



CANADA

House of Commons Debates

VOLUME 141 • NUMBER 052 • 1st SESSION • 39th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Monday, September 25, 2006

—

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Monday, September 25, 2006

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

• (1105)

[*English*]

EARLY LEARNING AND CHILD CARE ACT

Ms. Denise Savoie (Victoria, NDP) moved that Bill C-303, An Act to establish criteria and conditions in respect of funding for early learning and child care programs in order to ensure the quality, accessibility, universality and accountability of those programs, and to appoint a council to advise the Minister of Human Resources and Skills Development on matters relating to early learning and child care, be read the second time and referred to a committee.

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 rise on a point of order. On May 31, 2006, you invited members to comment on whether Bill C-303 would require a royal recommendation. Without commenting on the merits of this private member's bill, it is the government's view that the bill does require a royal recommendation.

Subclause 5(1) of the bill provides that:

The Minister of Finance may make a child care transfer payment directly to a province or territory in each fiscal year to support the early learning and child care program of the province or territory....

That would happen if certain conditions were met. These conditions are expanded upon in subclauses 5(2) and 5(5) and clause 6. In other words, subclause 5(1) would provide authority for transfer payments.

Some members could argue that a royal recommendation is not needed because the bill defines "child care transfer payment" in clause 2 to mean:

a cash contribution or financial transfer in respect of early learning and child care services that may be provided under an Act of Parliament to a province, territory, institution or corporate entity.

However, the bill would still have an effect on appropriations made to provinces for early learning and child care under any other federal act, including future appropriation acts. It thereby affects the purpose for which those appropriations are made.

Mr. Speaker, you have reminded the House that the principle of the financial initiative of the Crown requires that a royal recommendation be supplied for an appropriation as well as for any change in the financial purpose of an act. This is clearly the case with Bill C-303. Even though it purports not to appropriate money directly, it would alter the purpose of an appropriation granted through another act.

I would also like to raise a second question with regard to the bill, which is that it reopens a question already dealt with by the House in the 2006 budget and the budget implementation bill, Bill C-13, which received royal assent on June 22, 2006, namely, the question of funding for early learning and child care.

It is a well recognized principle that the House cannot be asked to make a decision on a question, such as the second reading of a bill, if it has already voted on the same or a substantially similar question. Standing Order 18 is explicit that:

No Member may reflect upon any vote of the House, except for the purpose of moving that such vote be rescinded.

This bill was introduced seven days after the House adopted ways and means for the Budget Implementation Act, 2006, which provided funds for early learning and child care without strings and which provided explicitly in paragraph 5(c) of part 6 that the funds could not be retained or constrained in any way. The bill is clearly an attempt to reopen that question through the back door.

On this basis, Mr. Speaker, you may also wish to consider whether the bill should be ruled out of order at second reading. We thank you for your attention. We look forward to an early ruling on this matter.

[*Translation*]

Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ): Mr. Speaker, I find the position of the Parliamentary Secretary to the Leader of the Government in the House of Commons vis-à-vis this bill to be quite ironic, not to say distinctly odd.

Let me explain. The second point he raised had to do with the fact that the House has already voted on this bill and therefore it should not receive royal assent.

With all due respect to my colleague, he is confusing two totally different concepts.

Private Members' Business

In terms of whether the House has already voted on the matter, we are currently considering a private member's bill under private members' business. Furthermore, the Subcommittee on Agenda and Procedure and the Subcommittee on Private Members' Business are looking into whether the bill is votable and in order. I am sorry, but the subcommittee has met. We cannot vote on something that the House has already decided on; it is one of the criteria. The subcommittee decided that this bill was completely in order and quite acceptable for the purposes of discussion during private members' business.

That was the second point my colleague raised.

The first point he raised was that this would have an effect on appropriations. Mr. Speaker, when you make your ruling you will have to give this some serious thought.

It is quite ironic to see the Conservative Party attitude toward this. When the Liberals were in power, in the previous government, the Conservatives were incensed by arguments like the ones it is making today. That explains why so many people have lost confidence in politics. Once a party comes into power it sings a different tune than when it was in the opposition.

I maintain that this is an important bill. Why will the Bloc Québécois be in favour of it? This bill give's Quebec the right to opt out with full compensation, that is why. The Bloc considers child care to be a provincial responsibility, or Quebec's responsibility where we are concerned. In the case of Quebec, it is a matter of \$807 million earmarked by the former government.

I wanted to add these points for you to ponder.

[*English*]

The Acting Speaker (Mr. Royal Galipeau): Is the hon. member for Windsor—Tecumseh rising on the same point of order?

Mr. Joe Comartin (Windsor—Tecumseh, NDP): Yes, Mr. Speaker.

Mr. Speaker, in terms of past practice this motion clearly is premature. The House has not pronounced on this bill. Members have every right to have the debate, the first two hours of it, at which point hopefully the bill will be sent over to committee and perhaps amended there, perhaps in part to deal with the concerns being raised by the government.

The decision itself as to whether a royal prerogative is required here will be made and should be made at that time, I would argue, not at this time. That has been the pattern on a number of rulings we have had both in this Parliament and the previous Parliament.

In particular, and I want to echo the comments from the whip for the Bloc, it is really quite hypocritical to hear the government party stand and make these kind of submissions when in the last Parliament it repeatedly brought forth bills that, quite frankly, very clearly required royal prerogatives. We went ahead and dealt with them and in some occasions amended them to the degree that the royal prerogative was not necessary. For those members to make the argument at this stage is completely contrary to the practice they followed in the last Parliament when they were in official opposition.

What we should be doing and what I would urge you to do is simply put off making any decision on this issue of the necessity of the royal prerogative until the House has had its due process, until it has had the opportunity to fully consider this legislation and decide then whether the royal prerogative is required or not.

•(1110)

Mr. Tom Lukiwski: Mr. Speaker, very quickly, in response to my two colleagues, I would remind the Speaker that it was the Speaker's invitation for members to comment on whether we felt Bill C-303 required a royal recommendation. That is clearly what we are doing here. We thank the Speaker for his invitation and we hope he will make a speedy ruling on this.

The Acting Speaker (Mr. Royal Galipeau): I would like to thank the Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, the member for Montmorency—Charlevoix—Haute-Côte-Nord, and the member for Windsor—Tecumseh for their interventions. They will be taken under advisement and the Speaker will report back to the House with a ruling.

[*Translation*]

Ms. Denise Savoie (Victoria, NDP): Mr. Speaker, I am proud to support the NDP's bill on early learning and child care programs. Canadians have been waiting a long time, 10 years, for the federal government to enact such legislation. I would like to use my time today to present an overview of the issue.

[*English*]

This year, Raffi Cavoukian, the award-winning children's songwriter and recipient of the Order of Canada, gave me a book entitled *Child Honouring: How to Turn This World Around*, which has inspired me to present this bill. This is not a book that is either particularly for or against child care, but it expresses the extreme vulnerability of children to their environment in the early years. In the Dalai Lama's preface to the book, he states that societies will advance only by putting children front and centre in our policies and our program development.

The debate today is about the policies that are best able to achieve that goal in helping us advance.

Canadian parents desperately need affordable, high quality child care to ensure those key early learning opportunities. Canada's economy and social fabric are best served with a quality early learning system that gets our children off to the best possible start.

[*Translation*]

Instead, the Conservatives have chosen a child care program that has nothing to do with child care. According to their research, and by their own admission, their plan will have very little impact on parents' child care choices. It is nothing more than a tiny subsidy for daycares, a vote-buying plan that might look good on the surface but that, in reality, fails to create a single daycare space for families who need them.

This empty plan seems to be a clear reflection of the Conservative Party of Canada's narrow vision of a federal government whose only role in social policy is to reduce taxes.

Canadians need a national preschool education and child care program that gives all Canadian children affordable, good-quality opportunities, regardless of the province or territory they live in or their family's income.

• (1115)

[English]

The NDP child care act in the bill is actually about child care and early learning. With this bill, we will ensure reliable provincial and territorial transfers for child care spaces, while enshrining in law the principles of accessibility, universality, accountability, inclusiveness, quality and educational development. The early learning and child care act can be a cornerstone of social policy for Canadian families.

I would like first to speak to the need in Canada. Studies have repeatedly found that child care programs in Canada are simply inadequate in comparison to other countries. An OECD study recently put Canada at the bottom. Over the summer, my conversation with hundreds of Canadian parents across Canada painfully confirmed the inadequacy of child care. Hundreds of parents like Cathy Rikley, who has a 15 and a half month old baby, spent months searching for quality day care that had available space that she could afford on her salary. She worried incessantly about leaving her baby in less than ideal situations.

In my riding of Victoria the cost for day care is \$800 a month. In one Victoria day care centre, the Cridge Centre, there are 47 babies and 50 on the waiting list. The group day care has 56 spots for three to five year olds and 66 children on the waiting list. Another day care surveyed had over 80 on the waiting list. Some day care workers told me parents register as soon as they know they are expecting a child in the hope of securing a space. That is shameful.

For all the trumpeting the Conservatives do about choice in child care, they entirely ignore how stressed and stretched parents are. In the perfect Conservative world it seems there is never a single parent family and in two parent families they can always afford the second parent to stay at home. However, in a complicated and increasingly unregulated market economy, juggling family and work is an overwhelming task for very many Canadian families. If they cannot make it, the Conservatives will tell them it is their fault. They are not working hard enough. Let it be said that it is precisely this kind of unregulated market that Conservatives support through their policies that is forcing many parents back to work.

The \$100 a month and pennies in GST savings do not cut it with most Canadian families. Look at Victoria's housing costs. The average price for a single family home in greater Victoria last month, August 2006, was \$510,000. Families simply cannot cope.

The role of the federal government in this case should be to pool collective resources together and work collaboratively with provinces according to their needs to ensure all Canadians have access to basic social programs.

Private Members' Business

This child care bill represents Canadians working together to make a better life for our families, to give the best possible life to our children. It is needed. Our children are worth it and Canadians agree.

A 2002 national poll found that 86% of all Canadians believe that there can be a publicly funded child care system that makes quality child care available to all children in Canada.

