".

Oral Questions

Today many Canadian families open their hearts to adopt a child. Some adopt children from overseas. Last Friday the Prime Minister told Canadians the compelling story of one of my constituents, Dr. Agnes Lee. Six years ago, Dr. Lee and her husband adopted Katie from China. They opened up their hearts and their home to their new addition, and to their family.

Canada, however, was not as open, at least not in terms of getting Katie her citizenship. It took 14 long months for Katie to become a Canadian citizen. This is simply not acceptable. Foreign adopted children should not have to wait so long to become Canadian citizens. Our Conservative government has committed to making the citizenship process easier for children adopted abroad by Canadians.

Today, on International Day of Families, the government is standing up for one of our most precious resources, Canadian families.

* * *

• (1415)

[Translation]

FERNAND LAINÉ

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Mr. Speaker, it is with respect that I acknowledge the passing of Fernand Lainé, a courageous and loyal man from the Huron-Wendat nation.

Son of Georges Lainé and Albina Ouellet, husband to Georgette Picard, the daughter of a grand chief, and father of 10, Mr. Lainé was one of the first to enlist in Le Régiment de la Chaudière during the second world war.

A man of compassion, he went to the assistance of a soldier left for dead on the battlefield. On his return from the war, Mr. Lainé held a number of different jobs, but most of all he gained the respect of his community through his honesty and loyalty toward the Huron-Wendat nation.

He never had much to say about his experience as a soldier, but he regularly attended Remembrance Day ceremonies. In fact, he was in the Remembrance Day parade last November 11.

The Bloc Québécois pays tribute to the memory of this great, courageous and loyal man.

ORAL QUESTIONS

[English]

THE ENVIRONMENT

Hon. Bill Graham (Leader of the Opposition, Lib.): Mr. Speaker, today the Minister of the Environment is in Bonn chairing the meeting of the United Nations convention on climate change.

While the Conservative members cheer, the Canadian public is collectively embarrassed. Leading Canadian environmentalists from the Suzuki Foundation to Greenpeace Canada have all begged the minister to stay at home and not waste the time of those who are truly committed to fighting global warming.

Does the Prime Minister and his party not see the irony in someone who despises Kyoto chairing a conference designed to make Kyoto work, or has he sent the minister as some sort of fifth columnist to destroy the system from within?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, the irony is that the party opposite that missed its Kyoto targets by 35% now wants Canada to abandon any role in the international conference. That would be irresponsible.

The Minister of the Environment will bring forth a change in Kyoto, and that is to have a Canada that is actually committed to taking some real action.

Hon. Bill Graham (Leader of the Opposition, Lib.): Mr. Speaker, now Canadians know where that rhetoric is coming from because we know that Republican pollsters have been coaching the government on the catchy slogans needed to sell what they call their alternative plan, but they forgot the most important part. There is no alternative plan. Most countries are pushing for the accord's second phase to be more effective, while the Prime Minister is looking for ways to avoid it.

Why has Canada's Minister of the Environment arrived in Bonn without a single concrete proposal to make Kyoto work, not rhetoric?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, the Leader of the Opposition is completely wrong in all of the facts and everything that was just in that question and in its preamble.

In the government's most recent budget, we provided new investments for public transportation and incentives to riders to take that transportation. We also provided new incentives to encourage the development of renewable fuels, things like ethanol and biodiesel.

What is really the problem here is that the party opposite voted against these sound environmental measures.

* * *

[Translation]

FRANCOPHONIE

Hon. Bill Graham (Leader of the Opposition, Lib.): Mr. Speaker, the unprecedented diplomatic incident involving the head of the Francophonie on his arrival in Canada could have been avoided if only one minister of this government had deigned to be at the airport, as required by protocol.

Despite the requests by Senegal and our own francophone population, the Prime Minister refused to offer an apology to His Excellency when they spoke.

The Liberal Party offered an apology to His Excellency. Why is the Prime Minister not doing the same thing, which is usual and proper in diplomacy.

Oral Questions

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, once again the Leader of the Opposition is mistaken. I have spoken with Mr. Diouf and had a good conversation with him. He told me that despite the regrettable incident, he had had a good visit and good meetings in Canada. He expressed his admiration for Canada, for the government and in particular for the Minister of the Francophonie, who chaired the meetings in Winnipeg.

• (1420)

Hon. Denis Coderre (Bourassa, Lib.): Mr. Speaker, it is really quite pathetic.

When I see how this Conservative government treated His Excellency Abdou Diouf, I am ashamed, as a Canadian and as a Quebecker.

After cancelling his meeting with His Excellency, Mr. Diouf, at the last minute and in light of the apparent belief of his incompetent Minister responsible for the Francophonie that dignitaries are met by telephone, can the Prime Minister confirm for me that one of the security officials at the Toronto airport threatened to send Secretary-General Diouf back by plane, despite his diplomatic passport, unless he submitted to a body search, telling him it would make no difference if he were Jacques Chirac.

It is shameful.

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, I had a good conversation with Mr. Diouf. I said, obviously, that the incident was regrettable and I requested a review of the facts and the procedures to prevent a recurrence. However, as I have just said, Mr. Diouf was very satisfied with his visit and especially the work of the Minister responsible for the Francophonie.

Hon. Denis Coderre (Bourassa, Lib.): Mr. Speaker, I find it unfortunate that the Prime Minister has been completely blinded by pride. All he has to do is apologize. It is a matter of decency.

This weekend, even the Minister of Foreign Affairs said on the CBC that Senegal never requested a sincere public apology for their former president, His Excellency Mr. Abdou Diouf. However, that is completely untrue. I have here in my hand a statement from the foreign affairs minister of Senegal, Mr. Gadio, who very expressly asked the Canadian Prime Minister for a sincere public apology.

When will the Prime Minister assume his responsibilities and issue a formal apology to His Excellency Mr. Abdou Diouf, instead of expressing mere regrets? When will we see a cabinet shuffle, since his Minister for la Francophonie and Minister of Foreign Affairs—

The Speaker: Order. The Minister of International Cooperation and Minister for la Francophonie and Official Languages.

Hon. Josée Verner (Minister of International Cooperation and Minister for la Francophonie and Official Languages, CPC): Mr. Speaker, over the weekend, I had the opportunity to work with His Excellency Mr. Abdou Diouf, the Secretary General of the OIF.

Hon. Denis Coderre: What is needed is an apology, not stories.

Hon. Josée Verner: I would encourage my colleague from Bourassa to show the wisdom and respect befitting our admiration for Mr. Diouf and the excellent work he has accomplished for la Francophonie around the world.

Some hon. members: Oh, oh!

Hon. Josée Verner: That said, I would like to quote Mr. Diouf. “I would first like to thank federal and provincial authorities for the wonderful welcome we received. This welcome attests to the vitality of the people of Canada and their desire to embrace the French fact”.

Those were the words of—

The Speaker: The honourable member for Laurier—Sainte-Marie. Order, please.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, as there was no one to meet the secretary general of the Francophonie, Mr. Abdou Diouf, upon his arrival in Canada, he was subjected to a body search. This incident reverberated all the way to Senegal, where Mr. Diouf was the former President. The Minister of Foreign Affairs of Senegal called this a “serious incident, the antithesis of international diplomatic protocol...”

What kind of consideration does the Prime Minister give to the most important official of the Francophonie, when the Minister for La Francophonie is not even able to meet him? Will the Prime Minister at last apologize officially to Mr. Diouf?

Right Hon. Stephen Harper (Prime Minister, CPC): To repeat, Mr. Speaker, I spoke with Mr. Diouf. I had a very good talk with him. He considers the matter closed. I believe that the opposition parties should follow his example. Mr. Diouf has worked with this government to improve not only our relations, but also the work of La Francophonie, which is the priority of this government when the opposition plays these games.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, Mr. Diouf was polite and diplomatic, something that the Prime Minister was not. The Prime Minister must take responsibility.

Why did he cancel a scheduled meeting with Mr. Diouf at the last minute? Those responsible for the indescribable reception accorded Mr. Diouf must acknowledge their responsibility. When we are responsible, we apologize for our mistakes.

• (1425)

Hon. Josée Verner (Minister of International Cooperation and Minister for la Francophonie and Official Languages, CPC): Mr. Speaker, I will repeat again the words of the secretary general of La Francophonie. He said that he wished “to thank the federal and provincial authorities for their warm welcome”.

Mr. Diouf had an excellent talk with the Prime Minister and stated that the matter was now in the past.

Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ): Mr. Speaker, the Government of Canada can express its regrets, but that is not enough.

Not only is the government responsible for the fact that no one was there to welcome a high dignitary from la Francophonie—not only was no one there—but it is also responsible for the unacceptable behaviour of the security officers who dealt with Mr. Diouf’s arrival in this way.

This is my question for the government: in diplomacy, is an official apology not the least that can be done? That is how it is done, whether the Prime Minister likes it nor not.

Oral Questions

Hon. Josée Verner (Minister of International Cooperation and Minister for la Francophonie and Official Languages, CPC): Mr. Speaker, the Secretary General of the International Organization of la Francophonie, Mr. Abdou Diouf, said that he was satisfied and pleased with the work done at the conference in St. Boniface on the weekend. It dealt with various aspects of conflict prevention and human security.

Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ): Mr. Speaker, as a good diplomat, His Excellency thought it best to put the emphasis on what worked, not what did not, but for which the government is to blame.

I want to ask the following of the Minister for la Francophonie and Official Languages, who is responsible for this issue. What did she have to do that day that was more important than welcoming the highest official of the worldwide Francophonie?

Hon. Josée Verner (Minister of International Cooperation and Minister for la Francophonie and Official Languages, CPC): Mr. Speaker, the Secretary-General indicated himself that he was warmly received in St. Boniface, which has a very large, vibrant francophone community.

Some hon. members: Oh, oh.

[*English*]

The Speaker: We will have a little order, please. The minister has been recognized.

[*Translation*]

She had the floor to answer the question. If there is so much noise, I will not be able to hear her. All the members must be able to hear her answer.

The Hon. Minister of International Cooperation.

Hon. Josée Verner: Mr. Speaker, during the weekend the Secretary General took part in a major conference in the company of representatives of the entire Francophonie. It resulted in the St. Boniface declaration dealing among other things with light arms, war-affected children, good natural resource management in times of armed conflict, and the issue of women in situations of conflict. That is what is important. That was the outcome of the conference this weekend.

* * *

THE ENVIRONMENT

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, Canada is becoming the laughingstock of the whole world because of its position on climate change. Under the Liberals, our greenhouse gas emissions increased. Under the Conservatives, things are even worse because they have decided to renege on Canada's commitments to other countries, to our future, and to future generations.

Now that his minister is the butt of every joke in Bonn, can the Prime Minister tell the House when he will do something substantial and concrete about climate change?

• (1430)

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, the Minister of the Environment is facing the following situation: the former government agreed to targets that it failed to

reach by 35%. The minister is now working with the international community to develop an effective international protocol and take real action on a national level. We will continue to act.

[*English*]

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, when is the Prime Minister going to begin to take this situation seriously? The fact is, he sought the responsibility to lead this country. One of those responsibilities involves taking on the issue of climate change as something serious and critical.

The latest reports emerging at the United Nations conference suggest that there could be millions of deaths as a result of climate change. They suggest that the economic damage is going to be enormous. They suggest that the impact will be on the most vulnerable and on the next generations.

I have pleaded directly with the Prime Minister to start to take this seriously. We see no plan. Can he tell us if is he waiting for the next smog season? Is he waiting for Canada to be ridiculed on the global stage?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, the recent budget of the Minister of Finance made major new investments into public transport and also into incentives for those who use public transport, as well as significant investments into renewable fuels.

This is not an entire plan, but these are important actions. It is unfortunate that the hon. member and his party voted against these things. I wonder whether they take them very seriously.

Mr. David McGuinty (Ottawa South, Lib.): Mr. Speaker, the government pretends to be looking for a made in Canada solution to global warming. It is really too bad that it has not bothered to look in Canada.

Last week the government cancelled the EnerGuide program that helps Canadians make their homes more energy efficient. According to the World Wildlife Fund, this was an incredibly successful program that has helped hundreds of thousands of Canadian households reduce their energy bills by 30%. CanWest news business editor Bruce Johnstone calls cancelling the program a major and silly "mistake".

Why would the government abandon a successful, made in Canada program?

Hon. Gary Lunn (Minister of Natural Resources, CPC): Mr. Speaker, as I said earlier, this government is committed to getting results and it is committed to ensuring that taxpayers get value for their money. That is exactly what this government is going to do.

[*Translation*]

Mr. David McGuinty (Ottawa South, Lib.): Mr. Speaker, the minister knows very well that EnerGuide, a made-to-measure program for Canada, was a huge success.

Can the Minister tell the House when the EnerGuide program fell out of favour with the Conservative government? Was it when the Conservatives were looking for money to finance their budget promises and realized that the coffers were emptying a bit too quickly? Or was it when they abandoned any semblance of financial support for protecting Canada's environment?

*Oral Questions**[English]*

Hon. Gary Lunn (Minister of Natural Resources, CPC): Mr. Speaker, it is no secret to Canadians that over the last 13 years the old Liberal Party became the party of billion dollar programs with no accountability. That is why the Canadian people gave the new Conservative Party a mandate to deliver a government that can ensure fiduciary responsibility to put trust back into the Government of Canada. That is exactly what we are doing. We are going to ensure that every single Canadian taxpayer gets value for their money.

Hon. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, Canada's submission to the Bonn conference suggests that Kyoto should give way to any one of five international forums on global warming, all of them with significant U.S. control, one even headquartered in the United States Department of Energy.

Will the Prime Minister admit that he is happy to take his orders on global warming from the White House and he wants the rest of the world to do the same?

Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC): Mr. Speaker, Canada is honouring our international commitment. Our environment minister is president of the UN Conference of the Parties. The minister is in Bonn right now and is doing a great job.

As this House well knows, greenhouse gas emissions have risen dramatically over the last 13 years and pollution is affecting the health of Canadians. We must develop a realistic and effective approach to clean up the air that Canadians breathe and to reduce greenhouse gases.

• (1435)

Hon. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, if we dig a little deeper into Canada's submissions in Bonn, we will find all kinds of clues about the government's real hidden agenda. The Prime Minister offers nothing more than lip service on the issue of climate change while the Conservative government backs away from our international obligations and guts real, made in Canada programs that were already helping to reduce greenhouse gas emissions.

When will the Prime Minister just admit that he has no made in Canada plan, only a made in the U.S.A. plan designed by American Republican pollsters?

Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC): Mr. Speaker, the environment minister and the Prime Minister are committed to realistic solutions, not phony public relations stunts.

Canada is committed to working with all its international partners to develop a more effective global approach for the future. That is why the minister is in Bonn.

To have credibility on the world stage, it is important that we work together to clean up our own backyard first. That is the focus of this government. We want clean air, clean water and clean soil that will benefit Canadians first and also will benefit the global community.

[Translation]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Speaker, the Minister of the Environment is in Bonn, chairing the

conference on climate change, even though she challenges the Kyoto targets.

What sort of image will Canada have in Bonn if the Minister of the Environment decides to again express her very "studied" opinion on Kyoto, namely that implementing the protocol would mean taking all the buses and cars off the road and shutting down all the trains?

[English]

Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC): Mr. Speaker, in her opening address, the environment minister called on all countries engaged in the dialogue to be innovative about the challenges ahead in addressing climate change.

The minister emphasized that we have an opportunity before us to create an inclusive dialogue that will allow a sharing of information on best practices between the global partners.

[Translation]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Speaker, with this ridiculous statement about the Kyoto protocol, is the government not revealing its intention to parrot the Bush government's position by introducing a proposal that puts aside the Kyoto protocol, sets no clear targets, has no clear timetable and relies on the goodwill of major industrial polluters?

[English]

Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC): Mr. Speaker, the environment minister stated that each country differs in its development, emissions, adaptation needs and economies, but we must find ways to effectively tap all of the opportunities that exist.

The minister recognizes the diversities of circumstances and encourages countries to work together to shape the future of climate change.

* * *

*[Translation]***CANADA-U.S. BORDER**

Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ): Mr. Speaker, on October 25, the Bloc Québécois had a unanimous motion passed in this House condemning the American initiative of making the use of passports at border crossings mandatory. The Government of Quebec took up the idea and is now part of a common front with Vermont, five other American states and four Canadian provinces.

Rather than blindly following the position of the American administration, what is the federal government waiting for to support the initiative put forward by Quebec and Vermont, and to ask the United States to abandon this idea, which is as costly in economic terms as it is useless in terms of security?

Oral Questions

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, thanks to our Prime Minister, this file is now one of our government's priorities. At the meeting in Cancún, it was our Prime Minister who said it was very important to find a solution. At present, the provincial premiers, governors and other officials agree with us in saying that finding a solution is a priority. We find Mr. Charest's actions and words very encouraging.

Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ): Mr. Speaker, this is not the impression we have received from the Prime Minister's messages since the meeting in Cancún.

Really, can the Prime Minister's refusal to add his voice to those of Quebec and the New England states not be explained rather by the fact that his primary concern is much more to please President Bush than to defend the interests of Quebec?

• (1440)

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, I repeat that it is our Prime Minister who told the President of the United States it was important to find a solution. It was one of our Prime Minister's priorities. He was very clear.

Because of his position, many governors, members of Parliament and provincial premiers now also share this concern. We are going to continue to work together.

* * *

[English]

SOFTWOOD LUMBER

Hon. Dominic LeBlanc (Beauséjour, Lib.): Mr. Speaker, the government's made in U.S.A. softwood lumber deal leaves provinces out in the cold. If finalized, the deal means that Canadian industry will face permanent restrictions on access to the U.S. market, and the Prime Minister will reward the U.S. lumber coalition with over a half a billion Canadian dollars to continue its bullying tactics.

Now the provinces and the industry are being warned that unless they sign on to this deal, there will be no loan guarantees and no support for their industry. Why are the trade minister and the Prime Minister bullying Canadian provinces and Canadian industries to sign on to a bad deal?

Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC): Mr. Speaker, the softwood lumber framework agreement is actually a very good deal for Canada, it is a very good deal for the softwood lumber industry and it is good for every region of Canada, whether it is Atlantic Canada, Quebec, Ontario, the west or British Columbia.

It is a good deal and it will bring security, investment and a rejuvenation of the softwood lumber industry in Canada.

[Translation]

Hon. Dominic LeBlanc (Beauséjour, Lib.): Mr. Speaker, I am sure that the details will prove the opposite.

The government is showing flagrant contempt for this industry in difficulty by insisting that it is this supposed agreement or nothing.

The softwood lumber agreement even gives the United States a veto over our provincial forest management practices. Imagine: our

industry will determine that we have needs, and the White House will decide on the solutions.

This agreement deserves to be stamped "Made in U.S.A."

Why is the government handing over Canadian sovereignty?

[English]

Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC): Mr. Speaker, another flight of partisan rhetoric.

For the last 20 years we have been in a world where United States protectionists have been attacking provincial governments' forest management policies. The whole softwood lumber dispute has been about protectionists attacking provincial policies here in Canada.

This agreement creates a framework in which those policies are secure and where we do not have to worry about countervailing and anti-dumping duties. We have more sovereignty coming out of this agreement than we have ever had before.

Mr. Blair Wilson (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Mr. Speaker, contrary to the minister, we all know the softwood lumber agreement is not a good deal for Canada. First the Prime Minister forces Canadians to surrender more than \$1 billion to the U.S., including \$500 million to the powerful American lobby, and now we learn that the forest industry representatives are fearful of the so-called anti-circumvention clause that will impinge upon Canadian sovereignty.

Forty per cent of the industry says that it got shafted and the rest are being muzzled with thinly veiled threats. When will the government stand up for Canadian lumber and admit that it got swindled by this made in U.S.A. softwood deal?

Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC): Mr. Speaker, the hon. member must have been out of the country for the last 20 years because what we have seen for 20 years is U.S. protectionists' unfair trade measures aiming their guns at Canadian provincial government policy. This agreement creates a framework of certainty and stability, and our policies will be safe from any attacks of that nature going forward.

Mr. Blair Wilson (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Mr. Speaker, the hon. member will probably be out of his riding for the next 20 years.

Canadians' livelihoods are at stake here. They want straight and honest answers and the government's capitulation here is simply not good enough. It is not good enough for the Canadian lumber industry. It is not good enough for Canadian workers and it is sure not good enough for British Columbians.

When will the government stop working for Americans and start working for Canadians?

Oral Questions

●(1445)

Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC): Mr. Speaker, the hon. member should get out of West Vancouver for awhile and get up into the communities that depend on the softwood lumber industry. He should go to Fort St. James, Fort St. John, Prince George and Cranbrook and find out what kind of a future those people feel they will have if we do not solve this softwood lumber dispute. We have now solved it and those communities will return to stability and economic prosperity.

* * *

CITIZENSHIP

Mrs. Patricia Davidson (Sarnia—Lambton, CPC): Mr. Speaker, Canadian families have waited for too long to have their foreign born adopted children receive citizenship. Immigration lawyer, Warren Creates, said, “Why the Liberals never got to this is beyond me. They never put it as a priority. It is great to see that the Conservative government is making changes like this that are going to help people's lives”.

Could the immigration minister tell us when the government will act to extend Canadian citizenship to foreign born children adopted by Canadians?

Hon. Monte Solberg (Minister of Citizenship and Immigration, CPC): Mr. Speaker, last year, the old government said that extending citizenship to foreign born children would lead to abuse and then it had a deathbed conversion on the eve of an election and changed its mind.

We are not going to talk about this. We are acting on this. I am proud to announce that I will be introducing legislation this afternoon to right this wrong and we will extend citizenship to foreign born children.