The arguments are not only social, they are also economic, something maybe the Conservatives think they understand. For every \$1 spent on child care there is a \$2 economic benefit. At a recent OECD conference, every economist there argued that the single most important investment in long term competitiveness is to invest in early childhood learning.

If we want highly skilled adults with the literacy skills to survive and compete in an increasingly complex global economy, we must begin with a strong start for our children. The Ontario Public School Boards' Association said that investing in our youngest children in the early years represents the most far-reaching responsible investment we can make in Canada's future.

• (1120)

It argues that:

A child's readiness to learn at the start of grade one is the single strongest predictor of how well the child will do in every grade, whether they will graduate successfully, what their earning potential will be, how positive their contribution to society will be and even how healthy they will be.

That is health care costs. Saving government spending, surely that will get the Conservatives' attention. The Alberta's Commission on Learning says that ignoring the early years and focussing on fixing problems when children come to the school is short-sighted and a wrong-headed approach.

There is much to be learned about the importance of early childhood development in determining long term health, well-being, and general adjustment in life, like the research done by the human early learning partnerships in B.C. universities. We have to take advantage of that knowledge, not simply throw a cheque at parents.

[Translation]

Basically, the Conservatives' vision involves minimizing the federal government's involvement in social policy and its commitment to foreign affairs and the armed forces. My vision of Canada differs dramatically from the Conservatives' vision.

I believe the federal government has a fundamental role to play in our country, including a responsibility to protect the equality and social rights of all Canadians, to offer a comparable range of opportunities—which have become anything but equal because of an imperfect market, to ensure that all Canadians have shelter and sufficient income to support their family, and to ensure that they have access to health care and learning opportunities.

Private Members' Business

[English]

The Conservative plan simply does not work. The major flaw in its child care plan, which is not one at all, was summed up on a sign that I saw at a child care rally on the steps of the B.C. legislature in Victoria the day before I introduced this child care bill. It read: "\$100 buys a month of child care". That was in 1986. It seems that the Conservatives are behind the times. The Conservatives own research showed that:

The general consensus was that the \$1,200 will not have any real impact on child care choices...While parents may choose how to spend the allowance, it is not sufficient to have an impact upon parents' choices: No one is going to be in a position to go back to work or stay at home to raise children because of the \$1,200.

That information cost the government \$123,000. I could have told the Conservatives that for a cup of coffee and saved them the time.

Indeed, the Conservatives' plan is taxable. I will call it a scheme. It is taxable, thus negatively affecting many parents' eligibility for the child tax benefit, the GST refund, employment insurance during maternity leave, subsidized housing, et cetera, and for those families who could most use the extra money. The true value of the proposed allowance could be as little as a dollar a day per child aged one to six years.

The Conservatives' own research sums it up concluding that "The allowance is not seen as a national child care solution".

Indeed, the government is now placing radio ads suggesting that parents use the cash to cover babysitting costs. Let us call it what it is, a babysitting bonus, a cynical vote-buying handout. So let us return to the task of building a national child care and early learning system that is universally accessible, affordable, not-for-profit and high quality for our children today, and for generations to come.

With the challenges currently facing our society, child care should not be a luxury. The child care act before us today makes the right of our children to a headstart a universal one. Let us pass this act and as the Ontario Public School Boards' Association puts it: "every child deserves the best possible start".

• (1125)

The Acting Speaker (Mr. Royal Galipeau): Questions and comments. I would like to ask the indulgence of the House, before I recognize a member, that all those that wish to ask questions in this instance rise now, so that I can gauge timing.

The hon. member for Abbotsford.

Mr. Ed Fast (Abbotsford, CPC): Mr. Speaker, I listened carefully to my colleague's comments and I note she implied that Canadians do not support our new government's universal child care plan. I want to remind her that on January 23, Canadians elected not a failed Liberal government, not an NDP government, but they elected a new Conservative government. We were very clear that we would be providing \$1,200 per year, per child.

The reality is that Canadians appreciate our efforts to support working families. In fact, a resident of Victoria, right in the member's own riding, recently wrote the Prime Minister to say: "Being a work at home mom with two small children, the extra money is going to make a huge difference to our family, allowing us and our children to enjoy a better life and future".

While the member and her NDP colleagues mock the \$1,200 per year, per child, and she herself referred to it as puny and an empty plan, when will she admit that her party is completely out of touch with the reality of working families in Canada?

Ms. Denise Savoie: Mr. Speaker, the Conservative claim of providing choice in child care is entirely bogus. There is nothing to show that giving people a small or even a medium amount of money creates or sustains choice. The person that the member was referring to is a very lucky person, but how many people in Victoria have that choice? I would suggest perhaps one in 100,000 across Canada.

A small payment to parents will not create new early learning and child care services, or even allow parents to afford and access the services that their children need. A real plan would have standards and goals, and timelines for building. Building a hospital does not provide the needed services of doctors and nurses or in fact all the workers in the same way that the Conservative plan will not create those early learning opportunities that are so needed to give our children a head start.

As a result of it being taxed back, the allowance will give a wealthy banker's wife more money than the single parent. It is entirely appropriate for parents who can stay at home and wish to do so and be as involved as they can be in the parenting part. Parenting and child support are completely supportive of each other.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Mr. Speaker, I agree with the member and her assessment that child care is expensive, especially in urban centres. The previous Liberal plan created approximately 200 spaces in my riding of Don Valley East. The Conservative government's plan of \$100 per month is really unfair, especially for the two parent working family. It is taxable, which amounts to \$60 to \$80. It is unfair because the Conservatives have increased the income tax rate for the working poor as well. Their plan gives money to the ultra-rich.

The Liberal government invested and made deals with all the provincial jurisdictions for the early learning and child care strategy. The Liberal government decreased taxes for middle income earners. The Liberal government increased the personal income threshold by \$500. Given all this, why would the NDP agree with the Conservatives and bring the previous Liberal government down, when the Conservative only agenda is an ideology and an empty plan?

• (1130)

Ms. Denise Savoie: Mr. Speaker, I sure wish the Liberals would get new talking points. They need to remember that it was the Canadian people who made that decision, not the NDP with 19 members.

Private Members' Business

Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC): Mr. Speaker I am pleased to have the opportunity to contribute to the debate on Bill C-303, the proposed early learning and child care act introduced by the member for Victoria. This is a crucial issue.

Canada's new government recognizes that one of the most important investments we can make as a country is to give parents choices when it comes to caring for their children. We take the commitment to support parents' choices in child care very seriously, and choice is definitely the operative word here.

Canadians voted for a platform that put choice in child care as one of their top five priorities. We promised choice in child care in the Speech from the Throne. We committed to it in budget 2006, and now we are delivering on that commitment to Canadian families through our universal child care plan.

Our plan represents a flexible, balanced approach that enables parents and communities to develop the child care solutions that work best for them. This is a plan founded on respect for parents' expertise in deciding what is best for their children and for the roles and responsibilities of the provinces and territories in delivering child care services.

Bill C-303, in contrast, lacks the flexibility that would enable parents to make choices they want. The legislation fails to properly respect the expertise of parents or the established roles and responsibilities of the provinces and territories in the realm of child care service delivery.

On the contrary, what Bill C-303 proposes is tantamount to an intrusion into provincial and territorial jurisdictions. The bill would impose singular, one size fits all criteria and conditions on provincial and territorial governments in order for them to qualify for federal early learning and child care funding.

Unlike the inadequate and ineffective approach envisioned in Bill C-303, our new universal child care plan recognizes that no two Canadian families are alike. We understand that parents with young children balance their work and family lives in different ways and for different reasons. We are very aware, for example, that the services provided by day care facilities that are open from nine to five are simply not an option for the many Canadian parents whose schedules require that they work evenings, weekends, split shifts or 12 hour shifts. Neither is standard day care the answer for parents taking evening courses to enhance their skills.

Standard day care is an equally unrealistic option for farming families, for families working in the fisheries and for the many Canadians with young children who live in rural or remote communities. Moreover, as a recent Statistics Canada study confirmed, almost half of Canadian parents continue to find ways to stay at home to care for their preschoolers themselves.

Given this wide range of parents' situations and needs, we have developed and, more important, acted on a child care plan that responds to the diverse circumstances and real needs of Canadian families.

As the House is aware, our universal child care plan has two parts: a universal child care benefit and a child care spaces initiative.

Together, these two components represent an investment of close to \$12 billion over five years to improve the lives of Canadian families, an investment that is more than twice that proposed by the former Liberal government.

Allow me to elaborate for a moment on the first component of the universal child care benefit.

This direct benefit to Canadian families helps them choose the type of child care that works best for them. I am pleased to inform the House that this past July, parents across Canada began receiving the benefit of \$100 a month for each child under the age of six, a benefit they are free to use in the best interests of their own children. For example, they can apply the \$1,200 a year toward the cost of formal day care, they can use the benefit to pay for occasional babysitting or for child care help from a grandparent or a neighbour. If parents so choose, they can purchase educational resources, like an educational DVD, for their preschoolers, or they can use the benefit to pay for special outings to a museum, for example.

• (1135)

As I noted earlier, we respect parents' choices and this is what the benefit delivers. Some 1.6 million families with 2.1 million children will receive the benefit. Families who are already registered for the Canada child tax benefit, accounting for more than 90% of families, received the universal child care benefit automatically.

However, we want to ensure that all parents with preschoolers receive the benefit. To this end, the government has been very active in reaching out to the families not currently registered for Canada child care tax benefits to encourage them to apply. Our outreach efforts include a special website, radio ads, print ads in national and local daily papers, and special efforts directed at aboriginal, minority French language and ethnocultural communities.

The government is proud to support the choices of all Canadian parents trying to give their preschoolers a strong start in life. Canada's new government is equally committed to the second component of our universal child care plan that will provide a flexible approach to child care spaces that meet Canadian parents diverse needs. The new child care spaces initiative will provide incentives that can be translated into more child care options in large urban centres and rural areas. It can also provide flexible hours for many parents whose work hours do not fit the standard nine to five model.

In designing this initiative, we have been consulting with the provinces and territories, as well as businesses, communities and non-profit organizations to tap into their expertise. Furthermore, a ministerial advisory committee was recently named by the Minister of Human Resources and Social Development to advise her on the design of a child care spaces initiative.

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Chosen for expertise in child care, work-family issues, community organizations and the needs of employers, the committee will present the minister with a report outlining its advice and recommendations this fall. I would like to note for the interest of the House that this report will be available to the general public.

This responsive, flexible approach which respects parents' choices and parents' expertise, along with the roles and the responsibilities for other provinces and territories, is in keeping with our promise to Canadians and Canada's own promise for the future.

For those reasons we are unable to support Bill C-303 proposed by the member for Victoria.

Ms. Bonnie Brown (Oakville, Lib.): Mr. Speaker, I speak today in favour of Bill C-303 which establishes criteria and conditions that must be met before a transfer payment may be made to a province or territory to support an early learning and child care program. Of course, I support the bill. It is almost a replica of the Liberal program for early learning and child care which began in 2004.

In 2005, all 10 provinces signed on to our program, indicating a cross-Canada recognition of the societal need for this program and a commitment of cooperation to achieve it. These signed agreements were the first steps toward putting in place the foundation of a national early learning and child care program and serve as the framework on which Bill C-303 is built.

The framework includes the values of equality, universality, accessibility and development; values that are upheld in Bill C-303, values that we, the Liberals, support.

How strange it is that the sponsoring party of the bill, the NDP, chose just last December not to support an almost identical program but chose instead to join with the Conservatives and the Bloc and cause the government to fall. Canadian parents who have told us about the desperate shortage of child care spaces and were thrilled by our program were not amused by the antics of the NDP at that time. However, here we are, less than a year later, with an NDP bill seeking to resuscitate a program that it helped to kill.

We all know that one of the NDP members travelled to the Middle East in the summer. It was very well publicized. In retrospect, I think she must have taken the road to Damascus while over there. She must have seen the light, converted her colleagues on her return and now we have the bill.

Is it a sign of the NDP repentance for its cynical vote last December, a vote that dashed the hopes of Canadian parents desperate to find quality child care for their children? I do not know about that but I do know the Liberals are committed to helping parents.

We brought in the child care expense deduction years ago to help offset the cost of child care. We also introduced the Canada child tax benefit and the national child benefit supplement to help parents. We allocated \$5 billion for child care for 2006 through to 2010. In the election campaign, we promised another \$6 billion to take this program forward to 2015.

When one considers the additional money that would have been invested by the provinces and by the municipalities over those years, one can safely assume that Canada would have been building a good

child care system for its citizens. Now instead, from the NDP, we have a piece of paper, Bill C-303, but no money. Only the government has money to allocate, which takes us to the Conservatives.

The Conservative Party did not want to spend \$11 billion on early learning and child care and instead cancelled the hard won agreements with the provinces and now send out cheques to parents of \$100 per month per child. There is no early learning component attached to this money and it is such a paltry sum that it might only pay for two or three hours of babysitting each week. In addition, it is taxable. Whatever parents do, I can say to them that they should not spend it because when April comes they will receive a bill from the revenue agency.

The Conservative program is a deception. It is called the universal child care benefit. It is not universal. First, the parents of more than 100,000 children do not receive it because information about how to access it was so poorly done.

Second, it has little to do with child care because the amount is so small it does not make a dint in real child care costs.

Third, it has absolutely no early learning component. Early learning, both social and cognitive, is the critical component in a good early childhood experience. The OECD report released last week shows Canada last out of 20 nations in public spending on child care.

Now, with the cancellation of the Liberal agreements with the provinces and territories, Canada is the only country in the OECD without a goal, a plan and a budget for early learning and child care.

The journalist, Susan Riley, said it in the *Ottawa Citizen* better than I can. Last March she said:

When it comes to practical results...and even Conservative fiscal orthodoxy, [the Conservative] child-care plan makes no sense. Critics say it won't do much to give young children a head start....

● (1140)

So why is the prime minister, and...the minister so unwilling to compromise? In the absence of other compelling arguments, the answer has to be ideological. [He] doesn't...believe "the state" should "replace" parents when it comes to child-rearing [and] said..."the only experts on raising children were called Mom and Dad".

This is a divisive and dishonest characterization of a complex issue, and many working parents, who make up the significant majority, [of parents in Canada], know it. Same goes for the [minister's] insulting suggestion that the Tory program will help parents "who want to raise their own children"—as if moms and dads who have to work full-time are some derelicts, or not really parenting.

This language will appeal to social conservatives...having been forced to comprise on samesex marriage and abortion, this may be the Prime Minister's gesture his long-suffering "family values" caucus.

She concludes that the Conservative cheques are “no substitute for a national network of well-designed, well-staffed [child care] centres”.

Here we are today with a piece of paper, Bill C-303, from the NDP and the government opposite ideologically opposed to implementing it. I predict that Bill C-303 will pass both in the House and in the Senate, but that the government will not reallocate the necessary funds to change the words of the bill into reality for Canadian families.

How can we work to bring that reality to Canadians when the bill is the opposite of Conservative ideology? Maybe we can fit it into another piece of Conservative ideology. Let us examine where the Conservatives are spending taxpayer money.

To an observer, it might seem they are in love with uniforms and weapons because most new spending is going to the military to increase the number of servicemen and women, to buy more transport for them and new equipment for active combat. In addition, border guards will get new guns and training to use them. The finance minister has also set aside considerable funds for prisons, in his words, “for the anticipated increase in the number of prisoners”. More people in uniform.

Yes, the government loves uniforms and guns.

Therefore, with my tongue planted firmly in my cheek, may I suggest that the government might fund child care if we make a few amendments to Bill C-303.

First, I think the government would like it if we made uniforms mandatory. Second, it would also like it if we made marching to martial music a part of the curriculum. Third, story time could revolve around war stories. Fourth, target shooting could begin at age three.

Yes, the government might support such a program but, unfortunately, the Liberals, the NDP and the Bloc would probably not because it would go against their shared desire to build for Canada a peaceable kingdom.

In summary, I do support Bill C-303. I reject the vision of the government for Canada's future. I prefer the vision articulated in Bill C-303 based on the Liberals' child care policy and plan.

• (1145)

[*Translation*]

Ms. Paule Brunelle (Trois-Rivières, BQ): Mr. Speaker, I am pleased today to speak about child care. First, I would like to talk about Quebec and its family policy. According to the 2001 census, Quebec had 450,000 children under the age of 6. Of this number, 200,000 are already in the provincial day care network. In addition, it is estimated that 110,000 children are in full- or part-time care outside the network. This family policy therefore clearly meets a real need.

The family policy is built on three main pillars: early childhood centres, the refundable tax credit and parental leave. The refundable tax credit is a quarterly allowance paid by the Government of Quebec, based on family income, household income and number of children. A refundable tax credit does not have the disadvantage of the \$1,200 paid out by the Conservative Party. Families receive this

Private Members' Business

tax credit, and it is not clawed back at the end of the year, regardless of their income. Parental leave allows mothers and fathers to stay home longer after a child is born.

In all, Quebec spends \$4.5 billion annually on family support, in addition to parental leave, which is funded by Quebec pension plan contributions. In our opinion, day care goes hand in hand with family policy. We also think that a true family policy is a provincial responsibility exclusively. Parental leave, income support and the day care network must be combined in a coherent whole. In our view, for the sake of efficiency, this entire network, all these family policies, must come under provincial jurisdiction alone.

One function of day care centres is to pass on values, culture and language. That is why we maintain that the government closest to the people is better able to meet those needs.

Last week, at a meeting of the Standing Committee on Official Languages, francophones living outside Quebec told us how much they would like to have French-language child care to facilitate early language learning and promote the survival of the language.

We know in this House that the Bloc Québécois opposed the taxable \$1,200 allowance and suggested a refundable tax credit for all families. Lower-income families would have benefited from this deductible amount.

We feel that this measure is definitely not a child care service. It represents a social program, at most, and not enough money to be useful. I was infuriated to learn that, in July and August, the government sent out paper cheques in the amount of \$100, rather than send them electronically. The operation cost \$2 million.

Doing it that way allowed the minister to attach to the cheque a message for the parents, indicating that the universal child care benefit was paid directly to families because the government believes that parents know better than anyone what is best for their children.

In my opinion, the government is clearly trying to play politics at the expense of Canadian children. This must not be tolerated.

Bill C-303 has proven to be quite a matter of conscience for the Bloc Québécois.

On one hand, this bill does not respect the federal-provincial jurisdictions as set out in the Constitution. In our opinion, the Constitution clearly states that education and family policies are not federal jurisdictions. Furthermore, under this bill, child care service providers would have to commit to respecting a series of federal criteria regarding child care. The provinces would also have to commit, given the purported spending power, the legitimacy of which has always been contested by the Quebec government. In our opinion, this bill clearly was not introduced in the right Parliament.

On the other hand, this bill excludes Quebec entirely from this federalizing of family policies.

Private Members' Business

●(1150)

It respects the motion unanimously passed in Quebec's National Assembly on November 3, 2004, which states:

That, in the negotiations with the federal government on the implementation of a new Canada-wide child care program, the National Assembly support the Government of Quebec in its efforts to obtain funding with no strings attached and in the respect of Quebec's constitutional jurisdictions.

We also see that by accepting the social union agreement and by agreeing to align their family support policy with child tax benefits, the provinces, except Quebec, have allowed the federal government to take the leadership role in matters of family policy. Outside Quebec, the federal government has truly become the master of family policy.

We believe that passing this bill would allow Quebec to recoup the \$807 million the Conservative government is denying us as a result of tearing up the agreement on funding child care. That is why we are in favour of this bill.

When the Liberal child care program was announced in 2004, reaction from defenders of this child care service truly showed us the difference in where Quebecers and Canadians stand. In Canada, this announcement was seen as a promise to create the Canada-wide network of child care centres that people were looking for, and we can understand that. However, in Quebec, the child care service network already existed. The only thing Quebecers saw in the child care program was just another unconditional transfer.

We would like to be relieved of the financial burden we are suffering as a result of the fiscal imbalance. We are making a tremendous investment in our children and families and we want proper financial compensation for our efforts.

Bill C-303 takes into account, which is quite rare—we have not seen much of this at the federal level—these two opposing tendencies in federal-provincial relations. In Quebec, we reject interference, but outside Quebec, Ottawa is seen as the guarantor of social progress, which is highly conducive to centralization.