* * *

FOREST INDUSTRY

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, Canadians are learning more about the bad deal the government signed with the U.S. in its softwood surrender. Now we find out that each time a provincial government wants to make a change in its forestry policies, it will have to ask Washington for a permission slip. No wonder it had to bully the industry into accepting this bad deal.

The softwood sellout has given George Bush \$1 billion for illegal trade practices and surrendered Canadian sovereignty.

Could the minister explain why he sold out Canadians in his softwood surrender?

Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC): Mr. Speaker, more partisan rhetoric and more class war. Let us just have a good go at it here. Let us ignore the real needs of the softwood lumber industry. Let us forget about the fact that this agreement will create stability and certainty and it will create a basis on which the industry can grow and jobs can be created going forward. We will have a more competitive Canadian

and North American industry going forward. That is good for Canada.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, the fact is the minister has not been seen in his riding in three months. He knows nothing about the needs of B.C. softwood communities. We know the minister has a history of confusion about his loyalties, but he is supposed to be representing softwood communities in B.C. and across Canada.

I cannot imagine why, after NAFTA ruled in our favour, the government still found it necessary to surrender Canadian control.

Could the minister explain why he sold out Canadian sovereignty by forcing Canadian forestry practices to be made in the U.S.A.?

Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC): Mr. Speaker, provincial stumpage and forest management policies are protected under this agreement. They are protected by that very anti-circumvention clause which prevents American protectionists from launching new, aggressive and spurious anti-dumping and countervailing duty cases.

This agreement creates a logical orderly framework in which we can all build the industry going forward. It protects our policies. It does not destroy them.

* * *

CANADA-U.S. BORDER

Ms. Ruby Dhalla (Brampton—Springdale, Lib.): Mr. Speaker, the Conservative government has a keen desire to cozy up to American pollsters and strategists. The Prime Minister seems to forget that he needs to stand up for Canadians.

Governors and premiers are urging the U.S. Congress to delay implementation of any policy that would require people crossing the border to have a passport. The Prime Minister has, instead, muzzled his ministers and succumbed to a made-in-the-U.S.A. policy.

Will the government make a commitment to find a real solution instead of surrendering to the U.S.A. and help Canadian business and the Canadian tourism industry?

●(1450)

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, at the meeting in Cancun that took place some time ago, it was our Prime Minister who made this issue a priority. He said that it was not acceptable that there could be a policy coming out of the United States which could have a negative effect on Canada and on Canadian business.

Since then, there have been agreements for officials to come together to see what kind of alternative documents would be acceptable. Other premiers are now engaged, as are cross-border chambers of commerce. Members of our caucus are also engaged with members of the Congress.

If the member wants to talk about surrender, she should know that her party did nothing about this for two years. Our Prime Minister has made it a priority.

Oral Questions

Ms. Ruby Dhalla (Brampton—Springdale, Lib.): Mr. Speaker, I find it hard to believe that it is a priority because the Conservatives cannot count past five. Those are empty words and empty promises because they have no plan. If they had a plan they would have had action on this important issue.

Even the Quebec premier has taken action. The governor of Rhode Island has said that we should not be thickening the border. The governor of Vermont has said that new regulations would make daily life much more difficult.

Why are the premiers and the American leaders standing up for their citizens while the Conservative government continues to sleep on the job?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, one of the reasons, and perhaps the main reason, that people are catching on to what has been happening here is the fact the U.S. Congress, over two years ago, brought out a law that could have a negative effect on Canadians going across the border into the United States. This Prime Minister has made it a priority. We have put our working plans on the table.

If the member opposite would care to watch and see, she would see that plans are in place to change this for the betterment of Canada.

Again, it was the Prime Minister who did this. We asked for action for two years from the Liberals and we got nothing. Now we have action.

[*Translation*]

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Mr. Speaker, the people in the border regions, such as those in my riding, know that the free circulation of goods and persons between Canada and the United States is essential.

At the Conference of New England Governors and Eastern Canadian Premiers, the premiers of New Brunswick, Quebec and other provinces, as well as the governors of the six New England states, unanimously asked Congress to delay the coming into force of the legislation that would compel all citizens of both countries to present a passport at the border.

Why is this government then so determined to kneel before the American administration?

Some hon. members: One, two, three, four, five.

[*English*]

The Speaker: I have mastered those numbers, thank you. We do not need to hear them again. The right hon. Prime Minister has the floor and we will have some order.

[*Translation*]

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, I have spoken about this with the premier, Mr. Charest, and with several other premiers, and we are encouraged by their position.

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Mr. Speaker, it is not enough to stand up and speak: one must also act.

Having good relations with the United States does not mean just having good relations with Washington. Seven of the 10 Canadian

provinces and one territory are neighbours of the United States, and 12 American states are neighbours of Canada.

We shall have the proof today, in Bonn, that the government takes its orders on global warming from Washington.

When the people in the border communities begin losing their jobs because of reduced traffic, it will be too late.

How then does the Prime Minister justify being so quick to bow to the American administration?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, it would be unacceptable to say nothing about this situation. That is precisely why our Prime Minister has made this situation a priority. We have a plan on the table for working with the public officials of the United States and Canada.

I ask the following question. Why did the Liberals do nothing for two years? Now, we are going to take action.

* * *

● (1455)

BARBADOS

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Mr. Speaker, an increasing number of Canadian businesses are taking advantage of tax provisions and the tax treaty between Canada and Barbados to avoid paying their taxes in Canada. Canadian businesses alone have assets there worth \$25 billion, which is a 500% increase in 10 years.

Can this government, which denounced these treaties when it was in opposition, now tell us what it intends to do to axe these laws and regulations that cause Canada to lose hundreds of millions of dollars in taxes a year?

[*English*]

Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC): Mr. Speaker, the government is fully committed to liberalized trade and our trade with Barbados is extremely important to us. We will be carrying out further discussions to ensure that there are no impediments to the development of that commercial relationship.

[*Translation*]

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Mr. Speaker, we are not talking about free trade. We are talking about tax avoidance. The Auditor General has said five times now that these tax treaties are harming Canada's tax base.

How can the government tolerate billions of dollars disappearing from Canada when everyone in this House is concerned about the rising cost of health care, paying down the debt, and resolving the fiscal imbalance?

An hon. member: He gets it.

[*English*]

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, I will undertake to review the matter and report back to the hon. member.

NATIONAL DEFENCE

Hon. Irwin Cotler (Mount Royal, Lib.): Mr. Speaker, given that saving Darfur is the most urgent issue on the international agenda today and that what is at stake is nothing less than stopping the genocide and saving the innocent, why will the government not commit itself to an action plan on Darfur?

Where is the political will? Why will the government not fulfill its own throne speech undertaking for a robust diplomatic role for Canada and take the lead in concert with the international community to stop the killing, to put an end to the mass atrocity and to implement the responsibility to protect doctrine?

Hon. Gordon O'Connor (Minister of National Defence, CPC): Mr. Speaker, at the moment we have staff in Darfur who are providing training support and logistic support. We have also provided armoured vehicles for the protection of the African Union. We have also provided helicopter lift to move the troops around and we provide protective jackets.

We have had no request from the United Nations nor the AU. When it comes, we will consider the request.

* * *

FOREIGN CREDENTIALS

Mr. Laurie Hawn (Edmonton Centre, CPC): Mr. Speaker, thousands of immigrants come to Canada with diplomas, degrees and experience in various fields. We have all heard stories of doctors driving cabs.

The Liberals promised for years to address this issue but did nothing. The member for Brampton—Springdale claimed to want to fix this situation but was unable to accomplish anything on the file.

Can the human resources minister tell us what plans the government has to speed up the recognition of foreign credentials?

Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC): Mr. Speaker, our government is committed to ensuring that the skills and talents of Canadian immigrants are recognized in a timely fashion.

Our 2006 federal budget committed \$18 million toward the development and implementation of the Canadian agency for assessment and recognition of foreign credentials. We are consulting with the provinces, territories and other stakeholders on the mandate, structure and governance of the agency. These consultations will be the key to success. This government will assist new Canadians in realizing their dreams. We are opening up real opportunities for new Canadians.

* * *

NATIONAL DEFENCE

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, in 1992 Master Corporal Wheeler died in a training accident in Alberta.

For 14 years his wife Christina and her family have been working to clear his name and seek compensation for the pain and suffering the family has gone through. In fact the former ombudsman, Mr. Marin, said very clearly there is the basis of a cover-up and bias within DND in the investigation of this case.

Oral Questions

Will the government now speak with Mrs. Wheeler personally and seek to redress, in compensation form, the pain and suffering that she and her family have gone through after the loss of her brave husband?

Hon. Gordon O'Connor (Minister of National Defence, CPC): Mr. Speaker, contrary to the article in the paper today, this process has not ended. Mrs. Wheeler's lawyers are in contact with our lawyers and this issue will get resolved soon hopefully.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, why would the government hide behind lawyers?

The reality is the Prime Minister himself said to stand up for our Canadian troops. Yet the government is prepared to sit down when it comes to their families.

I ask the Prime Minister personally, will he stare into the camera and tell Mrs. Wheeler and her family that not the lawyers but he himself will meet with her to finally address this wrong once and for all?

● (1500)

Hon. Gordon O'Connor (Minister of National Defence, CPC): Mr. Speaker, unlike the member, we have to follow legal processes and this issue will get resolved very soon. Mrs. Wheeler has legal representation and we have our lawyers and it will get resolved soon.

* * *

ETHICS

Mr. Marcel Proulx (Hull—Aylmer, Lib.): Mr. Speaker, on the day we learned the Prime Minister broke ethics rules with free Grey Cup tickets, we also learned the Parliamentary Secretary to the President of the Treasury Board enjoyed free tickets to the March 17 Coldplay concert.

Without commenting on the member's taste in music, when will the President of the Treasury Board order his parliamentary secretary to set a better example than taking free tickets from influential Conservative friends and insiders?

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, I find it rather odd to get lessons on ethics from a member of the Liberal Party. I do find it strange.

The member opposite should perhaps do some research. The parliamentary secretary paid for his ticket before he attended and paid for all of his beverages and everything he consumed there.

* * *

THE ENVIRONMENT

Mr. Ed Fast (Abbotsford, CPC): Mr. Speaker, instead of reducing greenhouse gases, emissions in Canada actually increased by 30% under the Liberals' watch. Yet they are quick to condemn any plan for the environment other than their own.

Oral Questions

This government on the other hand is serious about producing a workable plan to cut greenhouse gases. Could the Parliamentary Secretary to the Minister of the Environment tell us why this government chose a made in Canada plan?

Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC): Mr. Speaker, I thank the hon. member for the excellent question on the environment and for his history of hard work on Fraser Valley airshed issues.

Our government is developing a realistic and effective made in Canada plan to address environmental issues facing all of us. Our initiatives will have clear benefits for Canadians and will invest Canadian money in Canada. We will not be sending billions of dollars overseas for phony credits.

* * *

PRESENCE IN GALLERY

The Speaker: It is my pleasure today to welcome to the House of Commons, on behalf of all hon. members, medallists at this year's Olympic and Paralympic Winter Games in Torino. It is a lengthy list and I would ask all hon. members to hold their applause until I have finished reading out the list of athletes. I stress this is a lengthy list, so some restraint please.

I will read the names of the Olympians first.

Bobsleigh: Lascelles Brown, Pierre Lueders.

Curling, Men: Mike Adam, Jamie Korab.

Curling, Women: Sandra Jenkins, Christine Keshen, Amy Nixon.

Freestyle Skiing: Jennifer Heil.

Hockey, Women: Jennifer Botterill, Gillian Ferrari, Carla MacLeod, Cheryl Pounder, Colleen Sostorics, Katie Weatherston.

Snowboarding: Dominique Maltais.

[*Translation*]

Speed skating Long Track: Steve Elm, Kristina Groves, Denny Morrison and Jason Parker.

[*English*]

Speed Skating, Short Track: Éric Bédard, Anouk Leblanc-Boucher, Mathieu Turcotte.

Paralympians:

[*Translation*]

Alpine skiing: Kimberley Joines, Chris Williamson and Lauren Woolstencroft.

[*English*]

Curling: Karen Blachford, Gary Cormack, Christopher Daw, Sonja Gaudet.

● (1505)

[*Translation*]

Cross-country skiing: Colette Bourgonje and Brian McKeever.

[*English*]

Sledge Hockey: Jeremy Booker, Bradley Bowden, Billy Bridges, Marc Dorion, Raymond Grassi, Jean Labonté, Hervé Lord, Shawn Matheson, Graeme Murray, Todd Nicholson, Paul Rosen, Benoit St-Amand, Dany Verner, and Greg Westlake.

Your Olympic and Paralympic successes have earned you the admiration, respect and gratitude of Canada and indeed the world. In Turin, you won 37 medals. Congratulations.

Some hon. members: Hear, hear!

[*Translation*]

The Speaker: You have given us great moments in sport and you carried on the Canadian tradition at the Olympic and Paralympic Games.

For that we as parliamentarians want to thank you. We also want to thank all those who have supported you for so long.

[*English*]

On behalf of the Minister of Sport, I invite all hon. members to a reception for our honoured guests in the Reading Room, 237-C.

[*Translation*]

Everyone is welcome.

The hon. member for Bourassa has the floor for a point of order.

Hon. Denis Coderre: Mr. Speaker, I rise on two points of order.

First, I would like to table the letter entitled "Statements by the minister of state, minister of foreign affairs of Senegal", dated May 13, 2006, which was read at the first plenary session of the ministerial meeting of La Francophonie in Winnipeg, Canada.

Second—

The Speaker: Does the hon. member have the unanimous consent of this House to table the document?

Some hon. members: Agreed.

Some hon. members: No.

The Speaker: Unanimous consent is not given.

Hon. Denis Coderre: I note that the Conservatives said no.

I rise to ask for unanimous consent to proceed immediately with the following motion: That this House, on behalf of all Canadians, express its sincere apologies to His Excellency Abdou Diouf, secretary general of the Organisation internationale de la Francophonie, for the breaches of protocol and diplomatic incidents that occurred on his arrival in Canada, and that he know that we admire and have the deepest respect for his contribution to La Francophonie and democracy in the world.

I hope that we will all be in favour of this motion.

The Speaker: Does the hon. member have the unanimous consent of this House to move this motion?

Some hon. members: Agreed.

Some hon. members: No.

Routine Proceedings

The Speaker: Clearly, there is no consent.

ROUTINE PROCEEDINGS

[English]

CITIZENSHIP ACT

Hon. Monte Solberg (Minister of Citizenship and Immigration, CPC) moved for leave to introduce Bill C-14, An Act to amend the Citizenship Act (adoption).

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

* * *

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Gary Goodyear (Cambridge, CPC): Mr. Speaker, I have the honour to present, in both official languages, the sixth report of the Standing Committee on Procedure and House Affairs regarding the membership of committees of the House. If the House gives its consent, I intend to move concurrence in the sixth report later today.

* * *

CONVALESCENCE BENEFITS ACT

Mr. Daryl Kramp (Prince Edward—Hastings, CPC) moved for leave to introduce Bill C-281, Convalescence Benefits Act (amendments to the Employment Insurance Act).

He said: Mr. Speaker, I am pleased to rise in the House today to introduce a bill entitled the convalescence benefits act. This bill would provide for employment insurance benefits to qualifying individuals who are recovering from a serious health issue and are unable to work after exhausting their sick benefits. This act amends the Employment Insurance Act to add a benefit period of 35 weeks for convalescence.

On behalf of all Canadians who find themselves without income protection during these emotional health crisis moments, I ask all members to support the swift passage of this bill.

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

* * *

● (1510)

YOUTH CRIMINAL JUSTICE ACT

Mr. David Tilson (Dufferin—Caledon, CPC) moved for leave to introduce Bill C-282, An Act to amend the Youth Criminal Justice Act (publication of information).

He said: Mr. Speaker, the Youth Criminal Justice Act now precludes the publication of information of young offenders to be released when they are sentenced or indicted, even after they have reached the age of 18. This bill, if passed, would allow for the publication of information about young offenders who are sentenced as adults over the age of 18.

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

FOOD AND DRUGS ACT

Mr. Tom Wappel (Scarborough Southwest, Lib.) moved for leave to introduce Bill C-283, An Act to amend the Food and Drugs Act (food labelling).

He said: Mr. Speaker, this is the 39th Parliament's version of this bill, which I introduced in the last two Parliaments. It follows on a previous bill that I had which eventually resulted in mandatory nutritional labelling in Canada.

This bill would extend that to provide nutritional information at fast food outlets and other places where Canadians eat so that they could make the appropriate choices after they had the appropriate information. It would also provide for information to be properly described when using words or pictures in terms of the contents of food.

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

* * *

CANADA STUDENT FINANCIAL ASSISTANCE ACT

Hon. Geoff Regan (Halifax West, Lib.) moved for leave to introduce Bill C-284, An Act to amend the Canada Student Financial Assistance Act (Canada access grants).

He said: Mr. Speaker, I am pleased to rise and present this bill, which is entitled an act amend the Canada Student Financial Assistance Act, Canada access grants.

It is evident the Conservative government has no intention of helping low income students attend universities and colleges. That is why I am pleased today to introduce my bill. I thank my hon. colleague for Dartmouth—Cole Harbour for seconding it.

In 2004 the previous Liberal government created the Canada access grant program to assist students from low income families with their first year's tuition. The bill would expand the Canada access grant program to allow these students to apply for a Canada access grant in all years of post-secondary study, which is something the Conservative government fails to do, and that is stand up for low income Canadians.

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

* * *

[Translation]

CANADA MORTGAGE AND HOUSING CORPORATION ACT

Ms. Christiane Gagnon (Québec, BQ) moved for leave to introduce Bill C-285, An Act to amend the Canada Mortgage and Housing Corporation Act (profits distributed to provinces).

Government Orders

She said: Mr. Speaker, for the 39th Parliament, I have chosen to introduce a bill that was introduced by the Bloc Québécois last year requiring the Canada Mortgage and Housing Corporation to distribute a portion of any surplus from its reserve fund for the construction of social housing.

I would like to remind the House that the CMHC is not a private business—it is a crown corporation. It is utterly immoral for the CMHC to accumulate \$4 billion in profits when there is a lack of social and affordable housing.

I invite the Conservative Party to vote for this bill. We must do more than what was promised in the latest budget.

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

* * *

• (1515)

[English]

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Gary Goodyear (Cambridge, CPC): Mr. Speaker, if the House gives its consent, I move that the sixth report of the Standing Committee on Procedure and House Affairs, presented earlier to the House this day, be concurred in.

The Speaker: Does the hon. member for Cambridge have the unanimous consent of the House to propose the motion?

Some hon. members: Agreed.

Some hon. members: No.

* * *

PETITIONS

CHILD CARE

Hon. Geoff Regan (Halifax West, Lib.): Mr. Speaker, I rise in the House today to table a petition on behalf of a number of my constituents who understand the government's proposed taxable \$1,200 family allowance is not a plan for child care.

The petitioners call upon Parliament to provide the provinces and territories with at least \$1.2 billion to build a high quality, accessible, affordable, community based child care system and to ensure fair and effective income support programs for Canadian families.

CITIZENSHIP AND IMMIGRATION

Ms. Chris Charlton (Hamilton Mountain, NDP): Mr. Speaker, I am pleased to present a petition today in support of policy reforms that would make Canada a place of welcome and of refuge.

The petition lauds Canada's heritage of welcome, but urges Parliament's resolve not to lose that heritage. To that end, the petitioners seek reforms to Canada's refugee and immigration system to welcome more newcomers into Canada and to help them integrate successfully into our society.

CHILD CARE

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Mr. Speaker, I am pleased to stand again and present a petition from

people in my riding who are very concerned about the government's plan to kill child care.

The petitioners say, among other things, that 70% of women with children under the age of six are employed. The taxable \$100 a month allowance announced as a child benefit, a meagre one at that, will not establish new spaces.

The petitioners call upon the Prime Minister to honour the early learning and child care agreement in principle and to commit to fund it for five years.

I would like to thank Patricia Maynard for her hard work and dedication and commitment to child care in acquiring these signatures.

PROPHET MOHAMMED

Mr. Joe Comartin (Windsor—Tecumseh, NDP): Mr. Speaker, I have a petition from members of the Windsor-Essex county community regarding the cartoons of the Prophet Mohammed, which they found so offensive.

The petitioners call upon the government to investigate the possibility of appropriate legislation that would prevent the publications of that type of offensive cartoon at some point in the future.

CITIZENSHIP AND IMMIGRATION

Mr. Mario Silva (Davenport, Lib.): Mr. Speaker, I rise once again on an issue that is quite important to me and to many people across the country, which is the issue of undocumented workers. I have a petition signed by many.

The petitioners call upon the government and Parliament to immediately halt the deportation of undocumented workers and to find a humane and logical solution to their problem.

* * *

QUESTIONS ON THE ORDER PAPER

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

The Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

BUDGET IMPLEMENTATION ACT, 2006

The House resumed consideration of the motion that Bill C-13, An Act to implement certain provisions of the budget tabled in Parliament on May 2, 2006, be read the second time and referred to a committee, and of the motion that this question be now put.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to participate in the debate today on the budget implementation act.

How often have we heard the phrase “The devil is in the details”? This budget is probably a very good example of where details can affect the interpretation or the appreciation of what has been represented.

One of the first points raised in the budget speech was that the income tax rate on the first tax bracket would be reduced from 16% to 15.5%.

Mr. John Williams: Very good. Very good.

Mr. Paul Szabo: I hear one member is enthusiastic about it anyway.

Most Canadians know, when they filled out their 2005 income tax return, that the tax rate on the first tax bracket was in fact 15% and that the budget would increase it to 15.5%. How can that be? I know the finance minister did not want to deliberately mislead the House, so how do we explain this? It is easy.

Every time changes are made which affect the Income Tax Act they are usually done in a budget. We have a budget and it has been referred to the finance committee. Today we are debating a budget implementation bill, which would legislate the changes that were articulated in the budget. It has not been passed yet. It is still in debate. It still has to go through the full legislative process. Therefore, we can say that the change from 16% down to 15% was not legislated. It was in force and will be in force until it is either reversed by a subsequent statutory instrument or by an implementation bill itself.

I wanted to raise that point because the summary of the provisions, which relate to individuals and families, says:

—the basic personal amount—the amount that an individual can earn without paying federal income tax—...grows each year and remains above currently legislated levels for 2005, 2006, and 2007.

That statement is absolutely true. The legislation has not been passed, but it is in force. It has been proclaimed. Canadians know they paid 15% on their 2005 income tax return. This is game playing and unfortunately Canadians have to be exposed to it.

If the government were talking about tax changes for individuals, it would also have to indicate that the \$500 reduction in the personal exemption, the amount on which Canadians do not pay tax, was also eliminated by the budget. The government did not boast about this too much, and only because it increases the tax burden on Canadians.

Then the government comes in with its taxable child care allowance of \$1,200, which most Canadians thought would be money in their pockets. However, that is not exactly correct because it is taxable. Concurrent with this is the elimination of the young child supplement under the Canada child tax benefit program. That amounts to \$249 a year. The Caledon Institute has calculated that if we take this plus the increase in the effective taxation of the first tax bracket, a family making about \$20,000 a year will only benefit on a net basis of around \$200. A family making \$200,000 could benefit by as much as \$1,100 of the \$1,200. This tends to paint a picture.

There are many items in the budget which have higher benefits for wealthier Canadians and low and middle income Canadians have been left behind. The gap between the rich and the poor will grow.

Government Orders

Poverty and inequity between Canadians are not concerns of the government, but it says it is.

● (1520)

Just this morning, the finance minister rose to speak to the bill. He said very plainly that the benefits of the budget on the taxation side are evenly distributed to all Canadians. This is not the case.

In his own document, on the benefits to helping individuals and families, it says that someone earning less than \$15,000 will benefit from this tax relief by \$51 in the year 2006. Let us move up the line. Someone making \$15,000 to \$30,000 will get \$199. Someone from \$30,000 to \$45,000 goes up to \$367. I could read out the list, but when we get to \$100,000 to \$150,000, the benefit to someone is \$795 a year.

It is pretty clear from the government's own document that low income Canadians do not benefit evenly. In fact, they are getting about one-sixteenth the amount of a high income earning family from these benefits. It is a disturbing picture. Some have suggested that there is a motive here and I suppose we will find out.

I would suggest that members look at the Caledon Institute website to see the analysis of how low income Canadians will not get the same benefits. I am sorry to say that many of these people will not realize that and will not find that out until they file their next tax return for the 2006 taxation year.

Many of those people who are employed and have source deductions, and always have a small difference of a \$1 here owing or \$1 refundable, will find out they owe hundreds of dollars to pay back the amounts that they received under that \$1,200 family allowance.

The Conservatives boast about the benefits of the GST adjustment. Yes, it is politically correct, but there is no economic expert who would support the policy strength of making such a move.

Could members imagine a theatre that charges \$50 for a ticket? Will it now start charging \$49.32 or something like that? Nonsense, it will not be passed on. That is one of the problems of having reductions in certain, either ad valorem or consumption taxes. There is no way to track it. Even on gasoline, the producers will simply increase the price because they know the consumer is getting a little break on the tax side and the consumer, on a net basis, will be no better off. There must be a way to deal with it.

When we think about it, people making \$30,000 a year and after they pay taxes of about \$8,000, their disposable income of that, about 60% of it, may be attracting GST. All of a sudden we are talking about something like \$12,000 that may be GST taxable. On \$12,000, the savings will be \$120, and that is the maximum they could get, simply because that is the amount they can afford to spend, unless they go out and borrow it, in which case, chances are their interest rate costs will destroy the economics of making the purchase in the first place.

Government Orders

The higher we go up the income scale, the more disposable income is available. It means that Canadians who buy much more expensive automobiles, other consumer durables or even be a big house, will tend to be in a position to reap the majority of the benefits. Again, it is not as advertised. It is not evenly distributed. It is not what the minister said. He misled the House by saying Canadians would benefit evenly.

I would really think that he should be straight. If the policy is good, give it to us with all the details, all of the numbers and the analysis, so that Canadians can see these things.

On Sunday on the TV program *Question Period*, the health minister spoke about health issues, and particularly the guaranteed wait time. That issue was in the election platform of the government. It was one of the five items that were dealt with, that the Conservatives said they would deal with in the budget.

• (1525)

When we look at it, and it is kind of interesting, the Minister of Finance did not dispute that there was no money in there for the guaranteed wait times, but the health minister said something different. He said that there was enough money in the \$42 billion health accord signed by the previous government and therefore there was no new money for the guaranteed wait times.

I would suggest that again, it was not as advertised. The House has been misled and Canadians have been misled because there is no money in the budget for guaranteed wait times. It is an expensive proposition. This is a promise made and a promise broken.

Mr. Dave Batters (Palliser, CPC): Mr. Speaker, I listened to the member's comments with great interest. I believe he is using some language which he knows full well is unparliamentary and not to be used in this place.

He used the word misled, so let us use that word. Who were truly misled were Canadians in the mid-nineties. We would not be in the situation we are in today, with the terrible strain on our health care system in terms of wait lists and wait times, and people having to wait for knee and hip replacements and cataract surgery. Why is that? Why are we in the situation that we are in today? It is because of the \$25 billion social transfer cut that was forced upon this country by the then Liberal government. That is why we are in the situation we are in today.

In January of this year, Canadians voted for change. They voted for a party that is going to finally address some of these issues that were left to us by the previous government.

This is the second time today that I have heard him speak about wait lists. This seems to be an important issue to him. I would like him to comment on what his feelings are about the huge social transfer cut of \$25 billion by the then Liberal government and how that has impacted our health care system today. If he could comment on that, that would be great.

• (1530)

Mr. Paul Szabo: Mr. Speaker, those things had to be done after the Conservative government left us a \$42 billion annual deficit. That is the reason. If we do not get our fiscal house in order, there is nothing that we can do for anybody. That is the reality.

The member again was not quite clear on the language. I did not speak about wait times. I spoke about the guarantee. That is different. Wait times were addressed by the previous government in consultation with the provinces and wait times benchmarks had been set and agreed to. That is not the issue.

The issue is that the government said it would guarantee those wait lists and start to shuttle people and their families from province to province, or even to the United States, to get them the health care they needed. The government was going to pay for that. That does not come free, but there is not one penny, not one new dollar of health care money for the guarantee, which is going to be significantly expensive.

The health minister on Sunday said that there is enough money within the accord moneys delivered by the Liberal government, so in fact, the Conservatives, in the last election, promised to agree to or to follow through with the Liberal government program. That is no promise at all. It was already there.

Mr. John Williams (Edmonton—St. Albert, CPC): Mr. Speaker, I listened to my hon. colleague across the floor trying to explain this concept. I think his phrase was “legislation not passed but in force” regarding a proposal by the Liberals last November that could perhaps be an income tax cut, which is one of those deathbed conversions. I think it was the fourth budget last year that brought in some proposals regarding tax relief.

However, the point is, as we all know, that legislation passes this House, it goes down the hall and passes in the Senate, receives royal assent, and then, after being published in the *Canada Gazette*, it comes into force, so that Canadians understand the law of the land. It is this Liberal arrogance that we still hear coming from the other side of the House, where those members say they just have to make an announcement and they think it is the law of the land.

Would the member please tell us how he thinks that the Liberals can make these kinds of pronouncements and call them legislative tax cuts when they have not even been debated in this place or in the other place or given royal assent?

Mr. Paul Szabo: Mr. Speaker, I am sorry, but this member has no idea what he is talking about. When he did his tax return for the year 2005, the income tax rate on the first tax bracket was 15%. If he is saying it is not there, I will believe him. But in fact, most Canadians will see, if they look at their tax return, that it was 15%.

This is more about the fuzziness. He says these tax cuts are more than what came in the last four years. When we have a budget that delivers tax cuts for the next five years, it is okay to say, yes, it was not promised in the last four years, but it is being delivered.

When we think about it, and I have the numbers here, since 1997, when the budget was finally balanced after the abysmal job that Mulroney had done, the tax cuts to Canadians have averaged \$16 billion a year. This Conservative budget only delivers \$6 billion. The Conservatives are way behind.

Government Orders

•(1535)

Mr. Gary Goodyear: Mr. Speaker, I rise on a point of order. If it is the will of the House, I would like to revert to motions for just one moment, please.

The Acting Speaker (Mr. Andrew Scheer): Does the hon. member for Cambridge have unanimous consent to revert to motions?

Some hon. members: Agreed.

ROUTINE PROCEEDINGS

[English]

COMMITTEES OF THE HOUSE

PROCEDURES AND HOUSE AFFAIRS

Mr. Gary Goodyear (Cambridge, CPC): Mr. Speaker, I believe that if you were to ask the House now, the House would give its consent. I move that the sixth report of the Standing Committee on Procedure and House Affairs presented to the House earlier this day, be concurred in.

The Acting Speaker (Mr. Andrew Scheer): Is it agreed?

Some hon. members: Agreed.

(Motion agreed to)

GOVERNMENT ORDERS

[English]

BUDGET IMPLEMENTATION ACT, 2006

The House resumed consideration of the motion that Bill C-13, An Act to implement certain provisions of the budget tabled in Parliament on May 2, 2006, be read the second time and referred to a committee, and of the motion that this question be now put.

Mr. John Williams (Edmonton—St. Albert, CPC): Mr. Speaker, I am also pleased to engage in the budget debate and listen to my hon. colleagues in the House. I listened to the member for Trinity—Spadina earlier this morning, who talked about the fact that Canadians need a better deal.

After 13 years of Liberal government, of course we on this side of the House have to agree with her. Canadians absolutely need a better deal because we have been taxed to death and every time the Liberals see a tax dollar they try to find a way to spend it. I am glad to see that the NDP is also on our side, where Canadians need a better deal.

Let us just look at some of the ideas that we have for Canadians in this budget, which is a great budget. It has been extremely well received by Canadians because they are going to pay less tax. They are going to pay \$20 billion less in taxes over the next couple of years.

The GST will go down by 1%. Who would object to a reduction of 1%?

Some hon. members: Liberals.

Mr. John Williams: Yes, and let me ask members if they recall when the GST was first introduced. The Liberals fought it tooth and nail. They just about tore the building down and the doors off the other place as they fought against the GST.

Now they are fighting against the reduction of the GST. It beats me. I do not understand it. We can be on one side of the fence or we can be on the other side of the fence, but to be on both sides, I guess, means they are Liberals.

Let us take a look at the other things we have done for Canadians. We have heard a lot of talk about the \$100 a month, the \$1,200 per child.

By the way, I am going to be splitting my time with the member for Sarnia—Lambton.

The \$1,200 per year is a great boon for all Canadians with children under the age of six, and not just those in urban areas, but parents who live on the farm or in the country. Were they ever going to get a day care place from the other party? No, they were not, never. We have given them an opportunity to augment their own incomes so they can afford to have a spouse stay at home, perhaps, or to have someone else help them with the children. It is this type of benefit that Canadians want.

Then there is the \$1,000 for the Canada employment credit. We want to help people in the employment area.

We have reduced personal income tax from 16% to 15.5%. I will acknowledge that members on the other side thought they would like to reduce income tax too, but they lost the election before they put it in place, so we are putting it in place.

Not only have we reduced the lowest rate of personal income tax, but we are also increasing the basic exemption before people start to pay tax, so that means another 650,000 people off the tax rolls, paying no tax at all and paying less GST. How much better could it be? That is why we think this is a great deal for Canadians.

For small business, we have done this the same way. We have increased the basic threshold before they come up into the general tax rate for businesses. They can now earn up to \$400,000 at the lower income tax rate, and even that lower rate is coming down from 12% to 11.5% and then to 11% in subsequent years. It is all a great deal for Canadians.

Then, of course, for those who like to imbibe or those who produce wine—my colleague here is from a wine producing area—for small vintners we have taken the duty off Canadian wine. Also, for the small breweries, the excise tax has been removed from the beer they produce. We want to help employment in Canada. Is that not what building Canada is all about? I would think so. We want to give everyone in small business, the backbone of our economy, a great helping hand.

The corporate tax rate is now down to 20.5% and will continue going down.

Government Orders

There is the apprenticeship job creation tax credit of \$2,000 to help young people get involved in getting an apprenticeship so they can get training and a skill to carry them through the rest of their lives. It is a small investment by us and a great investment by young people, who learn a trade and go on to earn a satisfactory income for their families. This is building Canada. This is why it is such a great deal.

• (1540)

The apprenticeship incentive grant of \$1,000 is the same thing. We want to help employers help young people get the skills to become lifelong earners who look after their families.

In addition to that, of course, many tradespeople have to buy tools. It costs some mechanics \$40,000 or \$50,000 to invest in tools. We are providing \$500 a year. The Liberals refused year after year to do anything about it, knowing full well that these people were incurring costs. We have done it. That is why it is a great deal for Canada.

For those in university, we have eliminated the federal tax on scholarships, bursaries and fellowships, again helping young people to get educated so they can become solid, contributing members of our society.

Is this rocket science?

Some hon. members: No.

Mr. John Williams: I did not think it was rocket science either, but all we have ever heard for the last 13 years is how the Liberals could find another way to subsidize some segment of the economy because people needed a hand here or they needed a hand there.

Why not provide people the education, training, job opportunities and skills so they can go out, support their families and pay less tax? I think this model is far superior to the one I have had to listen to over the last many years in the House.

With regard to the textbook tax credit, again, we have heard since I came here 13 years ago about university students having to pay hundreds of dollars to buy textbooks. These are not best selling books. They are books students must have in order to learn and to obtain their degrees. There was not a single ounce of sympathy from the Liberal government, but we have said, "Yes, let us help students get their education so they can go on to learn, obtain a satisfactory career, earn income and be great Canadians". It all flows from the same philosophy.

As for fishers, let me note that farmers have had a half a million dollar capital gains exemption at the end of their careers so that when they sell their family farm or pass it on to the next generation they do not end up bankrupt. We know how hard it is in agriculture these days. If, when they sell their farms, their lifelong assets and everything they have poured their money into gets sucked away by the government in capital gains tax, it kills the family farm. We have to admit that this rule has been in place for a while for farmers, with half a million dollars tax free on capital gains. Now we have given it to the fishers as well so that when they sell their boats and everything else to the next generation, the government does not bankrupt them and take their livelihoods away. It makes common sense.

Then, of course, there is empathy. There is a child disability benefit for those who have significant extra costs. People with disabled children need some help. We have recognized that. We have increased the refundable expense supplement.

Also, we want to help young people, and indeed all people, to stay fit. We know that fitness equals better health. Better health equals better prosperity because of less time off work, fewer medical expenses and less money that we have to pour into health care. The benefits seem to be endless. We are prepared to help people to be physically fit and we encourage people to be physically fit.

It is great to be physically fit. As we cheer on the Edmonton Oilers and all the other teams vying for the Stanley Cup, we recognize how fit the guys on the ice are, and I am sure many people are rather envious or would love to emulate their fitness. This is a great opportunity and they can do it with a tax credit at the same time.

We did not forget about seniors either. We have increased the pension income credit, doubled it in fact, from \$1,000 to \$2,000.

I could go on to talk about arts and culture, farmers, transit users and affordable housing. The list goes on and on. It is a great budget for Canadians. This is only the beginning. If they keep electing Conservative governments, they will see more budgets like this. It is a great thing for Canada.

• (1545)

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, I have a great appreciation for the member opposite. I would like to ask him a question and then make a comment.

I would like to thank him, and because the member is so credible on figures, would he agree, as it says on page 75, that the Liberal tax rates for businesses would be below those of the United States and their manufacturing sector? There were complaints in the past from the other side that we had higher tax rates.

My comment is on education. I think it is almost humorous that the Conservatives are trying to compare their education offers to what we offered. It is a good job there were 13 years of Liberal government that provided the biggest scholarship programs in history. There were thousands and thousands of dollars under the millennium scholarships for thousands of students. Then we offered another \$6,000 for every student for tuition and \$12,000 for low income students. What did he mention in his speech? There was \$80 for books.

One of the Conservative members, when asked the other day what the Conservatives could do for low income, single parent mothers, said they could go back to school with their \$80. I called a bookstore and asked the price of three books. One was \$130, one was \$134, and the other was \$160.

This is just not a serious comparison. I really do not think the Conservatives should be trying to count it as a strength in their budget.

Government Orders

Mr. John Williams: Mr. Speaker, this has to be classic smoke and mirrors. It has to be truly classic. I do not know what book he is talking about, but I looked up page 75 in *Focusing on Priorities*. It just happens to be a blank page, so when he talks about Liberal taxation at page 75, I do not know where he is coming from. This is the type of smoke and mirrors we get.

The other point is on the scholarships. In 1998, under the Liberal government, \$2.5 billion was put in a trust fund for scholarships. It is great idea, but there is only one problem. Where is the money today? It is still in the trust fund. The Liberals have not paid it out to kids going to university. They brag about this great idea of the millennium scholarship fund, but the money is still sitting there. Under the Liberals, I think it would be for the next millennium rather than this one.

[Translation]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I listened to my colleague's speech with interest, particularly toward the end when he said it was a good budget and that there would be more announcements to come.

Canadians must understand one thing: this budget is reasonable because we have a minority government and the Bloc Québécois felt it was best to support it, mainly because it includes a possible solution to the fiscal imbalance issue. This will not solve all of Quebec's problems, but at least it will give the provinces the money they need to fulfill their responsibilities.

Can the member assure us that the promise the government made in this budget will be kept in the next one? Between now and then, if the government fails to keep its promise about the fundamental issue of the fiscal imbalance, it will lose the Bloc Québécois' support.

[English]

Mr. John Williams: Mr. Speaker, this is a hypothetical question from the Bloc about what we will do in the next budget while we are still talking about this budget. We have always kept our commitments. We can guarantee that one, but the real question, not the hypothetical one, is where the Bloc members will be after the next election. I do not think they will be here.

[Translation]

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Mr. Speaker, we just heard a member say, "We have always kept our commitments".

My question is very short and simple. Why did you not keep your commitment when a unanimous resolution was reached in this House concerning the creation of a POWA?

• (1550)

[English]

Mr. John Williams: Mr. Speaker, I am not too familiar with the program the member is talking about, but I can assure her that we have fulfilled and will continue to fulfill the election promises we made.

Why make a promise to the electorate and then turn around and not do it? That was the Liberal way, and let us at look where the Liberals are sitting today. We do not intend to follow them. We intend to stay on this side of the House.

Mrs. Patricia Davidson (Sarnia—Lambton, CPC): Mr. Speaker, I would like to thank the hon. member for Edmonton—St. Albert for his sharing his time.

It is with great pleasure and honour that I stand today and speak in favour of Bill C-13, an act to implement certain provisions of the budget. I am happy that my government will be honouring its commitments made during the general election, plus much more.

Since coming to Ottawa as a new member of Parliament, I have had the pleasure to work, listen and speak to some wonderful representatives from all over this great country from every political party. I may not agree with many of the views of my colleagues from the opposition parties but I pride myself on listening to different points of view, and I know our Prime Minister feels the same way.

Friday, May 12, was the first time that I was truly upset by comments from a member of the opposition. I heard with dismay as the member for Markham—Unionville denigrated the honest work of my friend, the Minister of Finance. The member used words like visionless, mean-spirited, unsuccessful and dishonest, all within the first three sentences of his speech.

Criticism should be constructive instead of being undignified and, dare I use the words of the hon. member, mean-spirited. I hope there are fewer speeches like that in the future.

There were over 21,000 people in Sarnia—Lambton who voted for change and over 5 million nationally who did the same. These people knew that they were voting for honesty, vision, kindness and success. We will work hard for Canadians and we will run an honest and accountable government.

I knew I was watching the future Prime Minister when I saw the member for Calgary Southwest announce the five key priorities on January 2, 2006. This Prime Minister is a natural leader and he knows how to focus. We saw that with the Speech from the Throne which followed through on the five priorities set out in January.

Now our Minister of Finance has presented a focused budget based on accountability, opportunity, families and communities, security and restoring fiscal balance in Canada, and by addressing those five priorities. I am proud to speak about those priorities today.

Government Orders

Let me begin with opportunity in the agricultural sector. A large part of my riding works in agriculture. During the election campaign I made a commitment to fight for farmers. As a newly elected member of Parliament I met many local, provincial and national farm groups. Our new Minister of Agriculture and Agri-Food proved his commitment to farmers when he immediately released, on an accelerated basis, payments under the \$755 million grains and oilseeds payment program. However, as I had more meetings, I realized our significant campaign promise of an additional \$500 million per year for farm support would not be enough for this year.

I believe that 13 years of disappointment had programmed farmers into believing that their government did not care and would not help out any further. Therefore, on April 5 farmers came from all over the country for a rally on Parliament Hill to give national attention to the farm crisis.

After 13 years of government inaction, they were demanding action from the new government. When the Minister of Finance announced \$1.5 billion for the farm sector in this fiscal year, I have never been so proud to be a Conservative. We promised \$500 million in additional funds and, instead, we delivered \$1.5 billion. I knew that these kinds of funds would really help.