In Bill C-303, with clause 4 allowing a right to opt out with full financial compensation, we believe this takes into account these opposite views of Canada; these two very different ways of seeing things.

We believe Bill C-303 recognizes the unique expertise of the Government of Quebec in the area of day care in North America. This recognition comes three years after the OECD had already stated the following in a study on day care:

There are, however, positive developments that are important to underline:

The extraordinary advance made by Quebec, which has launched one of the most ambitious and interesting early education and care policies in North America. ... none of these provinces showed the same clarity of vision as Quebec in addressing the needs of young children and families.

Therefore we support this bill. We only want the best for all Canadian children. Let us create a day care program that will meet those expectations.

When the member for Victoria spoke of equality and inclusiveness, it was clear that creating a policy enabling children to grow and to develop is very important to her. In my opinion, by investing in day care we are visionaries and we are thinking about the future. By

supporting day cares activities focussing on socialization that lead to learning at a very early age, we will eliminate a great deal of illiteracy and violence in our societies. It is important to have a vision for the future. It allows us to create a progressive society, a society where education is a priority.

●(1155)

[*English*]

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, all members of the House should ask themselves two questions that go to the very heart of our duty as members of Parliament. Do we want the best for our children of Canada? Do we want a bright future for Canadians? Those are simple questions but I urge all members to think about them seriously.

If any member says no to either question, let that member go on the record and tell Canadians that he or she does not want the best for children and does not care about the future of our children. Let members say it loud and clear. Let them admit it and then resign because the only business of the House is to work for a better future for all Canadians. That is what we are here for.

With this early learning and child care bill we have the opportunity to confirm our commitment to the future. We have the opportunity to support and build Canadian leadership in the world. We have the opportunity to invest in success.

Passing this legislation would ensure reliable provincial transfers for child care spaces while entrenching the principles of quality, universality, accessibility, accountability and educational development. These are national standards for this vitally needed service, like the standards for health care. This would establish early learning and child care as a cornerstone of Canada, as it should be and must be.

If we fail to enshrine this commitment to early learning and child care in legislation, then we would be saying no to those questions. We would be saying no to children, no to the future and no to Canada. We would be giving up on the future, failing our duty and embracing complete failure.

When it comes to early learning and child care, Canada already has a failing grade and dismal performance. We are at the bottom of the heap of industrialized nations. It is not just the NDP that is saying that; it is the OECD, the international community as well. Canada is completely failing our children and the OECD confirms this.

The previous Liberal government neglected this whole area for years, even though it spoke about the importance of early learning and child care. It committed transfers to the provinces last year. Finally there was some prospect of progress, but the last Parliament failed to enshrine the principles of our national commitment in legislation.

Now the new Conservative government has wiped out the provincial agreements. In a few months' time when the transfers end, the bit of progress we have made will be gone. Then Canada will continue its downward spiral, falling behind the rest of the world, unless we take action.

Private Members' Business

The OECD has put a global spotlight on Canada's dirty little secret. We have a failing grade in early education and child care. We have tumbled down below the rankings of other countries. We are way behind the leaders. We are way behind other western democracies not just in spending, but in the very nature of child care and early learning.

Too much of Canadian child care is unregulated babysitting with no quality educational components. That is another failing grade. That is what the OECD has said. That is the very course the new Conservative government seems determined to follow, providing an impetus to big box profiteers to fail our children even further.

Throwing a bit of money at parents and then clawing back a big chunk of it in taxes is not early learning and child care. No wonder the new government is desperate for an early election. It does not want to face the rage of parents next April after they are presented with their tax bills. That is when Canadians will see that there is a lot less to that \$1,200 promise than meets the eye. It is a lot less money and no new early learning and child care spaces, no new spaces at all, nothing for children, no investment in the future. It is a complete dismal failure for Canada.

● (1200)

The OECD has made a clear link between national investments in quality child care and early learning and productivity and economic growth, not to mention that the OECD demonstrates that early learning and child care is also a social good. It has a positive impact on the health of children and society and it alleviates poverty. Child poverty remains a terrible reality in this country, another dismal failure.

Again, this is not just the NDP speaking. This is not just child care and educational experts talking. This is not just parents desperate for child care for their kids. This is not just the employers who want a productive workforce. The OECD is saying that we must deal with child care and invest in our children.

The OECD has recommended 1% of the GDP as a minimum government investment. We are at a dismal .03%, a fraction of the OECD benchmark. Some countries even invest 2%. No wonder Canadians' productivity is just slipping. No wonder Canadian businesses and industries are worried about our competitiveness and the competitiveness of the workforce.

Members of the new Conservative government like to boast about their business expertise and their economic stewardship. This is just as bogus as their so-called child care plan. When they rip the money away from provincial programs next year, in March 2007, Canada will be even worse in the OECD tables and the long term harm to our economy will be devastating.

This is why it is so important to enshrine the principles of early learning and child care in legislation. We can do that by supporting this bill. This is not a luxury; it is an urgent necessity. We cannot afford to let Canada fall further behind. Parliament must understand the urgency. Canada's future depends on it.

This is an action we must take. We must make it as an investment in leadership. The Prime Minister may think the best way to demonstrate Canadian leadership is to flex our military muscles, but surely the best way to show leadership is to support our children and

our future. This is an area where Canada should be number one. There is no excuse for this. We urge the government and all members of the House to strive for excellence and success and not failure.

Remember the two questions I asked earlier: Do we want the best for the children of Canada? Do we want a bright future? I believe that every member of the House knows what his or her answer should be. Let us agree and move forward. Let us support Canada's early learning and child care bill. Canada's children are relying on us. Let us show them what true leadership is all about.

● (1205)

Mr. Ed Fast (Abbotsford, CPC): Mr. Speaker, I am pleased to join in the debate on Bill C-303 introduced by the member for Victoria.

This bill has a number of flaws. A closer review reveals that this bill would represent a significant intrusion into provincial and territorial jurisdictions by imposing criteria and conditions on provincial and territorial governments in order for them to qualify for federal early learning and child care funding. Putting aside for a moment the legal challenges which this bill would face, the imposition of the standards referenced in this bill speak to a larger philosophical difference between the NDP and Canada's new government on the subject of support for Canadian families. While I believe we share a common belief that the federal government has a role to play in supporting the child care needs of Canadian families, we differ with respect to what form such support should take.

The former Liberal government's one size fits all program did not work for the diverse needs of Canadian families. Now the NDP is proposing one size fits all child care legislation. In distinct contrast, Canada's new government has brought forth, and more important, acted on a universal child care plan based on providing choice for parents. This plan also recognizes and respects the roles and responsibilities of the provinces and territories for delivering child care services. Parents in the provinces need flexibility and freedom to choose the type of child care that works best for them. Our universal child care program allows them to do just that.

I would also note that the program we have delivered as a government is one that recognizes the whole issue of choice. For many years Canadian families have been requesting, in fact demanding, that there be equity and fairness in the support that Canada's government delivers for families. Unfortunately, that support has not been forthcoming until very recently.

Government Orders

In our recent budget we fulfilled an election promise that we would deliver \$1,200 per child under the age of six, per year. A family with two children would receive double that amount, and with three children, triple that amount. It is a significant amount of money and much more than was ever delivered under any previous government.

Unfortunately, the member for Victoria is actually proposing a bill which runs counter to the promises we made to the Canadian public in the last election. What she forgets is that on January 23 Canada elected not a failed Liberal government, not an NDP government, but a new Conservative government which was going to live up to its promises. That promise was to deliver equity and fairness to families across Canada, hard-working moms and dads who try to deliver enough resources to their family, to raise respectful children and to provide them with a lifestyle consistent with Canadian standards. We have delivered on that promise. We intend to continue to do that as we put the emphasis on young children in our society. The House will notice more legislation coming forward from our government which will put the focus on protecting children. For example, I have brought forward a private member's bill that will address the issue of luring children over the Internet.

Our child care policy is focused again on the child. It is focused on the very families that need the help, the ones trying to raise respectable citizens for our country, children who are going to be future leaders.

• (1210)

Bill C-303 is simply the old solutions being regurgitated. It would address the issue of the administrative costs of delivering child care through government agencies. What we have chosen to do with our plan is to focus in on driving and delivering the resources and the funds directly to the parents who need it.

Unfortunately, I have to speak against the bill. I strongly support our government's move toward providing the \$1,200 per child per year child care allowance.

The Acting Speaker (Mr. Royal Galipeau): The time provided for the consideration of private members' business has now expired and the order is dropped to the bottom of the order of precedence on the order paper.

When this item comes back for consideration, the hon. member for Abbotsford will have another four and a half minutes.

GOVERNMENT ORDERS

[English]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT, 2006

Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC) moved that Bill C-24, An Act to impose a charge on the export of certain softwood lumber products to the United States and a charge on refunds of certain duty deposits paid to the United States, to authorize certain payments, to amend the Export

and Import Permits Act and to amend other Acts as a consequence, be read the second time and referred to a committee.

He said: Mr. Speaker, it is a great honour today to speak to the legislation to enable the Government of Canada to implement the softwood lumber agreement reached this past summer with the United States. Softwood lumber for Canadian softwood lumber producers has been an industry that has been plagued by trade disputes, border measures and various types of trade harassment for basically a quarter of a century.

The agreement will provide stability and dispute-free market access to the United States market. It will provide stability for a period of at least eight to nine years. I also believe it will provide a trajectory for the evolution of the softwood lumber industry to a world of complete free trade. This is not unlike what happened in the automotive industry in the 1960s and 1970s where a sector, which was once subject to significant protection, gradually, through a sector specific agreement, evolved into a successful sector that is subject to almost complete free trade today.

I would ask hon. members to consider the softwood lumber agreement, not in the context of whether this is better than or as good as complete free trade. We know the answer to that. What we also know is that complete free trade is not the option that we have before us. It has not been the option for the last 24 years and it is not the option today. We are not one legal victory away from free trade.