Not only were farmers looking for additional funds but they were looking for a replacement to the failed CAIS program. Over and over again members of our caucus had been told by farmers and farm groups that the CAIS program needed replacing. Our Minister of Agriculture and Agri-Food listened. Now our government will replace CAIS with more effective programming for farm income stabilization and disaster relief.

We are committed to developing long term strategies as well as short term solutions. The fact that there are more farmers and more farm interests represented in the government, in caucus and in the cabinet than has been the case in any government in living memory, has helped create a budget that will truly help farmers. For the first time in a long time, farmers have been included in a federal budget.

● (1555)

All Canadians have been included in the budget. The budget contains \$20 billion in tax relief, which is more tax relief than the last four federal budgets combined. Twenty-nine federal taxes will be reduced in every area the federal government collects revenues, such as the reduction in the goods and services tax from 7% to 6%; a reduction in income taxes and business taxes, including targeted measures to help Canadians with the cost of transit passes; tools for apprentices; kids sports; and textbooks for students.

Speaking of education, I have a copy of a letter from the president of the University of Western Ontario to the right hon. Prime Minister. I have had many dealings with this great institution over the years as a founding member of the University of Western Ontario Research Park, Sarnia-Lambton Campus. In his letter, the president of the university, Mr. Paul Davenport, gives his "sincere congratulations to the Prime Minister, the Minister of Finance and the entire government on a very successful first budget". He goes on to write, "the budget affirmed the government's commitment to the stated top five priorities, and also recognized the importance of education and research as key enablers of growth and prosperity in Canada.

That is not all. Mr. Davenport recognized that our governments' support of post-secondary education will positively affect the university in at least four different ways. Our \$1 billion trust fund for post-secondary infrastructure will provide critical funding for university facilities as they upgrade aging buildings. Our commitment to expand the eligibility for the Canada student loans program to an estimated additional 30,000 students will give access to higher learning to more young Canadians than ever before. That is in addition to the new textbook tax credit of \$520 for students, representing a tax reduction of about \$80. This will benefit 1.9 million post-secondary students.

To further help students, the budget will exempt all post-secondary education scholarship and bursary income from tax, providing tax relief to more than 100,000 post-secondary students.

Mr. Davenport did not end there. He thanked the new government for the increased funds of \$100 million per year for investment in research and development. That is still not all. Mr. Davenport also recognized the economic windfall our universities will receive as a result of the government's decision to eliminate the remaining capital gains tax on donations of listed securities to public charities. As we all know, fundraising efforts are crucial to the success of universities. This initiative will not only benefit universities but the entire charitable sector.

Many of the charities that will benefit from this exemption will undoubtedly be in the health sector. The government has committed to implement the 10 year plan to strengthen health care. Our first priority is to implement a patient wait times guarantee for medically necessary services developed with provincial and territorial governments.

I have spoken in the House about the Public Health Agency of Canada. We will be providing additional funds to this agency for a variety of causes. We will be investing \$52 million per year for the Canadian strategy for cancer control so that we may better understand how to fight the various forms of this disease. We also will invest \$460 million to further improve Canada's pandemic preparedness, plus another \$19 million to Public Safety and Emergency Preparedness Canada to enhance our capacity to deal with catastrophes and emergencies so we may be one of the leading countries in the world when it comes to emergency preparedness.

Risk to health is something we hope to improve. Cracking down on crime is another area we hope to improve. Investing \$161 million in the RCMP by adding 1,000 more officers and federal prosecutors, plus another \$37 million to expand the RCMP National Training Academy.

Government Orders

As my riding is a border community with many border crossings, I was delighted to hear the Minister of Finance announce \$101 million to begin arming border officers and eliminating work alone posts.

• (1600)

I have only touched on a few of the measures found in this budget. I could speak for much longer on how very impressed I am with it. Once again, I congratulate my colleague, the Minister of Finance, and encourage all hon. members to support the bill.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am interested in the member's comments on the wait time guarantees which she described as wait time guarantees for medically necessary services.

The member will know that as a consequence of the health accord, which was developed in consultation with the provinces, additional moneys will go to the provinces over the next number of years. The provinces also agreed to benchmarks in certain areas but the member represented this as medically necessary services. The budget has no new money for that but it was one of the government's five priorities. This whole project of guaranteeing wait times means that the Government of Canada will be on the hook for transferring patients between provinces and maybe even to the United States or elsewhere to get these services. There is an enormous cost to this. I wonder where exactly the money is.

What assurances would she be prepared to give on behalf of the government that provinces and those health institutions within the provinces will not simply reduce or abandon their efforts in these critical areas knowing that the federal government will simply pick up the tab anyway?

Mrs. Patricia Davidson: Mr. Speaker, we all know that health care is a prime concern right across the country and in every riding. The wait times for services that are desperately needed are not acceptable by anyone's standards.

This government, in consultation with the provinces and the territories, has agreed to guarantee wait times and put in acceptable wait time standards. We realize this is not something that the federal government can do on its own. The provinces and territories have a huge responsibility when it comes to health care and this must be worked out in conjunction with them.

As far as the cost goes, I do not think any of us know what the cost will be. We know there are different ways to do business and, hopefully, there are better ways to do business and, in conjunction with the provinces and territories, we will be searching for those ways and putting in those wait time guarantees.

Ms. Denise Savoie (Victoria, NDP): Mr. Speaker, I want to ask the hon. member a question regarding post-secondary education.

I congratulate the government on its tax credit for skills training which is very nice and a good first step. However, with regard to the issue of post-secondary education, the government has increased the amount that students can borrow without investing at all in lower tuition fees and without investing, as it promised during the last election, in a dedicated post-secondary education transfer.

I wonder if the member considers the equivalent of what amounts to \$83 to buy books and the apprenticeship credit to be a national

strategy to help our young people face the challenges of the new economy.

• (1605)

Mrs. Patricia Davidson: Mr. Speaker, I will refer again to the comments I made in my speech and the support that this budget has received from the president of a leading university in this country.

We know we need to help our students and we need to make things easier for them to become productive members of society. Under this new budget students will be able to earn up to \$19,000 without paying tax, which is a huge incentive for them.

The \$500 tax credit will help post-secondary students with their textbook costs. It is only meant to help. It is not meant to pay for all of their textbooks. All of the other incentives in the budget are there to help students as well. I am quite confident that the measures found in this budget will go a long way toward helping students, apprentices and tradespeople.

The Acting Speaker (Mr. Andrew Scheer): It is my duty to inform the House that the first five hours of debate are now over. From now on the speeches will be 10 minutes, with a five minute question and answer period.

[*Translation*]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I am pleased to address the House today regarding Bill C-13.

So that our listeners may better understand, I would add that the government has tabled a budget. The budget was passed last week, thanks to the Bloc Québécois' support. Without the support of the Bloc, an election would have been called. I do not believe that any Quebecers or Canadians would have wanted to see that. We have adopted a responsible approach.

We had to examine the entire budget tabled by the government and determine our attitude towards it. We now have before us a bill to implement certain aspects of this budget. The budget announces the government's administrative and financial intentions. However, we must also ensure that legislation and budget provisions match up at the end of the day.

The bill gives some indication why the Bloc Québécois decided to support this budget. Among other reasons, it is a question of the fiscal imbalance. The Bloc Québécois began that debate in this House several years ago, in 2001.

At first, we were the only ones to defend this point of view. Today, it is shared by the Government of Canada. We want this matter to be settled once and for all in Canada. This does not definitively settle the question of Quebec, in part or in full. Clearly, the future of Quebec lies with its sovereignty.

Nonetheless, resolving the issue of fiscal imbalance will give the Quebec government—whether sovereignist or federalist—a bit more room to manoeuvre and will end the stranglehold on expenditures by the Canadian system. We must at least ensure that the provinces obtain the minimum required to carry out their responsibilities. The Conservative government has ended up adopting the arguments of the Bloc Québécois. This is mainly why we supported the budget.

Government Orders

Bill C-13 also contains a number of other items, for example the increase in the child disability benefit to \$2,300. This quite logical measure is another reason why we supported the budget. As is the elimination of the capital tax, not necessarily because it will redistribute wealth, but because last year it allowed Quebec to access part of the budget. In addition, due to the lack of money available for Quebec, we believe that this type of measure should have been proposed before eliminating the fiscal imbalance once and for all.

We had to make a choice. This budget contains all sorts of measures including the repeal of the part of the Excise Tax Act pertaining to jewellery. We supported the elimination of this excise tax, which will no longer apply to semi-precious stones as proposed by this bill.

There is also the universal child care benefit. In this regard, we made a much more constructive and equitable proposal concerning distribution of wealth, insisting that the tax credit not be taxable. If it were refundable instead, it would ensure that low-income earners could enjoy the benefits. We did not succeed in changing the government's position, but we believe that, overall, it would have been positive to include these measures in the budget.

In my opinion, there is quite a significant indication. Certain elements are missing from Bill C-13, for example, the Canada employment credit, the children's fitness tax credit, the reduction of excise duties on Canadian wine and beer made by small producers and the \$500,000 capital gains exemption from the various turnover positions and exemption for fishers. To be checked.

As my colleague from Haute-Gaspésie—La Mitis—Matane—Matapédia has claimed, since intergenerational rollovers are tax-free in the case of farmers, that should certainly also apply to fishers. In a region where fishing is important, as in Quebec, obviously this is a positive measure. However, it cannot be found in Bill C-13, since the Conservative government, to make sure of the Bloc's support was forced to adjust its right-wing vision.

The budget before us is not the budget of a majority Conservative government. It is very important that the people realize this. Public wisdom elected a minority government, and this led to a budget of this sort. If the people had elected a majority Conservative government, cuts would be taking place today: cuts in social programs and cuts in environmental programs.

Let us recall that there is a reserve of \$2 billion. No one dared to announce any cuts because, if they had done so, a crucial question would have been asked that might have led to the government's defeat.

Furthermore, the government acted responsibly by taking into account the arguments of the Bloc Québécois and by acting moderately. The people, however, must remember this question for the future. That is important. Indeed, when the time comes to make other political choices, the people will have to take this reality into account. A majority Conservative government is absolutely not the government desired for the future of Canada.

•(1610)

It is absolutely necessary that this government, which has a very firm right-wing approach, be able to be moderated by the presence in this House of a party such as the Bloc Québécois. The Bloc has

brought this government to table a budget that is more reasonable and for which the Bloc's support has been essential. However, the Conservatives have been warned: if by this time next year they do not include in their next budget real, concrete measures, which above all will permit a better distribution of the wealth and will deal definitely with the fiscal imbalance, they will no longer have the Bloc's support. At that time we shall see whether we need to go to the people. It was not appropriate to do so this year. Next year, however, it will be an option.

The budget presents other elements which have prompted us to vote in its favour: the \$1 billion for post-secondary education for which we have long been asking, the \$800 million for affordable housing, and the support for farmers. For us, it was extremely important to have this type of measure. The budget also provides something else important for my riding, namely the introduction of a tax credit for public transit users. Some might question the need for public transit there, as it is a rural riding where public transit is not necessarily a daily priority. But in fact, in my riding, the Bombardier plant in La Pocatière has just landed a contract for the Montreal subway, because public opinion mobilized. That is a concrete example of how effective people can be when they organize and mobilize.

This tax credit will help boost investment in public transit. The Bloc Québécois was the first party in the House of Commons to table a bill granting tax relief for public transit. So it could not be unfavourable to such a measure.

The bill to implement certain elements of the budget deserves to go on to the next step. It must be passed in this House. A good many of the measures proposed in it are positive. However there remain certain things that could be improved. Let us hope that in the future, after the year has passed, it will be clear to the government, for example, that it would be much better to convert the \$1,200 tax credit into a refundable tax credit. That would ensure that this measure is fair. We would like to move in that direction over the coming months.

In the next Conservative budget, we will be able to verify whether the government is in fact still taking a responsible approach which takes account of the opinions of the Bloc Québécois. This time, sufficient account of them has been taken for us to support the budget. The government must continue moving in the same direction.

We also have to keep working for a program to assist older workers. There were no more than a few lines devoted to this in the throne speech and the budget. Personally, I was a little disappointed with the answer from my Conservative colleague, who said earlier that he was not entirely familiar with that program and what its purpose was. At present, our economy is subject to competition and globalization, and this creates a number of problems. In particular, we are seeing a lot of small businesses in the manufacturing sector closing down because of competition with China and India. We need this kind of program to assist older workers.

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The Conservatives slipped a few words on this subject into the budget. We are told that the situation is being assessed. I hope that we will get a definitive answer before the end of this session, before the summer vacation. In point of fact, implementing this kind of program would not involve enormous costs. It would be respectful of the public and of employees who have to stop working at the age of 53, 54, 55 or 56 against their wishes. Those are often the people who have paid into the employment insurance scheme full-time for 20, 25 or 30 years. They are told that they will be able to draw employment insurance benefits for 45 weeks and then they will not be needed any longer. We expect an answer from the government on this subject.

The Bloc Québécois has supported the budget and supports the budget implementation bill. However, we expect the government to have a sense of responsibility so that we will be able to achieve something: establishment of the older workers assistance program.

•(1615)

[*English*]

Mr. Ed Fast (Abbotsford, CPC): Mr. Speaker, I have taken some encouragement from the hon. member's comments. He made the statement that taken as a whole, the budget is a positive step, a move in the right direction and that some of the concerns articulated by the Bloc have been addressed in this budget. He also referred to the fiscal imbalance and the fact that it certainly appears that our government is moving in the right direction in addressing that problem.

There was one thing which he did mention and it was a phrase he used which indicated that if the government in future budgets did not move to redistribute the wealth, his party would be compelled to vote against those future budgets. I am curious as to what he meant by that. For many Canadians it raises a red flag when terminology like that is used. Perhaps the member could comment on what he means by "redistribute the wealth".

[*Translation*]

Mr. Paul Crête: Mr. Speaker, the best example I can give is this: at present, oil companies are making huge and excessive profits.

I think that a future budget should have a provision for redistributing the wealth. The purpose of the redistribution will be to ensure that there are ways for people who live alone, who work 10, 15 or 20 kilometres from their homes and who often earn low wages, \$8, \$9 or \$10 an hour, to be compensated for gas price increases. The question of gas prices is the perfect example to show that there has suddenly been a major increase in profits.

A few years ago, the Liberal government gave these people a tax reduction, at the same time as their profits were rising. In my opinion, next year, when the Conservatives present their next budget, it will be important to see measures being proposed by which the wealth could be redistributed better. That is one way of ensuring that there is greater balance in society. It is one example of what can be done.

Obviously, the fiscal imbalance must also be solved. This year, we have operated on the good faith of the government. We hope that the plan introduced in the annex to the budget will be followed. If we were not to come to an agreement on this, the Bloc will be hot on the Conservatives' heels.

[*English*]

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, I think it is a mystery to many Quebeckers as to why the Bloc support the budget. The member gave two reasons I would just like to ask him about.

First is the assistance to students. Does the member really think that the \$80 for books is serious compared to the \$6,000 for tuition that we were offering?

The second is on transit. As the member knows, we provided billions of dollars in direct subsidies to expand the transit systems. Does he think that would be a better expenditure of the money than just providing reimbursements for transit passes for people who are already riding on very crowded transit systems?

[*Translation*]

Mr. Paul Crête: Mr. Speaker, I will first address the second point raised by my colleague.

As for the environment, neither the Liberal nor Conservative government has had clear messages and programs to improve the situation. At this point, we are even regressing. We have moved from a government that claimed to support the Kyoto protocol but did not take satisfactory measures to meet it—and public transit was a factor—to a government that refuses to meet the obligations of the protocol, although it proposes certain measures—with respect to public transit—that are satisfactory. However, in terms of all of the measures needed to improve the situation concerning the environment, a lot of work remains to be done.

The Bloc Québécois is very anxious to see how the government will use the \$2 billion that has been set aside. That said, there is no doubt that the Canadian and Quebec population wanted a change in government. It was wise enough to elect a minority government and it can now see the Bloc's responsible attitude. I am very confident that the public will receive the message loud and clear, and will see that the current model of government provides the greatest opportunity for Quebec, should it remain part of Canada, to have its say. Nevertheless, Quebeckers are fully aware that there will be no resolution as long as we represent only 25% of votes and are entitled to only 25% of budgets. We need 100% responsibility. Only then will Quebec be sovereign.

•(1620)

[*English*]

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, being a very positive person, it is hard to get into my new role of being a critic, but I will make an attempt.

The title of my speech today is "Lament for a Nation" because there is a new government with a new throne speech and a new budget that are so prejudicial to the vulnerable, to the poor, to the students, to the environment, to artists, to aboriginal people. With the duplicity of some opposition parties and in spite of the national media's attempts, members of the public are not yet fully aware of this sad lament.

The first people I want to lament for are the Quebeckers who supported the Bloc.

Government Orders

Quebeckers believe in public transit, affordable housing, training, post-secondary education and foreign aid, yet on June 23, the Bloc betrayed Quebeckers and voted against all these things. We can see the results. There was a dramatic drop in the polls and the unimaginable happened: the Conservatives won Quebec City.

As if the Bloc did not learn a lesson from this, they did it again. Quebeckers did not ask for a budget that was built on the backs of the most vulnerable, the students, that increased income tax for the poor, that abolished Kyoto, abolished Kelowna and abolished national child care that took hundreds of millions of dollars from Quebec and that did nothing for older workers and their perceived fiscal imbalance. Yet the Bloc members betrayed their voters again. They betrayed Quebeckers.

[*Translation*]

Now I want to talk to my colleagues, the Liberal members from Quebec. They can be proud of always supporting those who are vulnerable, the environment, the poor, students and the native peoples.

[*English*]

Quebeckers believe in these and can be proud that they have had Liberal deputies who have steadfastly fought for these in the wake of a devastating Conservative budget, which did little to strategically support these.

Lament number two is for the NDP. The supporters of NDP members were delighted when the rare circumstances evolved that gave this small party the balance of power. We worked together to make even greater gains than the Liberals had already made in public transit, affordable housing for aboriginal people, training, foreign aid and great social progress. Then they threw it all away and, in partnership with the Conservatives, set the stage for the election of a Conservative government. A number of their supporters were furious. We lament for the true social reformers who the NDP abandoned.

The NDP tried to blame the public. It was not the public who pulled the plug early on Parliament before Kelowna could be implemented and before the national child care agreements were realized.

I will never forget a man who came into my office during the election campaign, a lifelong NDP supporter, who said that he and his wife would be voting for me for the first time.

Most astonishing in our lament of NDP voters is their party's duplicity in not fighting strenuously against a throne speech that had virtually nothing in it for students, for labour unions, for women, for the environment, all areas for which the NDP used to strenuously fight.

I want to turn now to the national media. I do not lament for the national media. I think it is great. It does tremendous research and comes up with very exciting and intelligent articles. I am wondering, as a media that prides itself as being the unofficial opposition, if it is lamenting a bit when we have a budget that offers trinkets which are all overblown in their importance. I think a Bloc member mentioned earlier in debate that some of the offerings were worth about a cup of coffee and so prejudicial to the vulnerable. Yet the Tories are still

riding so high in the polls. I will provide examples of these two cases.

The first example of a trinket is the \$80 for books. The Liberal Party provided millennium scholarships with thousands and thousands of dollars to thousands of students. This was the biggest scholarship program in history. Just recently, the Liberal government offered \$6,000 per student for tuition and \$12,000 for poorer students.

A Conservative member was asked by a Liberal member what the budget did to help low income single mothers. The Conservative said that they could go back to school with the \$80 for their books. I phoned a college bookstore and asked for the price of three books. It was \$110, \$134 and \$160. A person could not even buy three-quarters of a book.

An example is the most vulnerable is aboriginal people. It says on page 112 of the budget that the budget of Indian Affairs has grown about \$350 million a year because there is a growing population and inflation. How much did the government increase the budget? The Conservatives increased it \$150 million, which is less than 50% of the average of previous governments. What is \$150 million of the \$5 billion that the Liberal government offered for Kelowna? It is one thirty-third of that amount. When reporters asked where the \$5 billion went, what answer did they get? The previous Liberal government had it all set aside.

Finally, my lament is for the Conservatives. This is a party that was once progressives, but it gives Canadians a budget that preys on the vulnerable. I have to compliment the Conservatives for the item that increases money to charities. That is good. In general, the Conservatives tell students that \$80 is a good deal compared to the \$6,000 that the Liberal government was offering.

The Conservatives complain about smog and then cut 15 climate change programs that help reduce smog. They cut the \$4 billion worth of clean air and climate change programs and replace it with what we call in sports "future considerations". There is only half the money, \$2 billion, for ideas that have never come forward yet and no plan.

The Conservatives broke faith with the aboriginal people of our country when they broke faith with the premiers and the leaders of first nations. The Conservatives do nothing more than Bill C-48 to help the poorest people in the world.

The Conservatives cannot come to agreement on military equipment.

Government Orders

The Conservatives, as per on page 218, will increase income tax for the poorest in society from 15% to 15.5% on July 1 of this year. The Conservatives have reduced the basic personal exemption, again most severely affecting the poor, as per again on page 218. It is amazing that the Department of Finance allowed them put this line in the budget. It says that the government will give the poor a break on the GST and then it takes it back. It says and I quote page 218:

The basic personal amount will be reduced by \$400 to...on July 1, 2006 at the same time as the GST rate is reduced.

• (1625)

The Conservatives will once again, like the Sheriff of Nottingham, take away from the poor by eliminating the young child national supplement for low income people.