In fact, when we look at the softwood lumber industry, it is a highly cyclical industry. We have just been through a very positive part of the cycle. We are now going into a negative part of the cycle where lumber prices will be lower than their normal trend price. During the low part of the cycle, trade actions not only proliferate, they become more robust. In this softwood lumber dispute, we are dealing with not just countervailing duties based on allegations of subsidies of Canadian softwood lumber producers, we are also dealing with anti-dumping duties.

When we get into a weak market, the ability of American protectionists to launch new cases or to raise the duty rates on existing cases, it becomes much more severe, much more difficult and much more problematic. Without this agreement we would be looking at a difficult period of trade litigation over the months and years ahead.

Let us talk about the agreement for a moment and some of the highlights of the agreement. The agreement is long term in nature. It provides for eight to nine years of dispute free trade with the United States. During good lumber markets, which, based on the history of the last 10 years, would be about 50% of the time or maybe a little bit more, we would have complete free trade. There would be no border measures, no quotas and no export taxes.

We are also looking at an agreement that puts much needed cash into the hands of companies, businesses and communities. Under this agreement, 81% of the duties on deposit with the United States would come back to Canadian companies. That is more than 5 billion Canadian dollars coming back into companies at a time when they badly need the cash and badly need to invest in their businesses.

Government Orders

•(1215)

In addition, as a Canadian initiative and as part of the agreement, we have included an accelerated deposit recovery mechanism. Through the Export Development Corporation of Canada, producers will be able to obtain their cash deposit within four to eight weeks of them filing their documents with Export Development Canada. That is compared to a normal time period that could take in excess of six months, possibly more than two years, to recover deposits through the U.S. customs.

The agreement has major exemptions in it. The entire Atlantic Canadian industry would be exempt from any border measures under the agreement which includes dumping duties. As hon. members will know, unlike previous trade disputes, Atlantic Canadian companies, while they have not been subject to countervailing duties, have been subject to dumping duties. Dumping duties are pernicious in weak markets. Dumping duties will grow this fall. Even if we continue to win current litigation, that litigation will be appealed. Dumping duties will continue to be applied and Canadian companies, including those in Atlantic Canada, would be subject to continuing trade harassment. The territories, Yukon, Northwest Territories and Nunavut, are also exempt from the provisions of the agreement, with no border measures there.

A very important part of the agreement is the unprecedented protection of provincial forest policies as a result of the agreement. In the past, what is called anti-circumvention language in past agreements had basically prevented provincial governments from implementing changes in forest policies and, indeed, any measure that a province would take under past agreements that had the effect of reducing timber stumpage, would have been subject to countervail and would have been a circumvention of the last softwood lumber agreement.

In the agreement, those policies are protected. We can in fact have a market based timber pricing system, as has been implemented in British Columbia, that now will be protected. Timber prices can go up when markets are good and timber prices can go down when markets are bad. Timber prices can also reflect conditions such as an export tax, an exchange rate change, hydro rates or any other kind of economic circumstance that changes the value of timber. The agreement protects those policies that allow timber pricing mechanisms to play their role as shock absorbers as we go through the vagaries of the lumber market and those factors which affect it.

The agreement also provides flexibility. In that part of the market when prices are low, the agreement provides provinces with significant flexibility as to how they wish to implement the agreement. In some parts of the country there will be a desire to restrict volume because they are actually reducing their allowable cut for other reasons. In provinces like Quebec, in a weak market they can pay duties no higher than 5% and complement that by reductions in volume shipped into the U.S. market.

In other regions, such as British Columbia, we have the option of not reducing our volume but paying a higher export tax, which is what the province of British Columbia and certain other provinces wanted. They wanted that flexibility built into the agreement and it is built into the agreement. We now have the ability, in different parts

of the country where the industry is subject to different factors, to respond quite differently to the circumstances of a weak lumber market.

•(1220)

To the degree that there are export taxes collected, those revenues are not going to go into the U.S. treasury. Those revenues are going to stay here in Canada. They are to go back to the provinces where the lumber originated. Again, this will continue to protect Canadian companies, Canadian governments and Canadian economic interests.

Let us talk about dispute resolution. Many members of the House have spoken about chapter 19 of NAFTA, often critically and with some valid issues to be dealt with over time in regard to chapter 19, but this agreement provides a separate dispute resolution mechanism. That dispute resolution mechanism will deal quickly and in a binding way with issues that come up in the context of this softwood lumber agreement. So again, we have improved our position in terms of dispute resolution.

On termination, we have heard people speak about the need for a termination clause. Some have said we should not have a termination clause. Some have said we should have a long termination clause. We have negotiated in this agreement the best and most secure termination language in any trade agreement that Canada or the United States has.

In fact, one cannot terminate this agreement for 18 months. After 18 months, there must be six months' notice. After the six months' notice there is a 12-month standstill during which no trade action can be brought against Canadian companies. This six months' notice and 12-month standstill will continue through the agreement. At the end of the seventh year, if the United States were not to renew this agreement for the full nine years, the 12-month standstill would continue to apply. In effect, at a minimum, we get eight years of dispute-free trade.

This agreement will evolve. It is not going to be a static agreement.

There are mechanisms built into this agreement that will allow government-to-government committees to work on critical policy issues to improve the agreement, to look at issues like the British Columbia coastal industry and the issue with respect to exports of lumber from logs harvested off private lands. It will deal with issues of running rules to ensure that the agreement operates in a commercially viable manner. And it will give a very clear and immediate focus to what we call off-ramps.

Government-to-government discussions will look at the policy changes that provincial governments can put in place to find relief from the measures included in this softwood lumber agreement. That is a very important part of this agreement, because it will allow the agreement to be improved and to migrate gradually to full free trade over time.

There is also a binational mechanism at the industry level so industry can work together to determine how better to improve the competitiveness and the market position of the North American softwood lumber industry. Again, the analogy to autos or the steel sector, where the sector gradually evolves to full free trade, is readily apparent.

Government Orders

This is an agreement that is good for Atlantic Canada. It will give the provinces of Atlantic Canada full exemption. It will get them away from the threat of dumping duties that are sure to grow and become much more burdensome going forward without this agreement.

This agreement will be good for Quebec. It meets Quebec's needs in terms of the option and the kind of agreement Quebec was seeking to best support its industry. And let us remember that 32 border mills in Quebec will be completely exempt from border measures under this agreement.

Again, Ontario is supportive. There is an option that meets Ontario's needs.

It is the same thing for the Prairies.

• (1225)

British Columbia is very well positioned under this agreement. It is well positioned because the number one issue that British Columbia had was to protect its new regulatory measures for timber pricing and forest management in British Columbia. Those policies have been fully protected under this agreement.

British Columbia is now able to have a market-based timber pricing system. Timber prices will go up and down to reflect the true economics of doing business in the U.S. market. That is something we have never had before.

Remanners will be better off. They will not be charged any duties on the value added portion of their production.

High value producers will be better off because there will be a \$500 limit over which duties will not be increased beyond that which would apply to a \$500 per 1,000 board foot product.

This is a good deal and it has broad support from both industry and provinces. Over 90% of the industry, when polled in August, said it supported this agreement. Companies are now coming in and working with us. They are very happy with the work we are doing toward implementation of this agreement. They are working with us, not against us. They believe this is an agreement that will enable them to get back to managing their businesses, building their companies, and supporting the communities and the jobs in those communities.

It also clears the table for Canada to get back to doing business in North America, to get back to rectifying some of the issues that need to be addressed in Canada's best interest as we strengthen and improve the workings of the North American Free Trade Agreement.

I would remiss if I did not pay tribute to the people who have worked so hard and have been so dedicated in bringing this agreement about.

Without the Prime Minister's intervention at the very highest levels to set a new tone to make sure that Canada was able to do business in a way that would benefit Canadians, without that new tone, this agreement could not have happened.

It could not have happened without Ambassador Wilson and the good work that he and Claude Carrière in the embassy in Washington did in the negotiation of this agreement.

Ambassador Wilkins, the U.S. ambassador to Canada, has been very supportive, very helpful and a very constructive participant.

My colleague, the Minister of Industry, has been a very strong contributor to the work that has gone into this agreement.

As for my own staff, my deputy minister, Marie-Lucie Morin, has been a stellar contributor to this agreement. Andrea Lyon in my department has been tireless. She spent her whole spring and her whole summer, right into the fall, doing nothing but this.

The Export Development Corporation of Canada has been stellar in cooperating and providing for an accelerated mechanism for refund of deposits.

I call on members to support this agreement, to support the stability and the ability to grow and develop the softwood lumber industry. Let us get back to business. Let us get back to protecting and creating jobs and getting investment back into the forest industry and all those communities that depend on it.

• (1230)

[*Translation*]

Hon. Dominic LeBlanc (Beauséjour, Lib.): Mr. Speaker, if I may, I would like to ask the minister three specific questions.

[*English*]

I think the House would be interested in hearing the minister on three specific questions.

First, I wonder if the minister could tell us exactly how much money is in fact left in the United States. We have seen \$1 billion. We have seen more than \$1 billion. I am wondering if the government has a dollar figure for the amount of Canadian money left in Washington as a result of this agreement.

In that same vein, we believe that some \$500 million, half a billion dollars, will end up in the hands of the American Lumber Coalition, the American lumber producers who have caused such grief over the last number of years in terms of their harassment of Canadian companies. At a time when the Byrd amendment is in fact sunseting and disappearing, I am wondering how the minister can explain that the government decided to leave that half billion dollars directly in the hands of American companies sort of as a reward, so to speak, for their harassment.

Finally, and again, the other half of the money being left in the United States is going for meritorious purposes, we are told. We would be curious to hear what precisely the minister and the government understand to be the kind of use this money will see. Some observers before a committee of this House have said that it in fact could be used for partisan purposes in the United States, a rather loose definition. I wonder if the minister could explain exactly where the meritorious portion of the money will be spent.

Government Orders

Hon. David Emerson: Mr. Speaker, this is a negotiated settlement. This is what we ultimately will have to do, or would have had to do, to resolve the softwood lumber dispute. The dispute will never be resolved through litigation. Litigation will always be based on U.S. law, there will always be new cases brought, and U.S. law can be changed if the U.S. feels we are winning and does not want us to win. So let us be clear: we must have a negotiated solution in softwood lumber. We hope for a day when that will not be the case. I believe this agreement gets us there.