Conservatives ignore rural people in their budget and almost taunt them. They kept one Liberal rural program, the rural infrastructure program. They give one example in the budget of this rural project. Let us see what they say. Remember that rural Canada is 95% of the land mass, so what project did they pick for their one example?

This will allow this fund to support further improvements to municipal infrastructure, such as the Evergreen Commons at the Don Valley Brick Works in Toronto.

That is a great project and a great symbol of the Conservatives' lack of commitment to rural Canada.

The Prime Minister, during the 2006 election, mocked some agreement as politicians paying politicians. Then the Conservatives do exactly the same thing by taking \$1 billion from our students and giving it to provincial politicians. That is politicians paying politicians.

The Conservative government does not support culture. It has cut the increases to artists by two-thirds. The Conservative government, after the Liberal government gave very large support to people staying at home through the national child benefit, gives as little as 55¢ a day or 14 minutes of day care.

The Conservative government sold the future of our children by cutting increases in R and D by as much as 90%.

There may be some low income people who get a slight reduction in taxes, but the fact is they are the only level of people who are also given income tax increases. Last night I bought a quart of milk for \$2.29. For 55¢ a day, a low income person could quit his or her job and buy a quarter of a litre of milk for the children. Is that being better off? I agree that the wealthy and businesses should get tax cuts, but they should be fair tax cuts. They will get thousands of dollars back.

We can see why the throne speech and budget are described as a lament for a nation. The nation I was raised in and am proud to represent is one of generosity, where everyone, corporations, small business, the wealthy, the middle class and the poor all benefit from the record benefits of Canadian prosperity. A rising tide raises everyone equally.

It was a nation trying to come to peace with the aboriginal people and reduce their disparities. It was a nation that supported national parks, child care, research and development, clean air programs and the cultural achievements of our artists, whose dreams were to bring

to reality what the United Nations said was the best country in the world.

Instead we have a nation whose government has had the richest inheritance in history, yet has given some small general tax breaks and then claws them back with increased taxes to one group of Canadians and one group alone, the poor. This is why indeed today we lament for a nation.

• (1630)

Hon. Michael Chong (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister for Sport, CPC): Mr. Speaker, I listened with interest to my colleague's comments across the way. It is highly ironic that he used the phrase "lament for a nation". Is he aware that it was written by a famous Canadian by the name of George Grant? He lamented the fact that the over decades the Liberals had given away many of Canada's great traditions, given away what he saw as the heart and soul of what it meant to be Canadian, not simply a country limited by its geography, but a country that was also imbued with the spirit and ideas that came out of centuries of conflict and resolution, centuries of working together across a vast, inchoate land.

Does the member know that *Lament For a Nation. The Defeat of Canadian Nationalism* was written by George Grant a number of decades ago? It criticized the Liberal Party and suggested that the vehicle for preserving Canada's traditions and its great past into the future was the Conservative Party?

Hon. Larry Bagnell: Mr. Speaker, taking away the things that Canada is all about is exactly why we are lamenting a nation today.

When they had the fiscal capacity and the greatest surplus in history given to them, why could Conservatives not let everyone increase at the same rate? Why would they tax the lowest income people? Is that part of what being Canadian is?

The wealthy and the corporations in our country are very generous. They donate to all kinds of things. They never would have asked that they get tax cuts and that low income people not get the same level of tax cuts. They never would have asked that we destroy the peace and harmony of a historical agreement, which was so hard to come by, with the premiers and the first nations leaders. They never would have asked for this change in our country and the spirit of this nation. That is why it is a lament for a nation.

[Translation]

Mr. Christian Ouellet (Brome—Missisquoi, BQ): Mr. Speaker, I would like to ask the hon. member for Yukon why he is congratulating the Liberal members from Quebec, when they did so poorly in the recent election.

Government Orders

I was elected in a riding that had been Liberal, where they discovered that the Liberal Party really did not have significant and worthwhile solutions to propose to Quebec. We are wondering now how is it he feels that the Bloc Québécois is acting irresponsibly by supporting the minority government's budget.

Had we not voted in favour of this budget, an election would have been called, to the distress of the member for Yukon.

[*English*]

Hon. Larry Bagnell: Mr. Speaker, he talks about how the Liberals did in Quebec. They did better than the Bloc Québécois. It thought that it would gain all sorts of seats, but lost them instead. It did not get anywhere near what it was projecting because last June it voted against public transit, affordable housing, training, post-secondary education and foreign aid, all the things in which Quebeckers believe.

Now it has supported a budget that, once again, is lacking all sorts of things in which Quebeckers believe such as strong support for students and increased income tax for the poor. It abolished Kyoto. I think 90% of Quebeckers believe in Kyoto. The Bloc voted for a budget that abolished Kelowna. Quebeckers have been very supportive of aboriginal people. The budget abolished a national child care program that was bringing hundreds and hundreds of dollars to Quebec. It enhanced the fiscal imbalance of Quebec by taking hundreds of millions of dollars away from it. That is why the Bloc is doing so poorly.

• (1635)

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, my colleague is very interested in the environmental implications, with respect to programs that have been slashed in the budget, as they affect the north, certainly the FedNor programs and programs related to the Canadian rural partnership.

Would the member like to expand for a moment on how slashing those programs is going to affect the north at a time when we are looking at the north as being one of the great frontiers that will add considerably to the value in our Canadian economy in the future?

Hon. Larry Bagnell: Mr. Speaker, I will be elaborating on that in my speech at 6:30 p.m. I would say the north has the highest climate change in the world. It is devastating. Our species are changing, as well as the ice roads on which our economy depends. It has more effect on us in the north.

The cancelling of 15 environmental greenhouse gas programs is affecting the north more dramatically. Species like polar bears will become extinct. It is affecting us more than any other Canadians. That is why we need the support of the government, not to cancel all these things without putting anything in place as we become more and more devastated in the north.

[*Translation*]

The Acting Speaker (Mr. Andrew Scheer): 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 Yukon, Indian Affairs and Northern Development; the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, Softwood Lumber.

[*English*]

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, it is a pleasure to speak to the budget implementation act.

I will start by making some corrections that I think are important in terms of the revisionist theory that is happening on the Liberal side with regard to what brought about an election. I also want to point out that the Liberals still have not learned a sense of responsibility regarding their conduct in the last Parliament in promising one thing to Canadians and then delivering another.

It is amazing to hear that the timing of the election was solely brought on by the NDP, when the fact of the matter is it was the member for LaSalle—Émard who literally went on television and begged for his life. There was only three weeks difference in when we actually had the election. He begged across this country. He set a precedent. It was the first time a prime minister had used the national media to ask for time so that the Liberals could actually bring something forward. The reality is there was only a three week difference. What else is amazing is at that time even if we had chosen to support the Liberals, there still would not have been enough votes in the House of Commons to prop them up.

The fact is the Liberals have really missed the point that Canadians made a decision. Canadians made a decision and their votes should not be taken for granted. They have that right.

What we have now is a budget which in many respects reminds me of the budgets that the member for LaSalle—Émard put forward in the late 1990s which focused on tax cuts for corporations as opposed to investing in Canadians. That is one of the reasons as a New Democrat I cannot support the present budget bill. It does not invest enough in Canadians. At a time when we have record surpluses we still have outstanding challenges.

One area I want to focus on today is the manufacturing sector. An industrial strategy has been repeatedly called for. We have witnessed the struggles of the aerospace and textile industries which are very important economic engines for the Canadian economy. This goes back to prior to the rise in the Canadian dollar. The rise in the Canadian dollar is in large part due to the high oil and gas exports to the United States. Those are having a significant impact on the dollar which has a subsequent impact on manufacturing in Canada.

Studies, the most recent of which was on January 27, have shown that with the labour market shifts in manufacturing, construction and natural resources, we are witnessing one of the biggest downturns in Canadian manufacturing history.

Government Orders

I come from Windsor, Ontario. The automotive industry traditionally has paid a lot of money into the federal government coffers through personal and corporate taxes, which has benefited this country significantly. That industry is at risk for a couple of reasons. There is no public policy of framework on how to increase the capacity to create manufacturing jobs and keep them going forward or, more importantly, incentives regarding employment on the shop floor.

The United States has incentives, economic relief and strategic elements for training as well as incentives for infrastructure which capture Canadian jobs. That is a real risk here. We know with the dollar going up it has had an significant impact.

In a study from 2002 to 2005, before we actually had a significant shift in the Canadian dollar which is further problematic, manufacturing jobs fell by nearly 149,000, representing a 6.4% loss during that time. This is significant because once we lose those jobs they are gone.

It is interesting that in the budget plan a chart on page 32 indicates a steep decline in manufacturing employment from 1970 to 2005. The decline is represented by a downward slope so steep that someone could ski jump off it. Unfortunately, we have not been doing anything to push that rate back up again. We have not done enough.

• (1640)

Interestingly, in the budget plan there is a graph showing immediate crude oil prices, but we witnessed the exact opposite. On budget day it was over \$75 a barrel which is a significant increase. That pushes up the manufacturing issues relating to productivity which are so difficult to deal with. There are the elements of a higher dollar that had traditionally been relied upon as a crutch by the government without an actual strategy.

Potential solutions have been proposed. The Centre for Policy Alternatives has a good one. I am going to outline a few of the things where the budget does not allocate or speak to the auto sector which is very important. There are simple things we could do.

We could establish a multi-stakeholder sectoral development council. We did that in the past with CAPC recommendations. The Canadian Automotive Partnership Council got together to create a national strategy. Everyone is on side, from business to labour to municipalities. It is a comprehensive strategy.

What is interesting about this budget, which reminds me once again of the regime of the member for LaSalle—Émard, was that a previous Liberal minister, the member for Vancouver Kingsway, could have acted on the CAPC recommendations. It is a model that is spoken about. He had an opportunity to act on it and he chose not to. At committee I challenged the then Liberal minister of industry, science and technology to bring forward an automotive manufacturing strategy. He promised on two different occasions that he would bring that back. He did not deliver.

What is interesting is that the member has now moved over to the Conservative Party as the Minister of International Trade. Why did he not bring the work related to the budget and auto policy with him? Will it come? We do not know. We have not heard. It is not in the budget. It is not in the speaking points. The Minister of Industry has

been virtually silent. It is certainly not one of the five priorities. A convincing case could be made, but we have not heard about this very important file.

I cannot understand it. The member for Vancouver Kingsway carried the softwood lumber position that was constructed under the Liberal regime over to the Conservative side. The softwood lumber issue was basically trade crime against Canadians but he did not bring forward a piece of legislation for the automotive sector and the manufacturing sector at one of the most sensitive times. It is an interesting point in time because we have newer technologies. We hear a lot about the potential tax credits and some of the structures that could be put in place to move newer technologies from shop floors into manufacturing, but where is the sectoral strategy to deliver that? We have yet to hear.

I am very pleased that the industry committee has agreed to study manufacturing losses and jobs in the upcoming session of Parliament. It is a priority. It is very important, but we need to do more.

Another aspect is we could review the Canadian investment act to ensure that incoming foreign investment generates significant benefits in the public interest. This is something that has been put forth with regard to China Minmetals. China Minmetals was going to purchase Canadian companies. We objected to that. It was shot down at committee. We had tried to put that forth at that time. We now hear grumblings that the legislation might come back for amendment. We might have an interest in that. We need to look at that in terms of what type of export of Canadian jobs is happening.

This is not foreign to Canada. In the United States, congressmen and other legislators are looking at similar types of changes to their legislation and ownership rules. We have seen that most recently with Dubai and with other types of initiatives relating to manufacturing. Hopefully we will see that type of review come forward, and not just in terms of what I raised at industry committee. We talked a lot about safety and security and national security issues but there still is nothing today in our foreign investment act that prevents rogue nations, when we define them as rogue nations, from actually buying Canadian companies. Some of them could be sensitive strategically involving telecommunications and natural resources and could have a significant impact on the Canadian market and on manufacturing here and abroad. There is nothing in there. Currently all the information is kept private and there is no recourse for members of Parliament or the public to get the information.

Another thing that we are calling for, and I would have hoped to see a comment on this, is in regard to the free trade talks with Korea. There is a significant problem with regard to the automotive industry. Right now Korea has a significant trade surplus with us in the automotive sector that we cannot penetrate. We would like to hear about those things.

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•(1645)

In closing, another very important issue which comes into play is the western hemisphere travel initiative. We never saw anything for the tourism sector in this budget to the detriment of our economy and our tourism sector. That should be in the budget as well.

Mr. Colin Carrie (Parliamentary Secretary to the Minister of Industry, CPC): Mr. Speaker, coming from Oshawa, I share my colleague's passion about the manufacturing sector and the automotive industry. I was hoping he could clarify the NDP's position for me. In this budget we gave out significant tax cuts to all corporations and all businesses to make them much more competitive internationally. It seems that the NDP members are consistently against these types of tax cuts.

Even the Canadian Manufacturers and Exporters said that this is actually the best budget for manufacturers in the past five years. It has things in it for border infrastructure. The member mentioned the CAPC report.

I wonder if he could help clarify this one point for me because it is something I have been trying to understand for the last few years. How can the NDP be against tax cuts for large corporations when these corporations create so many jobs for Canadians and tax cuts allow the corporations to compete internationally? How can the NDP be against that when this budget is the best one in the last five years for that?

Mr. Brian Masse: Mr. Speaker, I appreciate the parliamentary secretary's question and his interest in the auto industry, but the reality is that the tax cuts are not even the number one thing the corporations are asking for. Looking at the CAPC report, tax cuts are not the priority. It is infrastructure and other things.

What is interesting about the budget and the infrastructure that is being delivered is it is over five to six years. We know from history that the length of minority governments is a couple of years at best. We have only seen a renewal of funds. We have not really seen significant improvements in border infrastructure. Coming from Windsor West, I have heard it all in terms of promises for infrastructure which are never delivered.

With regard to tax cuts, I would ask the hon. member to go back to his constituency and ask why it is that they support continuing a \$1.5 billion tax cut or subsidies for the oil and gas industry and why those companies are not exempted in this respect. Canadians see the record profits in the oil and gas industry. All the companies have record prices at the pump and they are going to get another tax cut. That does not make any sense.

Yes, we can have some good tax cuts, there is no doubt about that, but they have to be strategic and they have to lead to good jobs for Canadians, enjoyed by all, not just a select few.

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, I would like to congratulate the member. In the time I have been listening to this debate in the House, he is one of the few members to have linked the strategic part of the budget that either will nurture and cultivate manufacturing jobs and high value activity or it will not. The member quite frankly has come down on the side that it will not.

We all understand that Ontario, particularly the part of Ontario that the member comes from, is a catalyst to creating equalization that is being redistributed to the rest of the country. The manufacturing base is fundamental to that.

I wonder if the member could further elaborate on how the budget has not acted as that catalyst, particularly for the transportation and engineering sectors that he knows so well. Perhaps he would like to take a moment to emphasize how strategically unprogressive this budget is in acting as a catalyst to investing in the transportation sector.

•(1650)

Mr. Brian Masse: Mr. Speaker, it is really important not to underestimate the value of sectoral strategies in transportation and the environment. Coming from my area with regard to auto manufacturing we know that if we can advance newer technologies onto the road quicker, we are going to significantly improve our air quality as well as maintain investment in jobs that are very significant in enabling people to purchase homes, send children to school, contribute to the United Way. All that is at risk.

What is worse is that by not moving this technology to manufacturing in our own country, we are witnessing other countries doing that. For example, in China and Southeast Asia we are witnessing significant problems with Canadian technology not being moved as quickly as others. That is unfortunate. We have great Canadian success stories but we have to have sectoral strategies. I would argue those strategies should be tied to national goals and national issues. Air quality would be one.

My region has some of the dirtiest air in the country which is tragic because half of it comes from the United States. The other half comes from local industry but what we can control locally is very significant. We should mitigate and lower that. The budget does not do that because it does not have sectoral strategies. That is what is needed to really move stuff from the classroom to the manufacturing shop floor which once again would return payments to Canada's coffers.

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Mr. Speaker, I am pleased to have the opportunity to comment on the budget, a budget that a lot of Canadians look to as an indication of the type of government that we will receive from the Conservative Party.

Unfortunately, it confirms the concern and worry that many people have about the direction in which our country is heading under the government and, I would say, especially in Atlantic Canada. I say this because Canadians believe we have a responsibility to each other. These cannot just be words. We must demonstrate in real ways our commitment to actions, especially to Canadians who are most in need of a break.

It is a fact that some of our citizens have not reaped the benefits of our collective success as a nation in the past decade or so. That should challenge us to do better. Under previous governments, both Liberal and Progressive Conservative, we have made inroads in social equality and justice.

Government Orders

Today, Canada is a world leader. In fact, the day after the budget the front section of the *Globe and Mail* had a big banner in the middle which said, "Canada is a World Leader".

This was not the case some 13 years ago when the consensus was that Canada was an economic basket case. It was clear as a country we could not continue down that path of financial ruin. In the early days of our Liberal mandate in 1993, the new government was confronted with the crippling reality of \$40 billion-plus annual deficits and growing debts. It was so dire that one influential American newspaper suggested that Canada was on the brink of financial collapse, in fact, third world status.

Tough decisions had to be made. Those decisions were borne collectively and at times painfully by all Canadians. In retrospect, though, most of those tough policy decisions were right. Today, we have witnessed a tremendous financial dividend off those decisions.

The fiscal decisions of the mid-nineties were made in the national interest. They were decisions that put policy ahead of politics; not easy, but right for the country.

We can compare that to the situation today where politics trumps good public policy. Unlike the Liberals in 1993, the Conservative government took office with the best economy in Canadian history, a vibrant economy with annual surpluses that provide an opportunity to plan for our future prosperity by investing in people and by investing in our social infrastructure.

That is not what government members chose to do, though, with the opportunity presented to them. It could have invested in students, in social programs like child care, in our aboriginal communities or in the environment but it chose not to.

To me, the budget represents a lost opportunity with worse to come. It is a budget that gives too much to the rich at the expense of those who have less. Low and middle income Canadians, as well as students and aboriginals, all of whom were shut out in this era of unprecedented prosperity.

I cannot support a budget that does not invest in real child care and instead, offers a taxable individual benefit that really has not even been targeted to those most in need. The previous government had a plan that would have made a difference in the lives of families across the country and was widely supported by governments of all stripes in Canada. It was a plan that recognized that government has a responsibility to help to provide every child with the opportunity to learn and, for parents who work, we provided an early learning and child care program based on the quad principles which have become so well known in the child care community. A real child care plan involves investing our financial capital in order to enhance our human capital.

The Caledon Institute of social policy indicates, as an example of how wrong this new policy is, that a two earner couple making \$30,000 will end up with a net benefit of \$199, while a one earner couple making \$200,000 will see a net benefit of \$1,076. That is unconscionable. It is not in fact a child care plan. It is an allowance that will be disproportionately allocated.

I cannot support a budget that ignores post-secondary education so much and, in particular, students. The budget offers, as a crowning achievement, an \$80 tax reduction on books.

The previous Liberal government invested close to \$13 billion in research and innovation in the last decade. We now lead all G-7 countries in per capita investment in university research and these investments have had a huge benefit to our economy, a huge benefit to the development of new technologies and to retaining and attracting top researchers. We have in fact reversed the brain drain.

The issue now is student accessibility. Last November, our government proposed sweeping investments in students in the form of direct assistance. These billions in investments called for extending the Canada access grants from one year to the entire four years of study, targeted toward low income students, those most in need, aboriginal students and persons with disabilities. That economic statement went miles beyond Bill C-48, providing much more for students than Bill C-48 did.

• (1655)

Again, a real plan for students involves investing in our financial capital in order to enhance our human capital.

I also cannot support a budget that makes little mention of the environment. The abandonment goes far beyond Kyoto. It hurts individual Canadians. For example, the EnerGuide program for low income housing was cancelled. This was a \$500 million five year program that provided grants to low income Canadians so they could evaluate their houses and make repairs with the goal of conserving energy and reducing their personal energy costs. I do not believe it is fair and I do not believe it is appropriate to cancel that program. Now all of EnerGuide is gone.

What is more galling is that when the government was in opposition it voted for the very legislation that funded EnerGuide for low income families. I think it shameful and it is counterproductive to cancel that.

Again, the day after the budget was presented in this House, the *Globe and Mail* had a two page spread that broke down the budget. The article argued that in order for Canada to maintain its strong economy there were two key areas of investments: education and the environment. Can anyone guess what was missed out in the budget?

This budget goes in the opposite direction, paying scant attention to education. Its environmental proposals seek to abandon Kyoto while cutting programs like EnerGuide, which is a made in Canada solution and actually works.

Again, it is politics above policy.

Government Orders

Let us have a look at the celebrated GST cut. Jeffrey Simpson, in the *Globe and Mail*, referred to the Conservative commitment to cut the GST as a \$5 billion political bribe. "As politics," he said, "it's great; as economics, it stinks".

It was not just him. Herb Grubel, a senior fellow with the Fraser Institute, a former member of this chamber and a former Reform Party finance critic, said:

Cutting the GST rather than business or personal income taxes may be good politics but it is definitely very bad economics.

Andrew Coyne, in the *National Post*, no friend of the Liberal Party, said:

A Conservative party that was prepared to blow \$8.5-billion a year...on such a transparent electoral bribe, sacrificing every principle of sound taxation and severely limiting the chances of major improvements in Canada's productivity in the bargain, would have announced in very clear terms that it was no longer interested in being a party of principle.

In other countries there is a move to tax consumption because it is the most fair way of taxing. New Zealand, for example, has moved from 10.2% of taxes on general consumption as a percentage of GDP to 25.3% in the last quarter century.