The agreement clearly calls for basically \$1 billion to stay in the U.S. and the rest to come back to Canada, which is about 81% of all the duties. There is \$5.4 billion in total deposits, with \$4.4 billion dollars U.S. or over \$5 billion Canadian that comes back to Canadian companies and Canadian communities and will be put to work right here in Canada.

Of the \$1 billion that stays in the U.S., as the hon. member said, half of that, or \$450 million, will go to meritorious initiatives. We have been working with the United States and it was envisaged that if there were to be any kind of political involvement it would be bipartisan and it would be done through a charitable organization. I am informed that the latest thinking is that this charitable organization would have nothing whatever to do with politics in the United States.

• (1235)

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, I would first like to ask the minister how he could have agreed to negotiate and sign an agreement like this, particularly given the results at the tribunals.

The tribunals found for the Canadian policy and against the United States, and said that there had been no prejudice arising from subsidies or dumping. In addition, if the United States is agreeing to repay \$4.4 billion to Canada, it is practically saying that it admits this money was taken dishonestly from Canadian companies. This action is an admission by the United States.

Now, on top of that, we are signing an agreement that provides that duties will have to be paid—not in all circumstances, but still in some—when we know for a fact that there were no subsidies or dumping by Canadian and Quebec companies.

I therefore have to ask what could have prompted the minister to sign an agreement like this. He was probably the only Conservative who agreed to it, since, as we will recall, the Conservatives' election platform clearly said that they would take this all the way so that Canadians would get 100 per cent of their money.

[*English*]

Hon. David Emerson: Mr. Speaker, the hon. member should know that the allegations of subsidies by Canadian provinces on the softwood lumber have been going on for decades. Those allegations of subsidies stem fundamentally from the fact that Canadian timber is largely harvested off Crown land. They continue to make allegations that the fact it is harvested off Crown land, that the revenues go to government, the government is somehow not taking the full market value of the timber.

Those debates go on and on. We continue to win them, but the dispute never ends and it never will. Under U.S. law, which is what these disputes are adjudicated on when we use a NAFTA framework, they can continue to make allegations, to bring more suits, whether it is an allegation of subsidy. Absolutely for sure, if there were not this agreement and the federal or provincial governments attempted to assist the softwood lumber industry in any way, there would be more countervailing duty cases brought.

A new part of this dispute is the dumping side, which has just come in. The hon. member ought to know that even in Canada, we bring dumping cases. All it requires is that it can be demonstrated there is a loss, that the companies are losing money on shipments into a market. Particularly in bad markets, those cases will be sustained and it will be very damaging for Canada.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, the minister talked about clearing the table. This agreement essentially gives the table away along with the whole rest of the house.

There have been a whole series of questions that have been asked by industry around this. A meeting last week in Vancouver was botched. Industry spokespeople came forward and asked important questions, but could not get answers because the government was not prepared. We certainly have seen that with this bill. We will have a chance to debate this throughout the course of this week: that the bill itself does not correspond to the actual agreement.

I could ask many questions of the minister, but I will restrict myself to one for the moment. Around the Export Development Canada administrative charges, people have asked what the charge is. They have been getting no answers. This is just one component of a very botched negotiation and a very bad agreement. Could the minister answer in the House what the EDC charge will be? What is the penalty the companies will pay?

• (1240)

Hon. David Emerson: Mr. Speaker, first, I do not accept the allegation or the premise that somehow this agreement is not a very good agreement. This is the best softwood lumber agreement that we have seen in Canada in the last three decades.

With respect to administrative charges by Export Development Canada, there are none.

Hon. Dominic LeBlanc (Beauséjour, Lib.): Mr. Speaker, it is with some disappointment that I rise today to speak to Bill C-24, An Act to impose a charge on the export of certain softwood lumber products to the United States and a charge on refunds of certain duty deposits paid to the United States, to authorize certain payments, to amend the Export and Import Permits Act and to amend other Acts as a consequence.

In the last election campaign, there was very little discussion of softwood lumber. We thought, and a cursory look at the platforms would indicate, that there was very little difference in the positions of the Liberal and Conservative Parties in the last election.

Liberals campaigned on the following platform:

Government Orders

The recent string of NAFTA decisions in Canada's favour continue to be valid and must be respected—the United States remains legally obligated to revoke the tariffs and refund, with interest, all duties collected, totalling more than \$5 billion. A Liberal government will continue to wage a vigorous legal and political fight with the US government and industry and will continue to consult with the provinces and Canadian industry on the best way to achieve a final and lasting solution.

Page 19 of the Conservative platform says:

A Conservative government will: Demand that the U.S. government play by the rules on softwood lumber. The U.S. must abide by the NAFTA ruling on softwood lumber, repeal the Byrd Amendment, and return the more than \$5 billion in illegal softwood lumber tariffs to Canadian producers.

Today we not only have the Conservative government breaking that very election promise, but it is going so far as to legislate its betrayal of the lumber industry, of local communities and workers, not to mention the Canadian electorate.

Despite the strength of our legal position, supported by numerous decisions of international trade tribunals and domestic courts both in Canada and the United States, the government rushed negotiations with an artificial timeline set to maximize the cynical political advantage for the Conservative Party. The Conservative agenda was put ahead of the interests of an industry, which is a significant element of the industrial strength of every region of Canada.

When the Prime Minister stood in the House last spring and outlined the parameters of the agreement with the Americans, he provided very little detail to the House. As we know and as our leader said at the time, the devil is in the details. What little we did know then was enough to convince us that this was a bad deal for Canada and a good deal for the American government and lumber industry.

It was clear on April 27 that the Prime Minister was abandoning Canada's position, pursued by successive Canadian governments and upheld by trade panels at both NAFTA and the World Trade Organization, that our softwood industry was not subsidized. This decision destroys the credibility of the dispute resolution provisions of NAFTA.

The repercussions of this capitulation will be felt not just in the future disputes surrounding the softwood lumber industry, but by many other industries that may face similar allegations from American competitors. It could also encourage other U.S. sectors to ignore trade rules and seek, instead, political decisions in their favour, resulting in increased trade uncertainty, seriously inhibiting investment in key Canadian export industries.

Do not just take our word for it. The Prime Minister has betrayed what he said when he told the Canadian people:

If the rules are simply ignored, then the very basis of a rule-based system is threatened and the future of all Canada-U.S. trading relations could be profoundly affected.

We also predicted in April that we would see draconian measures in the agreement that would punish our industry the minute market conditions in the United States deteriorated. Today, in Bill C-24, we see the creation of an export tax that, at current price levels, is actually higher than the U.S. duties currently being collected. Along with this export tax comes an unfair and unprecedented tax regime that will place a huge administrative burden on Canadian producers. At a time when they are having difficulty meeting their own payroll,

the government is forcing them to hire more accountants and auditors.

• (1245)

When the Prime Minister stood in the House in April, we knew that he had left more than \$1 billion on the negotiating table, that \$1 billion belonging to Canadian companies. We anticipated that this money would end up in the pockets of American lumber barons, who have been constantly harassing the Canadian industry.

Once again we were right, only this time the Prime Minister threw in a wrinkle. The agreement gives \$500 million to the American lumber industry to use to fund legal and political attacks against the Canadian industry. Apparently that was not good enough. Instead, another \$500 million was left with the White House, in a time when we are heading into the run up for very difficult fall elections, all of this for 24 months of managed trade.

The government has acted in a high handed way with the Canadian industry, giving it an ultimatum, "Accept this deal or the government will abandon you". The Prime Minister has given it a choice between a bad deal and the back of his hand. Loan guarantees put in place before the last election were taken off the table and the Conservatives threatened to abandon the industry if it chose pursuing its legal rights over accepting a bad deal.

The Conservative government has demonstrated that it will in fact punish the companies that have refused to sign on to this agreement. This includes the imposition of a 19% levy on all refunded duty deposits on the holdout companies. The Liberals believe the government should immediately cease this harassment and treat these companies with the fairness and respect that they are owed.

The Liberal Party has always been committed to supporting our softwood lumber industry. That is why we have proposed a supplementary aid package, modeled on the package put forward by the former Liberal industry minister, the member for Vancouver Kingsway, which includes: \$200 million over two years to enhance the forest industry's competitive position, improve its environmental performance and take advantage of growing bio-economies; \$40 million over two years to improve the overall performance of the national forest innovation system; \$30 million over two years to improve the competitiveness of the workforce, promote upgrading of workplace skills and provide assistance to older workers impacted by forest industry layoffs; and \$100 million over two years to support economic diversification and capacity building in communities affected by job losses in the forestry industry.

[*Translation*]

It is enormously important to support the communities that will be affected not only by this agreement, but by the forestry industry in general.

Communities in Atlantic Canada, in Quebec, in rural regions everywhere—often on the coasts—are affected by this industry to a disturbing extent.

The price of gas, the value of the Canadian dollar, and ultimately the price of softwood lumber on the American market are major factors and they are all behind the rather major crisis that industry is experiencing at present.

That is why we consider it to be so important that the government support not only those industries, but also the workers and communities. They are the ones who will ultimately pay the price for a bad agreement and for a global situation that will certainly lead to layoffs and serious trouble for some companies.

• (1250)

[English]

We had also proposed \$30 million over two years to develop new markets for Canadian wood products and \$200 million over two years to fight the spread of the pine beetle in British Columbia and Alberta forests.

Some forestry industry companies may opt not to sign on to the softwood lumber agreement and will continue to pursue their legal rights both under NAFTA and under domestic courts. The government should immediately make loan guarantees available to them to provide them with the creditworthiness so they will be able to fight to maintain their legal rights before the process simply runs over them, as dictated by the government.

The Canadian forestry industry is facing many difficult years ahead. It will be a difficult winter in this sector. As I said a minute ago, the high value of the dollar, the high cost of energy, the declining price for softwood lumber are among real dangers on the horizon for this industry. That is why we believe the government needs to stand by the industry and not simply bulldoze them into an agreement that many of them have said they would not sign otherwise.

[Translation]

As I said earlier, workers and communities are in urgent need of this government's support. The industry is already under enormous pressure and needs our government's basic support.

[English]

The minister correctly noted in his comments that the Atlantic provinces benefit from an exemption under this agreement. This was an essential part of the softwood lumber agreements negotiated over the last quarter century because the exemption in Atlantic Canada is based on a different forestry management regime where the vast majority of the land on which lumber is cut, on which logs are harvested, is owned by private landowners.

As the minister noted in his comments correctly, this distinguishes the Atlantic provinces from other provinces where unfair allegations have been made surrounding Crown land, leases, and the cost of stumpage.

The exemption that Atlantic Canada has historically enjoyed is not thanks to the actions of any government but because the American coalition did not petition the U.S. commerce department with allegations of subsidy against the four Atlantic provinces. This is why, in my view, the Maritime Lumber Bureau has done a wonderful job over the last number of years in maintaining this exemption in

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front of the American courts, in front of the American lumber coalition, and the American government.

Companies in my own riding like Delco Forest Products, for example, or Westwood Industries, or Goguen Lumber are small family businesses that employ hundreds of people in my riding. JD Irving has sawmills in my riding. Hundreds of people are employed in this important industry, and the exemption that Atlantic Canada has always enjoyed is the result of a much different system of land ownership.

That is why, if we are going to be sincere, we have to admit that the exemption that the government has claimed for Atlantic Canada has existed for a quarter of a century and not because of any political intervention from a previous Conservative government when Mr. Mulroney was prime minister or previous Liberal governments. It has existed because, in fact, the land ownership system differentiates to a great extent the four Atlantic provinces from other Canadian provinces.

[Translation]

As I also said earlier, we find this debate difficult because we believe that the government should have supported the industry, should have offered loan guarantees for companies that asked for assistance, and should have continued to pursue the legal route, which, we sincerely believe, would have led to a final decision to settle this question once and for all.

[English]

In conclusion, I would like to move the following amendment. I move:

That the motion be amended by deleting all of the words after the word "That" and by substituting the following:

This House declines to proceed with Bill C-24, An Act to impose a charge on the export of certain softwood lumber products to the United States and a charge on refunds of certain duty deposits paid to the United States, to authorize certain payments, to amend the Export and Import Permits Act and to amend other Acts as a consequence, because it opposes the principle of the bill, which is to abrogate the North American Free Trade Agreement, to condone illegal conduct by Americans, to encourage further violations of the North American Free Trade Agreement and to undermine the Canadian softwood sector by leaving at least \$1 billion in illegally collected duties in American hands, by failing to provide open market access for Canadian producers, by permitting the United States to escape its obligations within three years, by failing to provide necessary support to Canadian workers, employers and communities in the softwood sector and by imposing coercive and punitive taxation in order to crush dissent with this policy.

• (1255)

The Acting Speaker (Mr. Royal Galipeau): The amendment is in order. Questions and comments, the hon. member for Cariboo—Prince George.

Mr. Richard Harris (Cariboo—Prince George, CPC): Mr. Speaker, I am astonished at the hon. member's statements. He belongs to a party that just about a year ago was willing to consider and accept a deal that was of far less value than the one that our minister and our government has negotiated.

He says that the principle of the bill is to abrogate responsibility. The principle of the bill is to provide stability and certainty for the softwood lumber industry. That is what the bill is all about. That is what our minister has done.

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Why do the Liberals and the NDP want to continue to ensure uncertainty in the softwood lumber business in this country, uncertainty that would most assuredly bring continued litigation under U.S. law in courts, challenge after challenge amounting to hundreds of millions of dollars in increased legal fees, bring that kind of litigation upon our industry, and bring foreseeable mill closures and job losses to our forest workers in this country? Why would they want to do that?

Everyone knows, even the Liberals and the NDP can grasp this one, that bankers and investors like certainty in any type of commercial or industry sector.

Under their wishes the uncertainty would drive the bankers away, would drive the investors away, and would result in continued litigation, job losses, mill closures and hundreds of millions of dollars in additional legal fees. That is what they want for this country.

This minister and this government want to bring prosperity back to the softwood lumber industry and this agreement does it. The Liberals and the NDP should get behind it and support it.

Hon. Dominic LeBlanc: Mr. Speaker, the member for Cariboo—Prince George said that the previous Liberal government had not accepted a deal and he is right. We declined a deal that was considerably better than the one that the government has now imposed on the softwood lumber industry.

There were two main things that the previous Liberal government would not accept. We would not accept to reward the American lumber coalition with a half billion dollar Canadian tip for having harassed our lumber industry. That for the previous Liberal government was an unacceptable concession, one that this government quickly made.

The other thing which the previous Liberal government had refused to accept was a termination clause that would allow, contrary to what many have claimed, a quick exit from the agreement. As the Quebec industry spokespersons have said, it is an awfully high price to pay, a billion for effectively two years of managed trade.

Those are the things the previous Liberal government would never have accepted and that is why we declined a deal that in fact was better than this one.

• (1300)

[*Translation*]

Mr. Guy André (Berthier—Maskinongé, BQ): Mr. Speaker, my question is for the member for Beauséjour.

I am always surprised to see the great sensitivity currently being shown toward the softwood lumber industry when, personally, I am convinced that the proposed agreement is the result of inactivity by the Liberal and Conservative governments since the start of the softwood lumber dispute. It is the result of inactivity.

Today, the member for Beauséjour is saying that the government probably should have continued to take the legal route, because we were winning cases before the NAFTA tribunals, and that, in addition, the government likely should have given companies loan guarantees.

Yet when the Liberals were in power, the Bloc Québécois demanded for weeks, even years, that the government provide loan guarantees for companies to address the softwood lumber problem.

The industry needed legal support, which the Liberals did not provide. During the election campaign, the Conservatives promised Quebecers loan guarantees. Once in power, though, they said that loan guarantees were out of the question and that they would negotiate an agreement and stick to it even though it meant losing a billion dollars.

My question is for the member for Beauséjour. Now that the Liberals are in opposition, why do they seem to be changing their minds all of a sudden?

Hon. Dominic LeBlanc: Mr. Speaker, I would like to thank the member for Berthier—Maskinongé for his question.

When it comes to changing points of view, I think the Bloc Québécois should explain its own about-face on this issue. We were pretty surprised to find that, when the government put pressure on the industry and the Bloc Québécois, the Bloc simply dropped the arguments it had been making last April. Now they support what we believe to be a bad deal.

The member referred to loan guarantees. I agree with him that when the Conservatives were in opposition, they insisted on loan guarantees. I agree with the Bloc member. As soon as the Conservatives came to power, they dropped the issue.

I would like to remind the House that it was the current member for Vancouver Kingsway who, as a minister in the Liberal government before his own about-face, announced a loan guarantee program.

This summer, I had the opportunity to talk to Mr. Chevette, the spokesperson for the Quebec industry. He talked about the Liberals' loan guarantee program, the very program that had been announced by the current minister of International Trade. He is not sure to what extent the Quebec industry supports the current agreement.

This means that if the Liberal program were still in effect, and if the Conservative government had not simply cancelled the program in an effort to threaten or pressure the industry, I think the Canadian industry would have been able to resist the pressure to sign on to a bad agreement.

We know that the money on its way back to Canada will not end up in the hands of companies to be invested in communities and new technology. In the end, the bankers will be laughing all the way to the bank. That is what the government will accomplish in the end.

• (1305)

[*English*]

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Mr. Speaker, I have been listening to the member for Beauséjour and typical Liberal revisionist history.

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I will try to make this fairly succinct with a couple of quick questions. In the little history lesson on Atlantic Canada's exemption on softwood lumber, the hon. member forgot to say that the exemption was started under a Conservative government. It was largely ignored for 13 years under a Liberal government and it was only, which he did mention, through the good work of the Maritime Lumber Bureau that it stayed in place at all. This is an industry driven group which really works by itself to maintain Atlantic Canada's exemption.

The hon. member for Beauséjour mentioned that exemption. He did not mention that the Liberals, prior to the election, were so eager, so desperate, to sign a deal on softwood lumber that they put Atlantic Canada's exemption on the table. They were willing to give up Atlantic Canada's exemption, which was not mentioned by the hon. member.

He did mention that somehow the Liberal deal was a better deal than the one we are debating today. I am happy to have the debate, but I ask the hon. member, what were the points? He should put them on the table, on paper. I ask him, what about that deal is better than this deal? I would like to see the facts.

Hon. Dominic LeBlanc: Mr. Speaker, the last question posed by the member for South Shore—St. Margaret's asks: What were the precise differences? If he were to look at *Hansard* in reference to my answer to his colleague from Cariboo—Prince George, he would see two very essential differences which I outlined a moment ago. I can answer that question by referring him to the *Hansard* of a few minutes ago.

My colleague from South Shore is a skilled parliamentarian. I did not realize he had an active fantasy life when he could claim, for example, that the Liberal Party had been prepared to trade away the historic exemption of Atlantic Canada. That is simply an invention that is not supported by any of the comments made by the Atlantic industry. It is simply an attempt to blur the facts and deal with the sellout proposed by his government.

[*Translation*]

The Acting Speaker (Mr. Royal Galipeau): Resuming debate, the hon. member for Sherbrooke. I would like to point out that we are now debating the amendment proposed by the hon. member for Beauséjour.

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, quite frankly, I was not expecting a debate on the amendment proposed by the hon. member for Beauséjour. I do not have the French version of that amendment. Nevertheless, what I would like to say applies to this debate.

As we know, on April 27, 2006, Canada and the United States announced that a framework agreement had been reached to resolve the softwood lumber dispute. The official text of the agreement, which had been initialed by the two countries on July 1, 2006, and signed on September 12, 2006, gave rise to Bill C-24. I will spare Parliament the official title of the bill, since it lists practically every aspect of the bill. I will proceed in a simpler fashion. It is known as the Softwood Lumber Products Export Charge Act, 2006.

I would like to briefly remind the House that we have been selling softwood lumber to the United States for a very long time. Except for a very short period during the 1929 crisis, our wood has always

entered the United States duty free. Since the early 1980s, the lumber trade has been a steady source of conflict, the U.S. lumber lobby becoming increasingly protectionist and uncompromising.

On May 22, 2002, after an investigation using methods invalidated by international tribunals, the United States accused Canadian producers of being subsidized and Canadian exporters of dumping on the U.S. market and thereby damaging the American industry.