The government talked about broad based tax relief. We see in the brochure that touts this budget that a family making less than \$15,000 gets a \$96 saving and a family making \$100,000 to \$150,000, which includes everybody in this chamber, saves \$1,228. I do not think MPs deserve 12 times as much of a break as somebody struggling to raise their family on \$15,000.

This budget misses the mark in two key areas.

First, it is dumb. It is a dumb budget economically, according to all the economics, and it ignores productivity, which we need, in favour of a GST cut.

Second, I would suggest that it is just plain mean. For decades our federal governments, and I am talking Progressive Conservative as well as Liberal, introduced measures to make Canada more equal, more fair and more just, a society that recognizes success but also recognizes our responsibility to those who are disadvantaged.

This budget represents a turning away from that ethic in favour of measures to help those disproportionately better off. The more one has, the more one spends, the more one gets. Average Canadian families do not become the major beneficiary as they should.

I do not dismiss the appearance of benefits to some families but when we examine it we find that more than ever before these budget measures will do nothing for the poor and little for the middle class.

This financial plan for Canada takes us backwards. The GST cut is dead wrong, according to leading economists; ignoring the need to invest in students is a critical mistake; turning back on the environment is a colossal blunder; and abandoning children is hugely misguided.

In short, this budget offers some sizzle but no steak. It invests in the wrong areas, cuts the wrong taxes, assists many of the wrong people and turns back the clock on real progress for Canadians.

• (1700)

Hon. Michael Chong (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister for Sport, CPC): Mr. Speaker, I listened with interest to my colleague's comments on the budget. It is interesting to contrast the start of the new Conservative government in 2006 with the start of the previous government in 1993. I think the sharpest contrast that can be drawn when we juxtaposition the two governments is that we have kept the faith with the public. We have kept the commitments we made during our election campaign.

We campaigned on a platform that we are delivering on in budget 2006. We promised to cut the GST by 1% and budget 2006 delivers on that with a 1% GST cut effective July 1. We promised to implement a universal child care benefit of \$1,200 and, effective July 1, budget 2006 delivers that. We promised greater accountability and budget 2006 delivers that by putting in measures to ensure greater transparency in the budgeting process. We promised greater security to protect Canadian communities and cities and budget 2006 delivers on that with additional resources for front line police officers.

Let us contrast this budget with the budget presented in 1993 after the Liberal Party campaigned to eliminate the GST. It broke that promise. In 1993 the Liberals campaigned to scrap the free trade agreement. They broke that promise.

I wonder if the member opposite could comment on the contrast between the start of this new government and the one in 1993 as evidenced in our first budget.

Mr. Michael Savage: Mr. Speaker, I would have to say the most striking difference between the Conservative government coming in and when we took power in 1993 were the conditions we inherited. In 1993 we inherited probably the worst economy in the history of Canada. The Conservatives had wracked up the debt from \$200 billion to \$500 billion. We had \$40 billion annual deficits as opposed to right now where we have handed over the most rosy economy in the history of the country.

A little while ago I asked the minister a question in the House about what the government was going to do for students and he turned around and told me all about the wonderful things that Canada was already doing for students. We did those things. I appreciate his support but I know what we have done. However we need to do more for students now. We were going to do it in the economic statement. We have an opportunity now to do even more to build on the great record of prosperity that we left for the Conservative government. It is a wasted opportunity with worse to come.

• (1705)

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Mr. Speaker, while listening to the speeches I was thinking about small businesses as I have a business background.

Canadians have not put their clear trust into the Conservative government. Their trust is conditional. I personally feel that we are here to serve Canadians, whether we believe in their thinking or not.

Government Orders

I was in my riding this past weekend and I was talking to the progressive forces. They personally feel that they have been betrayed, whether it is with respect to the Kelowna agreement, students or the environment. I would like to ask the member to update us on this please.

Mr. Michael Savage: Mr. Speaker, the most unfair thing about this budget is the way it treats those most in need. The Conservatives even touted this in their brochures. The budget speech was about how great a benefit this will be for people who buy a \$350,000 house. I could ask the member for Churchill how many houses in her riding cost \$350,000. They talk about the great savings available to families making \$150,000. I could ask the member for Cape Breton—Canso how many people in his riding make \$150,000.

This is unconscionable at a time when this country needs two things. We need to do more to even out the load among those who have and those who have not. We need to invest in productivity to allow Canada to compete in the global economy with the emerging giants. We have what we need. We just need to put it in the right places. This budget puts it in the wrong places.

Ms. Denise Savoie (Victoria, NDP): Mr. Speaker, the hon. member mentioned that in the early years the Liberal government inherited a difficult situation and had to make very tough decisions. That is undoubtedly true. I remember the then prime minister saying to Canadians that they had to tighten their belts, and they did. The debt was paid over the backs of ordinary Canadians, municipalities, cities and the provinces. They paid. They helped out.

Then a surplus began to accumulate. That surplus was never turned back to ordinary Canadians. It went to subsidies for large corporations. In some years, \$1.4 billion in subsidies went to the oil and gas industry.

I am wondering if the hon. member feels that this was a sensitive way of helping ordinary Canadians deal with the very serious issues they were facing with these six years of record surpluses that the Liberals acquired.

Mr. Michael Savage: Mr. Speaker, I think the Liberal government had to make tough decisions, not only here but in the provinces as well, which faced difficult times.

I am proud of the fact that when this country started to produce surpluses the Liberal government had the largest tax reduction in the history of Canada. I think it was a reduction of \$100 billion in 2000-01. We introduced the child tax benefit, millennium scholarships, Canada access grants and learning bonds. When Liberals had the money, we identified that it should go back to the people who needed it most, to ordinary Canadians, low income Canadians, students and people who needed assistance. I am proud of that record.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Mr. Speaker, I am very pleased to have an opportunity to participate in the debate on Bill C-13, which is, of course, the act to implement the budget that has caused so much consternation here in the House and across Canada.

This debate gives us a chance to reiterate our concerns with the budget and another opportunity to find a way to convince these Conservatives to change their ways and to start listening to Canadians. By all accounts from far and wide in this country, the

Conservative government blew it. The Conservatives had an opportunity to invest in Canada, to start ensuring that we were rebuilding this country after 10 years of neglect by the Liberals, and they abandoned that opportunity. They blew it. They lost it.

Mr. Merv Tweed: Thirteen years.

Ms. Judy Wasylycia-Leis: My colleague from Brandon—Souris has just reminded me that it was 13 years ago that the Liberals came into power. He is quite right. It is 13 years of neglect that we are trying to overcome.

I just wish that he and his colleagues on the Conservative benches had found the courage and the wherewithal to address the weaknesses from the Liberal government and to restore the necessary elements that create strong communities and a strong country.

Unfortunately, they did not do it. They chose instead to once again follow the Liberal path of investing in areas that help big business and the wealthiest in this country. They chose to neglect hard-working Canadians who spend day and night sustaining themselves and their families, contributing to their communities, volunteering at hockey rinks and church bazaars, walking on safety patrols and helping people in need.

They looked to the government for some recognition of that contribution, some way to ensure that the path is a little brighter, that the future is a little clearer for themselves and their children, and they got none of that in this budget.

What did Canadians get? They got exactly what the Liberals have been delivering for 13 years.

On the one hand, it is an approach that has no balance in terms of fiscal policy. Rather than ensuring some money go against the debt, some money in terms of progressive tax relief and some money in terms of investment, what did we get? We got what the Liberals have always done, which is to not come clean with Canadians about the surplus and thereby dump a whole pile of it against the debt, without regard for the kind of economic growth that would have come from that investment, and to give a huge amount in tax breaks to corporations.

This time it was \$7 billion worth. If we take the \$5 billion of extra money that they threw against the debt, because with all of their resources they could not figure out how to invest that money that would create jobs and grow the economy, plus the \$7 billion in tax cuts to corporations and the wealthy, many of the issues that we raise each and every day in this House would have been addressed in some significant way. If the Conservatives do not want to listen to the words of members in this House, maybe they will listen to some of the people who write and call, day in and day out. I want to reference just a couple.

Government Orders

The first one actually is a letter from a school in your constituency, Mr. Speaker. It is from the student council of Murdoch MacKay high school. A group of students involved in a Make Poverty History conference last year decided to keep fighting, to make their voices heard and to try to get through to the government. The students wrote a letter to the Prime Minister on April 24 and said the following:

As a group of caring and concerned students who have recently become aware of the issue of poverty in Canada and the world, we have organized a poster campaign, an educational trivia contest and a food drive for a local food bank in our community. We fully support the Make Poverty History campaign that has gained momentum throughout the past year and wish to see our federal government take action to eradicate poverty.

● (1710)

That is an incredible voice. It is an incredible impetus for the government. Those are the voices of ordinary Canadians. They are the voices of the future of this land, the voices of young people active in their student council and wanting this country to be a model for the whole world, an example of caring and compassion for the whole world to see.

Another letter, similar to the last one, comes from a constituent of mine by the name of Jacob Blondahl, who lives right in the heart of Winnipeg North on Main Street. He writes to the finance minister:

I'm writing to call on you to make ending poverty at home and abroad a priority in your first Federal Budget. Over 1.2 billion people live in abject poverty. Every day, 50,000 people die from poverty-related causes and more than 800 million people go to bed hungry every night.

In the upcoming budget, your government should acknowledge the international target for aid spending of 0.7%—

He said that the government should act to keep the commitments made in the last election.

Let me give the example of a family in my constituency that has had to come to grips with this supposedly great benefit the Conservatives have given to families through a child allowance in the name of a child care program. Let me show how the family is going to suffer as a result of it. The breakdown this family gives is as follows. The annual family allowance is \$1,200. Less income tax it is \$838. Minus a benefit clawback, it drops to \$448. Finally, minus the young child supplement, it goes to \$199. The total is \$199 per year, less than a dollar a day. That is the great benefit and the great program that the Conservatives have brought to us in the name of a progressive child care policy.

I think constituents say it all and I think these are the voices that the Conservative government ought to be listening to.

The government has been obsessed with accelerated debt reduction and tax cuts, as I have mentioned. We are no further ahead for it. We are simply going to have a continuation of the kind of direction this country has gone as a result of Liberal policies.

Let me say that if we take this kind of policy down to the grassroots level, down to a constituency such as Winnipeg North, we will see that constituents, ordinary people, are not rejoicing in this budget. They are not rejoicing because they are going to feel the effects of this lost opportunity in their lives and the lives of their children for years to come.

Winnipeg North is probably one of the most economically disadvantaged constituencies in Canada. It is hard for many folks to make ends meet. A disproportionate number live on low incomes. Many hold down several jobs. It has a rich cultural mix, including first and second generation immigrant and urban aboriginal populations, and everyone is working hard to build a stronger community. They are striving to make their lives and the lives of their neighbours better.

Despite this, as we all know, the gap between the rich and the poor is growing. Despite hard work, these constituents of mine are not benefiting. They are not finding it easier to make ends meet. They are not able to feel good about what they are able to provide for their families.

Let me give a couple of examples of this. There is the question of housing in a constituency such as Winnipeg North, which is at a very difficult stage in terms of older housing in need of repair, housing that has suffered at the hands of a federal government that has taken away all the means of support, all avenues for assistance, after the government abandoned housing as a policy back some 13 years ago.

Since then, this patchwork of programs has not made the kind of difference that is required. Since then, housing has deteriorated even further. Let me look at this specifically from the point of view of off reserve aboriginal housing, because in fact, my constituency is home to a number of aboriginal constituents who are tackling the need for affordable housing.

Let me conclude by mentioning that there was a very recent study called "An Examination of Hidden Homelessness among Aboriginal Peoples in Prairie Cities". It examined the lack of affordable housing for aboriginals. The study found that thousands of people drift from shelter to boarding house, from borrowed couch to homeless mission. Let me read for members four of statistics from the report. Five thousand people live in rooming houses in Winnipeg, 1,000 people live in hotels in downtown Winnipeg, and 2,330 aboriginal families are waiting for housing in Winnipeg. Forty-five per cent of participants have moved more than three times in the past six months. Fifty-five per cent of people earn \$10,000 or less annually and 19.8% of the people have no income.

● (1715)

The list goes on and on. We have a difficult and very needy situation in Winnipeg. The government has abandoned its role in terms of housing. The Conservative government did not address it other than to implement the NDP addition to last year's Liberal budget.

This is an area that needs investment that will have all kinds of spinoff benefits for this country. I urge the government to finally come to grips with what it means to be relevant to families that work hard and want to make a contribution to this country.

● (1720)

Mr. Steven Fletcher (Parliamentary Secretary to the Minister of Health, CPC): Mr. Speaker, the government obviously agrees that more needs to be done for Canadians who are disadvantaged. That is why over 600,000 Canadians are going to be removed from the tax rolls in this budget.

Government Orders

I think the member would agree that there are some honest disagreements and philosophies between the two governments. This government was elected on certain principles and promises and, in fact, this budget fulfills those promises. One of those promises was to deal with pandemics. This budget puts \$1 billion toward pandemic preparedness. As the member knows, the virology lab is in Winnipeg, a city that the member and I share.

There is also a substantial investment in cancer control. There is \$260 million for the Canadian Strategy for Cancer Control, a motion that the NDP supported in the last Parliament and the previous government refused to fully fund and implement.

I wonder if the member would agree that the investments in pandemics and cancer control are good investments and something the previous government refused to do. Or, is the member's party changing its position on the Canadian Strategy for Cancer Control and pandemic preparedness?

Ms. Judy Wasylycia-Leis: Mr. Speaker, there is no question, and the member knows this, that the members of the New Democratic Party in the past have called for public investment in cancer prevention and treatment strategies. We certainly appreciate the steps that the government has taken in that direction.

The New Democratic Party has also called for a significant investment in the virology lab in Winnipeg to ensure that it can continue to be an internationally recognized centre for responsiveness in the case of an emergency or a pandemic. However, what the member is missing is the epidemic, the serious critical crises that exist right now on the streets of Winnipeg, and the government is either totally blind or negligent.

I do not know, after I have just talked about poverty in our midst, how the member can ignore that fact. The member cannot even respond to the fact that 52% of aboriginal families indicate they live in crowded conditions in Winnipeg. There are people living in temporary hotels, hostels, and on the streets. People cannot get a decent meal. The member wants to ignore that situation.

I suggest to him that if the government is serious, and he is serious about addressing pandemics, it should start with one's own backyard and look at the problems staring us in the face right now. Kids are going to school hungry, people are living in the most despicable housing conditions imaginable, and people are having to resort to the most untenable ways of making money to subsist. That would be a truly responsible and responsive government in the event of a pandemic.

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Mr. Speaker, the member is talking about ordinary Canadians. In 1990 I graduated from university. In 1993 I travelled through her riding. At that time we had the highest unemployment rate. If we read the numbers today, when Liberal governments were in power, the unemployment rate was the lowest in 30 years and at the same time, the ordinary Canadian that the member is talking about was taking home 11% more in earnings.

How is the member going to justify to workers in the next election, when she goes door to door, that by voting with the Conservatives in the last Parliament she had not betrayed the ordinary Canadians who fall under the lowest tax bracket, those earning less than \$36,000 a year?

● (1725)

Ms. Judy Wasylycia-Leis: Mr. Speaker, as I said before in the House to a similar question from many of these disgruntled Liberals who think they are still in government just like that. I would suggest to him that it was not this small group of 29 New Democrats who defeated the Liberals. It was the Canadian people who said they were tired of being taken for granted. The kinds of problems I have talked about in the House today are problems that have been caused by years and years of Liberal government neglect. Let me go back to the issue of housing. I hope members will understand what it means. Our housing problems in Winnipeg began when the federal Liberal government decided—

The Deputy Speaker: I would love for the hon. member to go back as far as she would like, but we do have to resume debate. The hon. member for Chambly—Borduas.

[*Translation*]

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Speaker, I will certainly speak to Bill C-13, the 2006 budget implementation act.

I am pleased to speak immediately after the hon. member for Winnipeg North. I think she did a good job highlighting the entire issue we must consider in order to pass judgment on this budget.

In no way do I doubt the convictions of the hon. member for Winnipeg North, having heard her speak about the less fortunate a number of times now. I think she does this well with conviction and fairness.

However, as far as the budget is concerned, we do not share the same conclusions. At the end of her speech she mentioned a certain number of reasons why we do not share her conclusions in terms of the Canadian government's policies of withdrawal from the social safety net for the people she was referring to, namely the poorest in society.

Hon. members will recall the Canadian government's withdrawal from social housing, which is called affordable housing in Canada, when the Liberals were formed the government. This withdrawal occurred almost throughout their entire time in power. Nothing was invested in social housing. It was only in 2001 that the Liberal government gradually started putting money back into social housing. However, it was too late, the damage had been done. The current serious shortage in social housing is putting even greater pressure on the poor.

The same phenomenon occurred in employment insurance with the Canadian government's withdrawal and cuts to the programs. This puts a great deal of pressure on the poorest families, especially people who have the misfortune of losing their employment.

I will come back to that, but I wanted first to put this in perspective to show that in the current context I believe there is no guarantee the Liberals would do better than the Conservatives right now if they were in power. On the contrary, they showed us they were capable of the worst.

Government Orders

Now it is time to see whether the Conservatives are also capable of the worst. In that perspective, we have looked at whether the budget we want to implement with Bill C-13 provides us with anything positive.

We must consider it in terms of the mandate given to us by the Quebec electorate. This mandate is to defend, to the best of our ability, the interests of Quebecers. All the better if the interests of all Canadians are defended at the same time.

The issue of fiscal imbalance is decidedly a major issue for Quebec. I believe it is a major issue for the rest of Canada, but we will speak for Quebec. Why? Because it is an issue that the Liberals refused to recognize in order to maintain their policy of disengagement with respect to the provinces and to Quebec. It was a case of maintaining this quite deplorable situation whereby the Canadian government recorded the surpluses and the provinces assumed the responsibilities.

We have before us a government that says it is prepared to examine the fiscal imbalance within ten months, or by February 2007. It says it is prepared to do whatever is necessary with the provinces to solve the problem. That is an interesting commitment.

Now let us look at the difficulties faced by farmers. How farmers have struggled these last few years, first to obtain recognition for the fact that they experience tremendous difficulties just to be able to survive, and then to feed their families and to keep their farms afloat. We know how quickly the rate of farm failures is rising.

• (1730)

Many farmers did not even have enough money to plant their crops this spring.

Now, a breath of fresh air is blowing across the land. It is not an ideal solution, granted, but it is welcome relief for farmers. The Bloc Québécois had a large hand in this initiative, especially my colleague from Richmond—Arthabaska, who worked hard to convince the Conservative government that it had to do something. As a result, the budget contains \$1.5 billion in new money to support farm producers who are going through hard times.

As I mentioned earlier, \$800 million will go to social housing. In 2001, the Liberals allocated \$260 million. Today, \$800 million in new funding is being invested in social housing. This is a positive step.

The additional infrastructure funding, the tax exemption for bursaries, the reduction in the excise tax for microbreweries and the \$1 billion for post-secondary education are some other positive aspects of the budget. The Bloc Québécois feels that, in the current context, the budget does enough for the people we represent so that we can support it. Does it address every issue? No.

Mr. Speaker, I know that you take a special interest in the plight of the unemployed and the poor. Our colleague referred to this earlier. We must recognize that a number of huge commitments are missing from the budget. In the coming months, that is what we must focus on in order to correct this situation.

Let us talk about the unemployed. The Conservative Party made a promise to set up an independent fund so that the Canadian

government would stop playing around with the fund to divert money—which the Liberals did. Over the past 12 years, \$48 billion was misappropriated from the employment insurance fund.

Elsewhere, this behaviour would be described as theft. I will not say that, as it is not parliamentary. However, it is dramatic. On whose backs was this done? It was done on the backs of people whose employment insurance benefits were cut. This is one of the measures that made families poorer, as our colleague mentioned earlier. Who does this money belong to? It belongs to the workers and employers.

I say it often in this House and I will continue to say it until this injustice is corrected. It is scandalous. It is misappropriation of funds, in no uncertain terms. This money belongs to two groups, the workers and the employers. In addition, this money could have gone to help families.

This was the first measure the Conservative government made a commitment on. It has done nothing yet. We will have to hound it. It will have to deliver the goods to provide an independent fund.

The situation is the same with the income support program for older workers. At the moment, the collapse of our industries' infrastructure because of the entry of foreign goods has led to layoffs. Most importantly, the people hit by the layoffs are 55 and older. In the past, the Conservatives made a commitment in this regard. It must deliver the goods.

The Bloc Québécois has introduced Bill C-269 to improve the entire employment insurance program. When the time comes, I invite my colleagues in the House to support this bill. Why? Because it is the minimum in terms of responsibility and recognition we owe workers in order to come to their assistance. It is also a matter of justice for them.

My time is up, so I will stop here. I am prepared to respond in the time for questions.

• (1735)

Hon. Michael Chong (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister for Sport, CPC): Mr. Speaker, I would like to thank the Bloc member for his comments on the budget. He said that the budget proposes measures for social housing, agriculture, infrastructure and microbreweries.

I agree with him about the budget.

[*English*]

Nothing is ever perfect. The budget is no exception to this rule, but it is a balanced budget. It is a focused budget in terms of its spending and it offers money for debt repayment. It is a good overall package.

As my colleague across the aisle has mentioned, there are measures in the budget for secondary education, new money for aboriginal Canadians and families with children and a new approach to environmental issues. We have seen a significant increase of 35% in emissions in Canada over the last 15 years, a record far worse than many of our fellow OECD countries. We need to tackle this.

Government Orders

Could my colleague comment on the budget with respect to measures that we have put in place for greater resources for provinces to deliver core services, such as the \$3.3 billion in new money allocated for post-secondary education, social housing and public transit?

[Translation]

Mr. Yves Lessard: Mr. Speaker, I thank the minister for his question.

I have already expressed my views on this and a number of other subjects. I would like to talk specifically about public transit because it also relates to measures designed to eliminate greenhouse gases. The minister and his party should reconsider their position on this issue. It is dangerous for two reasons. First, being so evasive about such an important issue sows seeds of doubt among Canadians that slow down our progress toward meeting our obligations to adopt measures that will eliminate greenhouse gases. I see nothing concrete in this budget that really promotes public transit, yet this is one of the measures we should adopt to encourage people to use more economical multi-passenger means of transportation.

I would like to remind the minister that we consider this an interim budget. We will judge this government according to such elements, including the Kyoto protocol targets. Our vote on the next budget will depend on these issues.

[English]

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I am sure my colleague from the Bloc has heard many members point out the shortcomings in the budget. Even those who were complimentary about some aspects were critical of the glaring oversights within it.

I point out to him that negotiations on how to make that budget better ended the very moment the leader of the Bloc Québécois walked out of this chamber and into the camera scrum area and said, "I support this budget". All of a sudden all negotiations died right on the table. There were no more improvements to be made because the deal had been done.

Why did the Bloc roll over so easily? At least when the NDP traded its support in a minority Parliament, we got \$4.8 billion worth of tangible benefits for Canadians. The Bloc got nothing, a big goose egg. I think my colleague from the Bloc is agreeing with me, that the Bloc got a big fat goose egg in exchange for its loyalty.

It mystifies me. It is like *Jack and the Beanstalk*, I suppose, when one trades the family cow for three beans and none of those beans sprout. What was it about the budget that the Bloc would give up all of its political leverage and ability to influence?

• (1740)

[Translation]

Mr. Yves Lessard: Mr. Speaker, I am glad he thinks he got something, even though he agreed to cutting \$2.5 billion from employment insurance. He got nothing.

Some hon. members: Oh, oh!

Mr. Yves Lessard: I want to point out that I let the hon. member speak earlier. I want to remind hon. members of something. Let us

look at what the NDP got: they got measures that were applicable later.

An hon. member: If there was money.

Mr. Yves Lessard: Yes, if there was more money. It was conditional. Well, now there is nothing: zero, less than nothing.

Furthermore, let us look at pages 278 to 280. In this budget that the NDP supported, there is the matter of a measure for cutting \$2.5 billion from the employment insurance budget. The NDP voted in favour of that cut. Not just that, it fought the misappropriation of \$48 billion, but supported a cut of \$2.5 billion.

Before addressing this matter, I would like my colleague to double check what he voted in favour of. If he does not know, I cannot help it. Nonetheless, that is truly what happened. It absolutely happened that way.

Why did we not negotiate? Because we do not get involved in those types of negotiations. We are honest with our electors. We tell them whether things are good or bad and we tell them so right away.

[English]

Hon. Judy Sgro (York West, Lib.): Mr. Speaker, I am happy to stand today and talk about the budget and the implications it will have on Canadians. It is quite interesting also to listen to the discussion and debate that goes on by different members in the House on who sold out who and so on. The reason we all here is that we want to build a great Canada. That is the reason I asked to make a few comments today in the budget implementation debate.

I would like to begin my remarks by reminding Canadians that the Conservatives inherited from the Liberals the strongest economy and the best fiscal situation that any newly elected government in the history of Canada has ever been fortunate enough to receive. I wonder what will happen over the next period of time, whoever forms the government, and whether they will ever have an opportunity to inherit such a rich surplus as the Conservatives had in contrast to what was left to us by the Conservatives in 1993, which was one huge mess.

Under that last Conservative government, the Canadian economy was in serious trouble. Conservative spending was wildly out of control. Annual deficits had skyrocketed to close to \$40 billion. Overall federal debt had ballooned to nearly 70% of the gross domestic product. Interest rates were very high. All of us felt those. The federal government itself had become a heavy burden on money markets, thus driving up borrowing costs for provincial and municipal governments as well as businesses, consumers and our constituents.

There was no real economic growth or job creation happening. Unemployment rose into the double digits. Consumer and business confidence was very low. That was a very difficult time for Canada. With the encouragement and the steady support of thousands of Canadians, the Liberals set out in 1993-94 to turn things around, and that is exactly what we did.

Government Orders

We cleaned up the nation's finances. We re-established the federal government's ability to invest properly in Canadians' leading social and economic priorities, while balancing the books, and we succeeded in that. We balanced the books in 1997 and brought down eight consecutive surplus budgets following that. We reduced the federal debt in absolute terms by more than \$63 billion and as a proportion of the total economy by 45%. The debt is now on a steady downward track, scheduled to decline to 25% of the GDP by 2015 and then to no more than 20% of the GDP by 2020. At least that was our plan.

Inflation declined, interest rates came down and have remained low and stable. Federal taxes have been reduced by more than \$100 billion since 2000 and another six-year \$50 billion tax cut plan was initiated in 2005. Unfortunately, it was abandoned by the new Conservative government.

The Canadian economy has generated more than 3.5 million new jobs since 1993. Participation in the labour market is at near record high levels while unemployment has plummeted to a 32-year low, which we all can enjoy in this country. Canada enjoyed 12 straight years of unprecedented economic growth under the careful management and the fiscally responsible Liberal government.

The Liberals are very proud of our fiscal record. In fact we boast the best fiscal performance in all the G-7 group of world leading economies and the best fiscal record of any Canadian government since 1867. When my colleagues across the various parties throw jibes and words and all kinds of comments around, they should realize that all of us worked hard, all of us as Canadians, to get where we are today.

This brings me to my many concerns about the Conservative budget that we are going to deal with today. This budget clearly lacks any vision for Canada to take us into the future. It is a simple case of some short term gain and long term pain for a great country that we have all worked so hard to build over the last 13 years.

• (1745)

The government inherited the best fiscal situation in Canadian history and is failing Canadians by neglecting the future challenges and moving us forward.

The budget fails to address climate change and, clearly, is cancelling Kyoto and our commitments to Kyoto. It fails to provide a real child care choice for parents or a plan to create child care spaces, yet it has money to build more jails. It fails to maintain fiscal responsibility by not investing carefully in innovation. It fails to provide tax relief for low and middle income Canadians. In fact, it increases taxes for low and middle income Canadians. More important, it fails to exhibit any vision for Canada's future prosperity, with no significant investments in education or innovation, nothing to lead us forward.

Unfortunately, the budget neglects to make any significant investments in those areas. The Liberal government had a concrete vision that would have helped put us at the forefront of competitiveness and innovation.

This lacklustre and visionless budget contains virtually nothing in this regard. For example, for university research our last fiscal

update provided \$2.5 billion. The Conservative budget provides \$200 million.

For student aid, our plan, which we were able to offer because our fiscal house was in order, provided \$6,000 per student for tuition over a four year program. That was a huge help for students to encourage many coming from low income families to go to school. The Conservative plan provides \$80 for textbooks.

Under the Liberal government, the best and brightest flocked to Canada due to our sound investment in research and development. How will Canada compete on the world stage in the future with a visionless budget and a visionless country? How can Canada continue to nation build when it is stuck with a government and a budget that cares more about politics than sound fiscal management?

The fiscal irresponsibility of the budget is completely unacceptable. The government is throwing fiscal prudence out the window and spending savings from program cuts before it even has the money in the bank. This approach will bring Canada dangerously close to a deficit position again.

The budget also puts ideology before economics and policy and fails to provide a sound economic vision for the future.

The budget also fails to provide real tax relief for low and middle income Canadians. Eliminating Liberal income tax cuts in favour of a 1% GST cut has been panned by every serious economist in the country as a plan that will benefit higher income Canadians at the expense of those who need it most.

The Conservatives are actually increasing income taxes, which means many people who received a refund in the 2005 year will probably end up paying more in 2006. The budget actually raises income tax rates in the lowest tax bracket. Despite the government claiming to be helping Canadian families, it has raised the tax rate from 15% to 15.5% for the lowest income Canadians and then denied it did it. Low income families need our support, yet the government is quietly raising its taxes. Did it think no one would notice?

The Conservative government has also quietly cancelled the program which helped low income households cope with high energy prices and cut greenhouse gas emissions. The EnerGuide program for low income households, a five year program initiated by the Liberals in November and endorsed by all parties in this House, was making a real difference for low income families in my riding of York West, and I am sure in many other ridings across this country.

Worse yet, the government chose to hide the cancellation of this program. I found out when a constituent called. When my assistant phoned, we were told the program had been cancelled. At least the government should have had the courage to tell us upfront what it was doing when it was cancelling it.

Nothing is more important to Canadians than our children and our grandchildren. We must lay the foundation for our country's future prosperity and success. As members will know, the Liberal government successfully negotiated agreements with all the 10 provinces last year. Through these agreements, the federal government would transfer almost \$5 billion over five years to the provinces and territories, based on the principles quality, universal inclusiveness and accessibility.

We will notice that in the five priorities there was no new money to go into the health care system. Where will that money come from when we talk about a guarantee for long term wait times and elimination of those waits?

● (1750)

Mr. Ken Epp (Edmonton—Sherwood Park, CPC): Mr. Speaker, I have a great deal of respect for that member, but she has again repeated a myth that many people are buying, and that is the Liberals somehow left this government in a wonderful financial position. I would like to set the record straight.

If we look at the financial accounts of the country over the years, we will find that the deficits were due totally to high interest payments in those years. We could probably fault the Conservative government of the day for not taking fast short term measures to reduce that debt and hence the interest payments. Instead, it addressed the long term problem and brought in a number of policies that the Liberal government, over the last 12 years, was able to use to reduce those deficits.

The Liberals did bring down the debt. After they let it go up about another \$80 billion, they brought it down about the same amount. I believe that is right.

I see some members over there laughing. As I recall, when the Liberals took over in 1993, the debt was very close to \$500 billion and it is still \$500 billion. It did go up in the first three years of their regime and then it went down after that. It was a Liberal legacy that left us the debt. This government has actually addressed this issue.

To the credit of the Liberals of the day, they—

The Deputy Speaker: The hon. member for York West.

Hon. Judy Sgro: Mr. Speaker, I have to wonder what people, who are watching this at home, think about all of us. We are tossing around all of these numbers, but Canadians know what the numbers are. They know that when we became government in 1993, there was a huge deficit. I heard many comments about the fact that at that point Canada was on the verge of bankruptcy. It took all Canadians, led by our prime minister and finance minister, to make a huge amount of cuts to get our finances and our country under control. We have the opportunity now to reinvest in our children, in our housing, in our seniors and, more important, to ensure that we reinvest in our young people.

We talk about the child care issue as if it is some kind of babysitting service. Child care is about investing in early childhood education. If we are going to be competing with Switzerland and all of the other countries, we have to ensure that our children get an early start to education. This is not about babysitting. It is a really important issue.

Government Orders

We had a plan going forward that would have ensured that all children in our country, who wanted an opportunity to learn early, would have that opportunity. They would then be well positioned to compete with others. Giving \$25 a week for babysitting, is a pretty big insult to all women. More important, it does not move us forward as a country. We are supposed to be investing in innovation and all of these issues. That means we need to give women the opportunity to give their children early childhood education.

● (1755)

Mr. Ed Fast (Abbotsford, CPC): Mr. Speaker, I heard the hon. member talk about the former government's grand plan for child care. I recall many elections ago when the same plan was being promoted. Was that plan delivered? No. Not one day care space was created by members opposite.

During the election, we made our plan clear. We were going to give families \$1,200 per child, per annum, and that was going to be addressed fairly across all families. We delivered on that promise.

Having had 13 years to implement a day care program in Canada, why did she and her government never deliver on the promises they made repeatedly during election after election?

Hon. Judy Sgro: Mr. Speaker, if we had gone into government with the kind of surpluses that the Conservative government has been fortunate enough to get, we would have been able to implement it quickly. Instead, it took us four years just to get things balanced again.

Giving a family \$100 a month, or \$1,200 a year, through a tax change could be done overnight. That is real easy. Getting an agreement with the provinces to deliver early childhood education is not about getting a day care space. It is about setting up a program with all of the provinces as partners.

Government Orders

After the Conservative government has been in office a few more months, I am sure it will find out how difficult it is to reach an agreement with all of the provinces, which have to discuss the plan with their municipalities. We cannot just tell families how it has to happen. We have to work with our partners across the country to get a plan that meets the need. We also need money to do that. As a result of our good fiscal plan, we have only had that kind of money to do it now. The Conservatives are throwing it away by giving people \$25 a week. What are they going to do with it? They will not be able to do much.

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, as we go through the debate on Bill C-13, the budget implementation bill, it strikes me as I listen to the debate that we seem to be missing the big picture here.

We hear a lot of specifics about various minutiae of the budget, but I have with me a chart that shows total family incomes, adjusted to real 2004 dollars, from 1989 to 2004. This bridges some Tory years, but it mostly shows Liberal years. I was shocked to see that the real family income or take-home pay during that period of time for the lowest quintile, the lowest 20% of all Canadians, actually went backwards by 9%. We actually slid by 9% over 15 years. Even though the economy grew and the business climate was favourable for many of those years, the redistribution of wealth did not reach the bottom quintile.

There is that common yarn we hear about how a rising tide lifts all boats, but the rising tide did not lift the boats on the bottom quintile. It did not lift the boats of the second quintile either. The families in this column made about \$26,000 or \$28,000 a year. Their real family incomes went down by 4% from 1989 to 2004. That was a lesser amount, but they were still going backwards.

In the next quintile, for those making around \$45,000 a year, on average their real earnings and real family incomes, all adjusted to 2004 dollars, went down 3%. It is only when we get into the fourth quintile, those making about \$65,000 or \$70,000 a year, that real family incomes, their real earnings, went up by 2%. In the highest quintile, the wealthiest of Canadians, real family incomes went up by 15%.

I do not know if it is the goal or the objective of either the Liberal Party or the Conservative Party to elevate the wages and living conditions of all Canadians. That is the stated objective of the NDP. I do not know if it has been a priority or if those parties had other competing interests and priorities, but if that was their objective, if that was their economic strategy, it has not worked for the last 15 years. This goes back to 1989.

I think that maybe this is what we should be reflecting upon in this debate. We live in the richest and most powerful civilization in the history of the world, but we are not sharing the wealth. We are not showing a meaningful increase in the financial quality of life of fully 60% of Canadians, and the other fourth quintile only marginally. It is only the very wealthy who got richer. It is almost a cliché that the rich get richer and the poor get poorer, but unfortunately that is the empirical evidence to date of the economic strategy of the last many years in this country.

All the other issues that we are complaining about here kind of pale in comparison to this failure in what we in the NDP see as the

single most important thing: sharing the wealth, sharing one's birthright as a Canadian, and growing forward. The next generation will be the first ever to not have the economic well-being that their parents did. I did not state that very well, but members get the idea.

I am going to move on to something that I think should have been in this budget. We did hear quite a bit in the budget about tax cuts. I will concede that there were many, many small and medium sized tax cuts, but there was very little about tax fairness, and there is one point I want to raise.

I am reading a book called *Pigs at the Trough: How Corporate Greed and Political Corruption Are Undermining America*. I argue that the same applies to Canada. This book talks about a trend that is very popular in corporate Canada and America. It is called tax motivated expatriation. It is a chartered accountant's term for what I say is a sleazy, tax-cheating loophole, where businesses use offshore tax havens and actually become tax fugitives. They set up dummy companies offshore so they can funnel the profits of their activities and avoid paying Canadian taxes.

● (1800)

During the Liberal years, the Liberals tore up 11 such tax treaties with offshore tax havens, but they left just one. The one they left in place is the one where Canada Steamship Lines has nine such paper dummy companies used as a tax haven for corporate tax fugitives. It is estimated that between \$7 billion and as high as \$15 billion a year in tax revenue is lost just because of that one remaining tax haven that people use.

I thought the Tory government in its first budget may have wanted to address that. I am optimistic that the Tories might want to revisit this at some time. If the Conservatives are going to lower corporate taxes, and I accept their word that they believe that is the right way to go, they should at least ensure that those remaining corporate taxes that are still left are paid, that the application of their tax regime is fair and that there are not people being tax fugitives in tax havens.

The last thing I will address is the corporate welfare bums. The former leader of the NDP, David Lewis, coined the term. We in the NDP are not fans of this and we are against corporate handouts. It seems contradictory, especially with the current government, whose political philosophy is to let the free market prevail, to not prop up failing enterprises, to let them rise and fall based on their merits and their abilities. Yet we still see, beyond reason, what we in the NDP call "corporate welfare" being doled out to specific sectors, especially sectors that do not need the support.

Government Orders

There is a time when we may want to support certain industry sectors to stimulate growth because we are trying to develop a certain region or sector, but the oil industry? It boggles our minds in the NDP as to why there is still \$1.5 billion in subsidies to big oil when it is going through a period of such record profits. We do not believe that big oil needs that economic stimulation and we think it is wrong.

The other one is the asbestos industry. A lot of people would be shocked to learn that Canada is still third largest producer and exporter of asbestos in the world. Even though it is a deadly product and no good can come from being exposed to even a single fibre of asbestos, we still export 200 million tonnes per year.

We do not use it in our own country. We do not use it in the European Union or any of those countries that have banned asbestos completely, such as Japan, Australia, Great Britain, the entire European Union and even South Africa. They banned asbestos because it is deadly.

What we do export it to developing nations and third world countries.

This is an industry that should die a natural death because it is killing a lot of people. There is no market for it anywhere in the developed world. Anywhere safe handling practices have to be applied makes it uneconomical, and the health costs compound to the point where people are made sick by it to such a degree that there are other cheaper alternate products available.

For some reason, though, the federal government continues to prop up, support, underwrite and promote asbestos in developing nations where there are no safety rules and regulations. Or if there are safety rules and regulations, they are not enforced at all. In fact, there is not just the direct subsidy to the asbestos industry. The government spends tens of millions of dollars sending lawyers around the world to challenge any country that may want to ban asbestos. When France wanted to ban asbestos, the federal government went to the WTO to argue that France was interfering with our ability to market this product. Fortunately for the French people, Canada lost the appeal and France did the right thing and banned asbestos.

There were 120 conferences to promote asbestos put on in 60 different countries and paid for by the Canadian government, the most recent one in Indonesia, where the Canadian embassy hosted this, paid for by the Canadian taxpayer, to foist this killer product on the poor people of Indonesia. Another one is to be hosted in Montreal on May 23 as we speak, to try to deny the fact that asbestos is deadly, to try to say that there are safe uses of this horrible, horrible mineral.

We should be out of the asbestos industry. There should be no more corporate welfare for the asbestos industry, these corporate serial killers. The asbestos industry is the tobacco industry's evil twin. We should not be subsidizing the development of this horrible product.

● (1805)

Hon. Michael Chong (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister for Sport, CPC): Mr. Speaker, it is interesting to listen to the

member for Winnipeg Centre and hear his criticisms, what he calls his anti-corporate rhetoric, his criticism of the corporate agenda and what he calls corporate welfare and the like. I cannot help but think when I listen to his rhetoric that it really echoes to another era. It is an era that many other social democratic parties, countries and provinces have moved beyond.

For example, the New Democratic government in Manitoba sees provincial corporate tax cuts as an important part of its overall agenda. Over the years, the Labour Party in the United Kingdom, under that prime minister, has moderated itself and has not embraced its anti-corporate and anti-business rhetoric of the past. They are social democratic parties, while the Conservative Party is not in that vein, and they have realized they need to work with industry and business to balance the public good with corporate interests. That is the best way forward as they see it.

Would my colleague from Winnipeg Centre comment on whether or not he sees a need for the federal New Democratic Party to do the same thing and to move beyond that and into balancing not only the public good but also corporate interests?

● (1810)

Mr. Pat Martin: Mr. Speaker, I thank the hon. member for an opportunity to perhaps clarify my remarks. At no point in my speech did I really say much about corporate tax cuts or corporate taxes, other than that it would be wrong to allow corporate tax havens and these tax fugitives who do not pay any corporate taxes and in fact gain an unfair competitive advantage.

There are two negative things about these tax havens. First of all, these people are not paying their fair share of taxes in Canada. When I say "fair", it is whatever the government says that tax rate should be. If it is brought down to 10%, so be it, but I want them to pay it in Canada.

The second thing is that profits that are funneled through tax havens are taxable only when they are brought back into Canada, so they are not brought back into Canada. There is an added incentive for that business to then invest those profits further offshore and never repatriate that money.

That is what we are talking about when we mention tax motivated expatriation of dollars. It does not benefit the Canadian economy if that money leaves the country in the avoidance of paying Canadian taxes, gets further invested offshore and is never repatriated. That does not grow our industries and it does not grow our job base.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am always interested to hear what the member has to say. He is multi-tasking. I think the member should also have an opportunity to comment on the complete abandonment of the climate change file by the government with the budget.

Government Orders

The fact is that all the government can boast about is a monthly transit pass credit, which is only going to benefit existing transit riders. The fact that it will not have anything whatsoever to do with climate change shows how bankrupt the government is in terms of ideas, in terms of what we are going to do about dealing with the severe problem of greenhouse gases and their effect on climate change. I wish the member would get on the bandwagon as well, with his colleagues and everyone else in the House, just simply to reaffirm what a travesty this is in terms of the whole environment file.

Mr. Pat Martin: Mr. Speaker, I will briefly add my support for this idea. This budget really does disappoint the whole population. It disappoints the global movement to try to address climate change.

I remember when Nelson Riis, a former NDP colleague of mine, had the transit pass idea as a private member's bill. It then became an opposition day motion in the House and was passed back in 1998, I think, when we all agreed that there should be a tax deduction for transit use to encourage more people to do so. This is not a radical and revolutionary idea. Drastic change is required and then bold action is required. There was a paucity of that in the budget.

Hon. Andrew Telegdi (Kitchener—Waterloo, Lib.): Mr. Speaker, as I begin my debate I want to say that as a country we are in the best fiscal shape since 1867. We have been through a lot.

As members know, the Liberal government inherited a half a trillion dollar debt after nine years of Conservative rule. During that time the debt grew from \$200 billion to \$500 billion. If the Conservatives had been in power another 13 years I would guess we would have probably had \$1.5 trillion worth of debt.

An hon. member: We would have been bankrupt.

Hon. Andrew Telegdi: There is no question that the nation was on the verge of bankruptcy. There was a lot of despair in the country. Industries were being torn down. Unemployment rates were up. Interest rates were up. There was a general funk in the land.

What we need to look at is where we arrived as Canadians. In all those years we got to the point where, not only did we deal with the fiscal deficit and make strategic investments, but we ended up having the best economy in the G-7 and a post-secondary education sector that was paying huge dividends.

We will be going through the experience of a Conservative government once again. It is important to look at some of the senior folks who came in from the province of Ontario because it tells us a whole lot. Some of these folks are the finance minister, the President of the Treasury Board and the health minister, all of whom occupied senior positions in the Progressive Conservative government in the province of Ontario.

Those of us from Ontario know the record. We know the record of Ipperwash and of Walkerton. We know the record of messing up on hydro. We know about the sale of Highway 407 for a fraction of its value. We know how the government savaged universities and hospitals and eliminated social programs. It also promised a balanced budget and delivered a \$5 billion to \$6 billion deficit. I think that is telling.

I want to start off with what happened to the Kelowna accord. It is not unlike us to talk about what the Conservative government's dealings were with our first nations and aboriginal peoples. It totally trashed an agreement that was agreed to by the territories, all of the provinces and the federal government. The first nations and aboriginal peoples were pleading with members of the New Democratic Party not to bring the government down because I think they saw what was going to happen. Now Premier Campbell is carrying on the fight with some other premiers.

In the area of education, the Liberal government put a huge emphasis and priority on it. It really spoke to our values. We invested billions of dollars into research, student aid and the millennium scholarship program. We were going to make post-secondary education accessible to all Canadians. A strategic plan is when a government plans for the future but that is not in this budget.

The billions that were put into research and development will not be dealt with by the government opposite.

• (1815)

One of the most important features of the strategic plan was the early childhood education component. In my community we are losing child care spaces because the money that was promised will end this year. The dreams of single mothers and people in need of early childhood education have been shattered. The money will no longer be there and spaces are being cut back right now. The Conservative Party is proud and happy about that.

The Conservative government will hire 1,000 more RCMP officers and it will build more jails. Let us look at 1,000 RCMP officers and then look at the number of early childhood educators we could have. We could have, dare I say, at least 5,000 given what the early childhood education folks get paid. One can just imagine how many child care spaces could be constructed with the money being used to build penitentiaries.

The party opposite needs to recognize that the United States of America practises the kind of philosophy it wants to make happen here. However it does not work. The state of California spends more money on incarcerating people than it does on post-secondary education. Would anyone in this chamber say that the U.S. has safer communities? Far from it. The U.S. incarcerates more people per capita than any other country in the western world. It is one of the few nations that still executes people and that kind of approach does not work. It breeds violence, it makes society less secure and it wastes money.

With the money it costs to keep a young offender in jail for one year we could pay for a master's program for that individual. Do we want to invest in sending somebody to jail? We can call it post-secondary education for crime because that is what it is. Or, do we want to invest in them by giving them opportunities to train and become educated so they can become productive members of our society which, in turn, produces a safer community?

Government Orders

Prior to coming into Parliament, I used to work in crime prevention and crime prevention really does work. The general rule is that \$1 invested pays off \$7 in dividends. If we look at what happened in the province of Ontario where the get tough on crime approach was taken up, more problems arose, particularly in the inner cities where programs that were meant to deal with youth at risk were destroyed by that government. This is essentially the same road that the federal government is heading down.

We have heard a lot of talk on the issue of citizenship and immigration in the last couple of days. The government opposite mentioned that it would cut in half the right of landing fee. The Liberal government was going to eliminate over a number of years the right of landing fees. It was in our platform. I know my friends opposite do not like it but that is the reality. We put more money into settlement and integration funding than the Conservatives did with this budget.

In terms of credential recognition, we actually did something about it. In the last election the Conservatives promised that they would set up an agency to deal with credentials and now we learn in the budget that they will be studying it for two years. They will have to learn to watch their rhetoric. This is a cynical budget.

• (1820)

In terms of the environment, Kyoto is dead. The Conservatives killed Kyoto. Many have asked why our emissions are up. Our emissions are up because the production of the tar sands is up and the tar sand production goes to the United States as an export. That could be solved very easily. It could be solved by taking \$1 per barrel of oil from the tar sands and buying the credits that we rightfully should and quit giving the Americans a free ride.

Hon. Michael Chong (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister for Sport, CPC): Mr. Speaker, budget 2006 invests in many areas that the hon. member questions. We have acknowledged that the previous government did make some reinvestments in post-secondary education through the Canada social transfer, which was \$17 billion in tax transfers and cash. We supported that program which is why budget 2006 continues those measures.

The budget contains measures to continue with \$5 billion in direct support for students through tax credits and other direct grants and loans. We support that program and we will be building on it. Budget 2006 contains additional measures to help students with the cost of their textbooks and to assist those wanting to enter the skilled trades.

However, the previous government often promised great things but it failed to deliver on them. For years aboriginal Canadians have been suffering some of the worst living conditions in our country and yet the previous government never delivered additional money for it. Budget 2006 delivers new additional money, the first new additional money in years for aboriginal communities.

The same thing goes for child care. The previous government promised for 13 years to put in place a child care system and failed to deliver on that. Budget 2006 delivers on it.

Despite the economic record of the previous Liberal government and despite the fiscal and monetary position the country is now in,

why did it fail to win the faith and the confidence of the Canadian people?

• (1825)

Hon. Andrew Telegdi: Mr. Speaker, I will touch on the last part of the question. One of the problems we had in the last campaign was that the Conservatives were very good at borrowing from the Americans and practising drive-by smears and our party failed to respond appropriately.

All any objective observer has to do is read a book entitled, *On the Take: Crime, Corruption and Greed in the Mulroney Years*. If they ever put that open to a kind of Gomery inquiry, instead of using the criminal standards that were used in one defence, that would prove to be the mother of corruption of all time. We could add up all the other corruption and they would be tiny compared to it.

Let me touch on post-secondary education. My riding has two universities and a college. They were very happy with the performance of the Liberal government but they are very sad about the budget produced by the Conservative government. When they get the chance they will express the same wishes again.

In terms of child care, we delivered. We got spaces but spaces in the Waterloo region are now being closed down because they know there will be no funding for those spaces next year. You as a government should be ashamed—

The Acting Speaker (Mr. Andrew Scheer): I would remind the member for Kitchener—Waterloo to address his comments through the Chair.

Questions and comments? The hon. member for Madawaska—Restigouche.

[*Translation*]

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Mr. Speaker, my question will be relatively brief because I know time is limited.

The new government decided to cancel the program that we had created for day care and early childhood development. I ask my colleague if it is true that, by cancelling this program, the government has also abandoned workers—who might have received better salaries—as well as the day care and early childhood development infrastructure that would have allowed them to acquire more recent manuals.

We must not lose sight of the fact that the program would have allowed parents to benefit from reduced costs. Would my colleague agree that, by cancelling the \$5 billion program, all of these people have been abandoned: young people, parents, grandparents, and child care workers? This is unacceptable.

I would like my colleague to confirm that this is true—that by its actions the government has abandoned all of these people.

*Adjournment Proceedings**[English]*

Hon. Andrew Telegdi: Mr. Speaker, my colleague is 100% correct. We are not investing in the youth of this nation.

As I mentioned before, hiring police officers and building more jails is not going to solve the problem. This is the problem with the government. It is the same spirit by which the Conservatives gutted the Kelowna accord. It is not strange to us on this side and it is not strange to progressive people in our country that the neo-cons have destroyed programs that invest directly in people and are strategically important to move our country forward and maintain the kind of prosperity that we have.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

• (1830)

[English]

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, the last throne speech was generally accepted to be the worst throne speech in history. Of the hundreds of priorities for the problems and initiatives in the federal government, the Conservatives only dealt with five. The budget could easily fund that if there was almost nothing there.

I want to address one of the omissions from the budget and throne speech. Members have talked about a lot of omissions, but I particularly want to talk about the Arctic and the north. They are not even mentioned in either the throne speech or the budget. There is nothing new for the hundreds of critical issues, problems and priorities for the north and the Arctic. What about keeping the commitment to the protected area strategy, to the protected areas in the Mackenzie Valley so the pipeline can go ahead smoothly?

What about land claim implementation? The Auditor General pointed out problems with land claim implementation in both Nunavut in the Northwest Territories. In Yukon we are in the process of a nine year review. There are concerns about federal negotiators having adequate mandate. Hopefully, the minister, who has good experience in this area, will look into this.

What about the Teslin Tlingit council justice negotiations? Today John Pierce, Georgina Sydney, Richard Sydney, Peter Johnson and Victoria Fred are visiting us. The problem is they keep coming back again and again. They have the ability in their land claim and self-government agreement to take down justice, so let us just get on with it and smooth it through. Let us get on with this new pilot project, which will be a great example for the rest of the country.

When I asked this question in the House of Commons in question period, the Conservatives had a very embarrassing answer. I do not blame the parliamentary secretary because he was not here at the time. However, they have given him things to announce that we had already announced, for instance, funds for helping communities for the Mackenzie Valley pipeline. That was already announced by Anne McLellan in July.

What are the new Conservative initiatives? What new vision, what new programs, what new solutions are there to help solve some of these problems? In the throne speech and the budget the government took away some very bold promises that they had made during the election campaign. For instance, the three Arctic icebreakers and the deep sea port vanished when the budget came out.

Another promise by the leader of the Conservatives at the time wrote to the three territorial premiers and said, yes, that he understood per capita funding did not work in the north and that they needed more. Then when the budget came out, in two cases at least, on page 111 and 115, it said that programs were funded on an equal per capita basis. Three MPs, senators from the north and the last two prime ministers had a passion for the north and they provided unprecedented attention to it.

What are the Conservatives going to do that is new. Please do not include in the answer the initiatives that we already started, including the 10 following initiatives: \$500 million for the Mackenzie Valley; increased northern transfer payments; northern strategy or northern economic development funds; northern contaminated sites cleanup; northern marketing with the winter games; the international polar year; northern search and rescue planes; northern homelessness money; and northern infrastructure projects.

I thank the Conservatives for continuing on with all our initiatives because they are good ones. What are their new initiatives, programs, visions to deal with the very complex north, a very important part of Canada?

Mr. Rod Bruinooge (Parliamentary Secretary to the Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC): Mr. Speaker, the Government of Canada is committed to the northern communities and that has been confirmed in our budget.

The budget contains significant funding for northern housing with new investments of up to \$300 million to increase the supply of affordable housing in the north.

The budget demonstrates clear support for the Mackenzie Valley gas project with \$500 million in assistance to communities that will be affected if the project moves forward.

The budget provides major new investments in National Defence that will contribute to enhancing northern sovereignty and security.

Finally, we were pleased to announce a one time adjustment of \$1.9 million to the territorial formula financing grants.

Adjournment Proceedings

These are significant investments. The \$300 million in funding for affordable housing in the three territories will assist in relieving some of the most severe housing pressures in a region that is home to a significant number of aboriginal people. The \$50 million each will go to Yukon, Northwest Territories and Nunavut, plus an additional \$150 million for urgent needs in Nunavut. Housing in the north is a priority and this government is delivering.

The Mackenzie gas project has the potential to make an important contribution to economic sustainability and self-sufficiency for aboriginal and northern communities. This budget establishes a \$500 million socio-economic fund over 10 years. This fund will be used to support initiatives from local communities and to mitigate any socio-economic effects arising from the Mackenzie gas project.

It is important to remember that the Mackenzie gas project is currently undergoing a rigorous and comprehensive environmental assessment and regulatory review. Funding will be linked to the project milestones and is conditional on the project moving forward. All northerners will also benefit from other measures announced in the budget in areas such as child care, infrastructure and tax relief.

To demonstrate his commitment, as one of the minister's first courses of action, he travelled to the north to meet with partners and discuss opportunities to work together. He went to listen and to learn more about the north's needs and aspirations. He met with the three territorial leaders, aboriginal leaders across the north, the Aboriginal Pipeline Group, environmental and industry groups and many others.

Our government recognizes the tremendous potential of the north and the important role it will play in Canada's future prosperity. Let me sum it up simply. Our government is committed to the north. We are improving housing, enhancing sovereignty and security, and providing important support to the communities impacted by the Mackenzie gas project.

This government is moving forward on devolution of land and resource management responsibilities, and negotiating resource revenue sharing arrangements. We will improve the regulatory regime, balancing environmental protection with economic prosperity. As we move forward, we are working with northern governments and aboriginal organizations to ensure that quality health care, education and economic opportunities are available to northerners. What I have outlined today clearly demonstrates our government's commitment to the north.

• (1835)

Hon. Larry Bagnell: Mr. Speaker, unfortunately, the parliamentary secretary did exactly what I asked him not to do, which was reannounce a lot of things that we were doing already. In fact, I mentioned them in my list, although I am glad he mentioned that he is working with the NWT on resource revenue-sharing because I know that is a high priority for the NWT.

However, on northern defence and sovereignty, I guess the jury will just have to stay out for awhile until we see these things in action because the equipment that they were talking about for the north has vanished. It is not in the budget. There are just some vague references.

A lot of the items relating to aboriginal housing, for instance, were in Bill C-48 which Parliament passed last June 23. I am delighted

that the minister went to the three territories in the north, but once again the jury is still out. What are the results going to be of those meetings?

Although we did not get anything particularly new tonight, at least the parliamentary secretary says he is in strong support of the north and hopefully we will see progress in the future from at least that support.

Mr. Rod Bruinoog: Mr. Speaker, I appreciate my hon. colleague's statements and I would have him know that as a former northerner, although I guess one is always a northerner, I know that members on this side are very interested in supporting the north.

Our government's commitment could not be clearer. These are not just words. They are actions. The budget has committed funding to the north that includes \$300 million for housing, \$500 million to support the communities affected by the Mackenzie gas project, money for families, communities and infrastructure, and important tax relief.

I believe that there is money in this budget for the north and the government is working to improve the quality of life not only for all northerners but for all Canadians.

[*Translation*]

SOFTWOOD LUMBER

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, on April 28, I asked a question in this House the day after the softwood lumber agreement was announced. There was already a great deal of uncertainty, and since then, the uncertainty has not diminished, but has increased.

For example, there is no final agreement, but an agreement in principle. The conflict between the parties goes on. We are anxious to see a real, tangible agreement come out of the negotiations. A great deal of uncertainty remains, and the lawsuits are still under way. The situation has not really changed, and no repayments are expected for many months.

Companies supported this agreement more or less under duress. They were forced to accept it because the Conservative government sent the message that if they did not, they would receive no further assistance. Today, they are in a tough spot because they will not receive any money for many months, five or six months in the case of the Free Trade Lumber Council. This means that companies are still waiting for the money the Americans took from us illegally. Canadian companies are paying the price for the proposed agreement reached by the Conservative government, which was very compliant with the Americans.

We will also need legislation in order to apply an export tax. We can tell the government that this legislation will have to be introduced once a real agreement is reached.

Adjournment Proceedings

In fact, introducing legislation today would amount to telling the Americans that we are ready to sign an even more discounted deal than we did, and that we are prepared to pass the legislation without a real agreement. That would be like saying we have already stuck our arm in the works and are ready to let our shoulder and body follow, even though we do not know the contents of the final agreement.

All of these situations lead us to query the government whether there is to be a real agreement in the end. Will it benefit the entire softwood lumber industry in Quebec and Canada? We have to realize that the industry committed involuntarily to this agreement, and today there are a lot of difficulties with it.

There are differences between the preliminary and final versions. For example, regarding repayment, the words "with interest" have mysteriously disappeared. Does that mean that the federal government has agreed to sign an agreement with the United States whereby we will not recover the interest on the \$4 billion that is supposed to come back to us?

There is still a major stumbling block in this regard, and we are eager to see how the Canadian government will negotiate this agreement so it ends up amounting to at least what the Prime Minister announced.

What we have at the moment is the Prime Minister's decision to sign pretty much anything with the Americans so he can say we have improved our relations with them. I do not think this is the right approach. We have not ended the softwood lumber dispute, we have established a truce and matters are suspended for seven to nine years. In this time, the Americans can use our money to increase their competitive advantage.

Is the government aware of the situation and of the urgency for businesses and for workers to conclude the agreement as soon as possible? We must also know exactly how much will be recovered to ensure that, in the end, we will not lose more than we are losing at the moment with the proposed agreement.

• (1840)

[*English*]

Ms. Helena Guergis (Parliamentary Secretary to the Minister of International Trade, CPC): Mr. Speaker, I am pleased to have this opportunity to respond to the question asked by the hon. member.

As the hon. member knows, on April 27 the Prime Minister addressed the House to announce that Canada and the United States had reached an agreement in principle that will provide a basis for ending the long-standing softwood lumber dispute. This agreement meets all of Canada's objectives and will provide Canadian companies with a stable and predictable market access.

This government understands the difficulties and challenges facing our forest industry and has made resolving the softwood lumber dispute a priority. This government understands the impact the dispute is having on workers and communities across the country. This government understands that a resolution is required to turn the page on this dispute, so as to provide our lumber industry, workers and communities with the certainty and stability that they need.

That is the reason that Canada concluded this important agreement with the United States that will pave the way to a long term resolution on softwood lumber.

The effective resolution of this dispute was a result of a concerted effort by the government. The Prime Minister elevated this dispute to the highest levels of the U.S. government by raising softwood lumber directly and forcefully with the President of the United States. When the North American leaders met in Cancun, Mexico in March, softwood was a priority item on the agenda and the Prime Minister and the President agreed on the need to resolve this dispute. This agreement is a product of the cooperation and political will from the very top of the two countries. The government's determination has produced results.

Canada and the United States have agreed to a seven year framework agreement designed to ensure U.S. market access for Canadian softwood lumber. The deal protects Canadian market share, eliminates U.S. duties and ends the relentless trade actions brought on by the U.S. industry. Most important, it will return to Canadian exporters some \$4 billion in duties.

Our obligation was to conclude a deal that is in Canada's best interest and we have done that.

This agreement maximizes market access for Canadian exporters. Under current market conditions, no restrictions would apply for Canadian softwood lumber entering into the United States.

The agreement is a dynamic framework that takes into account the different operating conditions in Canada from coast to coast to coast. The agreement provides provinces and industry with flexibility to respond to their specific circumstances, as well as exempting certain regions and products.

This agreement will ensure that Canadian companies will have the \$4 billion returned to them so that they can invest in modernizing and making our industry more productive and competitive.

The agreement includes provisions for Canada and the United States, with the full participation of the provinces, to negotiate eventual exits from measures based on policy reforms.

This agreement includes an innovative measure that will respond to Canadian industry concerns about the possibility of other lumber producing countries increasing their exports to the United States at the expense of Canada.

As the hon. member can see, this is an agreement that addresses the interests and concerns of Canadian stakeholders, an agreement that is not static, but rather dynamic, and one that meets the needs of the country as a whole.

In conclusion, the government has delivered to Canadians what could not be delivered in the past.

• (1845)

[*Translation*]

Mr. Paul Crête: Mr. Speaker, how can she say there is a firm agreement when a tax will imposed when the price goes below \$355 for 1,000 feet?

They reneged on the North American Free Trade Agreement. It is quite paradoxical of the Conservative Party, which was the author of this agreement, to be in denial in the softwood lumber issue.

The companies concerned by the situation were expecting to get from their lenders an advance on the money they expected to get back. The banks are saying they cannot guarantee loans because the content of the agreement is too uncertain.

Would the federal government not have been better off helping the companies and ensuring proper cooperation in order to win this battle on free trade and softwood lumber instead of coming to a compromise that disadvantages the entire economy?

The only companies that win are located along the border. For the rest, this contract is not profitable for Quebec or Canada.

[*English*]

Ms. Helena Guergis: Mr. Speaker, I would ask the hon. member to be a little patient. It has been said many times that this agreement is in the process of final draft. When it is complete we will all have an opportunity to take a long hard look at it.

Adjournment Proceedings

The member also mentioned that there was some uncertainty about this deal. I have to disagree with the hon. member, given the fact that the minister was so gracious and so willing to come to committee. In fact, he was at committee today for an hour. He addressed many of the hon. member's questions. He is committed to returning again at another date to address any other questions that may come up as this deal proceeds. Much of what the member commented on tonight was addressed at committee.

I remind the hon. member that this deal is supported by the province of Quebec. In fact, I even have a quote from the Quebec minister of economic development who said that it is a good deal and that it is the best deal we could get. I remind the hon. member that the province is on board. All provinces are on board. We look forward to working with the hon. member.

[*Translation*]

The Acting Speaker (Mr. Andrew Scheer): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a. m., pursuant to Standing Order 24(1).

(The House adjourned at 6:48 p.m.)

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