Before the Free Trade Agreement with the United States, the industry had to go before American courts, which often played favourites. The Free Trade Agreement and the North American Free Trade Agreement contained bilateral dispute resolution mechanisms—more impartial courts and disputes had to be resolved within 10 months.

The softwood lumber dispute has been going on now for 40 months. It is the longest trade dispute that has arisen between Canada and the United States since the Free Trade Agreement was concluded almost 18 years ago.

The NAFTA panel clearly decided that Canadian lumber was not subsidized, contrary to the American allegations. After using all possible stall tactics, Washington decided for the first time since the Free Trade Agreement was signed in 1988 not to bow to a final NAFTA panel decision. The Canadian industry had to turn to the American courts in order to force the United States to abide by its own laws. This leap 20 years backward in time raises the question of whether the agreement is worth anything at all.

During all that time after May 2002, the Bloc Québécois demanded an assistance plan for the softwood lumber industry—something that the federal government, whether Liberal or Conservative, always opposed.

The Liberals said over and over that they would never yield to the American demands, while turning a blind eye all that time to the dire straits in which the industry found itself and refusing to set up an assistance plan. They have opened the door, now, to the request for loan guarantees that the Bloc Québécois has been making, even though they said that they opposed them so long as they were in power.

The Conservatives, for their part, promised in their 2006 election platform—which was not so long ago—never to submit to the American demands because the United States should “abide by the NAFTA ruling”. More importantly yet, they promised to “provide real help for Canadian and Quebec workers and businesses coping with illegal American trade actions”—a promise that they certainly failed to keep.

● (1310)

The attitude of the federal government, whether Liberal or Conservative, leaves a bitter taste. In failing to support the industry, the federal government has greatly weakened it and forced it to accept this agreement under heavy threat.

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In Quebec, more than 7,000 jobs have been lost in the forest industry since April 2005 and 5,000 others are in danger, according to the Quebec Forest Industry Council. The forest is the main employer in 260 towns and villages in Quebec, and in 134 of them, it accounts for 100% of the jobs.

Bill C-24 contains legislation implementing the July 1 softwood lumber agreement between the Canadian and American governments. Its provisions will all come into effect on October 1, 2006. If the bill has not passed by that time, its provisions will be retroactive to October 1, 2006.

The bill would introduce a system of controls on exports in the softwood lumber industry. What is surprising, these controls would take the form of amendments to the Export and Import Permits Act, an act that is generally used to control trade in weapons and dangerous substances and to restrict trade with countries that are subject to economic and military sanctions. In this case, it is Canadians and Quebecers who are subject to the restrictions provided in this bill.

In the case of Quebec, which has chosen a lower export tax and capped exports, it is necessary to obtain a licence or export permit. The basis for allocating export quotas is not set out in the bill; it will be determined by regulation. Quebec has proposed that 94% of quotas should be allocated to companies on the basis of past exports, and that the remaining six per cent be allocated on the basis of first come, first served.

Quotas allocated on a monthly basis create a great deal of uncertainty in the industry. This issue has not been resolved. Of course, there is a group representing both countries and the Bloc Québécois hopes that the government will try to relax the monthly export ceilings by means of the regulations.

How can you ask a company to plan its procurements or its sales on an annual basis? Should it simply be a blind division by 12, regardless of the season or regardless of conditions in the construction industry?

The bill also proposes a tax of up to five per cent when there are export limits, but it could be as much as three times higher for exports from provinces where there is no export ceiling.

The rate of the tax would vary depending on the price of lumber. The lower the price, the higher the tax. The amount of the export tax that would be refunded to the provinces represents another important factor. The bill also provides that with the removal of the countervailing and anti-dumping duty orders, the government will proceed with reimbursement of \$5.4 billion illegally withheld by the United States.

Canadian companies will be entitled to 81% of the countervailing and anti-dumping duties currently held by Washington. In reality, that represents about 65% of the amount that these companies have paid, taking into account variations in the exchange rate over the past four years. What would have been 63¢ in the beginning now equals 90¢. Previously, one American dollar was worth \$1.59 Canadian; today it is \$1.11 Canadian for one U.S. dollar.

The excess duties paid should be refunded within six months of the coming into effect of the agreement. In the Office of the Minister of International Trade, it is expected that more time will be needed.

● (1315)

The companies that have signed the agreement will receive their refunds through Export Development Canada (EDC). They will first receive 90%, and then the rest once the calculations have been completed.

The companies that opt out of the agreement have not assigned their rights to the federal government. They will be refunded directly by Washington. The agreement provides that refunds will be taxed at about 19%. Of course this has been strongly criticized. Who would have imagined that these companies might end up with a bonus for not signing an agreement?

Because of the irremediable damage caused to the industry, an entire clause of the bill is dedicated to provisions respecting companies that did not survive the conflict because the federal government did not implement a loan guarantee program.

The game is not over. Actually this agreement is still theoretical because it cannot come into effect until all the complaints currently before the courts—both international and American—have been withdrawn, and this is not yet so.

Furthermore, Washington can terminate the agreement as of the 18th month after it comes into effect, on six months' advance notice. We are a long way from a lasting agreement.

Washington provided for the possibility of excluding a province from the application of export restrictions if its forest policies change.

So the industry is experiencing quite a lot of insecurity. I have made a list of some elements, and they will be studied in depth in committee so that we have some certainty and not just a few elements on which we cannot rely.

In the end, who really comes out the winner in this agreement? Of the \$5.4 billion held in Washington, the Canadian companies will receive about \$4.4 billion. The American companies that instigated the conflict, however, will get \$500 million. A fund of \$50 million will go to initiatives aimed to promote the use of wood in both residential and commercial sectors. This fund will be managed by Canadian and American companies. Left to the discretion of the American government will be \$450 million, an unexpected windfall for the Republican Party, just in time for the mid-term elections.

For Quebec this means the imposition of quotas, for which the terms and conditions of assignment are not set by law, but by regulation. This is another grey area. Of the 34% of the American market that will be accessible to the Canadian market, 7% will go to Quebec, or 20%, instead of 27% of the average Canadian exports in the past 20 years. At present, these are at 17% because of the competition of the Canadian and Quebec markets.

With the quota method, Quebec companies will be able to export one twelfth of the annual quota per month and have only some leeway based on the quota for the previous or the next month. Only those amounts will be transferable. This inflexible approach is not advantageous given the cyclical nature of the industry.

For all intents and purposes there are two big winners: the Americans—both government and corporations—and the Prime Minister, who has made a friend of G. W. Bush.

As for what the main stakeholders have to say, the Bloc Québécois consulted the forestry industry and workers over the summer. We heard the same thing everywhere: their backs are to the wall. Although this agreement is objectionable, the industry does not have the luxury of time. The industry is almost unanimous in stating that this agreement is unsatisfactory but it is at the end of its rope.

It is interesting to note that the Conservative government did not consult the industry prior to signing the text of the agreement, even though this agreement governs the distribution of money that really belongs to the industry.

• (1320)

Thus, the Bloc Québécois accepts Bill C-24 with little enthusiasm. The reality is quite simple: the free trade agreement no longer applies to softwood lumber.

We know that there have been a number of requests for assistance from the forestry industry, which is experiencing serious difficulties just as it is emerging, in a weakened position, from a long trade dispute. Several of these requests date back to 2002 and could have guaranteed the survival of some companies that have now closed their doors.

A multitude of actions could have been brought forward, brought into play to support workers, for example, income support programs for older workers. The amount disbursed—about \$75 million to help older workers who lose their jobs—would have been minimal in comparison to the \$1 billion paid to the United States.

Communities dependent on the forestry industry need programs to diversify their economies, a special tax status for 128,000 private woodlot owners in Quebec, and increased funding for the Canadian Forest Service's Model Forest Program.

Companies need the following measures: special tax treatment for the \$4.3 billion in countervailing and anti-dumping duties that the American authorities will pay back, to make up for the losses companies have suffered; faster amortization on equipment; a program to promote innovation in the forest industry and improve productivity; a market diversification and wood marketing program; and financial compensation for maintaining the forest road network.

We know that large forestry companies have to maintain, at their own expense, major road networks that are also used by the public. The government should also provide support for this. There are many other possible measures, such as research and development credits.

Speed is of the essence, because some of these measures will become irrelevant if they are not introduced this year, which is a pivotal year for the industry. Many companies are still on the verge

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of closing, even though they will receive a portion of the money they invested. In some cases, it really is too late.

If the assistance plan the Bloc Québécois has been calling for since 2002 had been put in place, many workers in Quebec would still have a job in the forestry sector today.

This time, does the Conservative government plan to keep its 2006 election promise to “provide real help for Canadian workers and businesses coping with illegal American trade actions”, or is it waiting for this industry to die while it waits for the Americans to deign to pay companies what they have coming to them: a mere 65% of what they paid out, which the NAFTA tribunal deemed 100% illegal?

To sum up, I think—and nearly everyone agrees—that this agreement does not live up to the forest industry's expectations. In all probability, no one would have accepted this agreement if people had been in a positive financial situation. But neither the Liberal nor Conservative governments were willing to keep companies financially afloat during the dispute with the United States. The Liberal and Conservative federal governments are to blame for this situation.

• (1325)

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I listened with great interest to the new Bloc Québécois international trade critic, and I congratulate him on his new caucus portfolio. My question is very straightforward.

This agreement is not good for the softwood lumber industry across the country. We know that it is not at all in the best interest of the Quebec industry.

There are two parts to this. First, the Quebec industry has been asking for loan guarantees for a long time, and Parliament should be giving this to the Quebec industry. Loan guarantees could enable the industry to survive these last few months before we can finally declare victory. Victory would already be ours had the Conservative government not stopped the legal process. In short, what we have here is not what the industry asked for.

Secondly, and more importantly, this agreement will mean that any change to Quebec's forestry policy will be subject to Washington's veto—to the Bush administration's veto. It makes no sense that the Bloc Québécois should support measures that force the provincial government to get Washington's approval for any change to Quebec's forestry policy brought about by Quebecers' democratic decisions.

My question is therefore very simple. Given that this motion deprives the Province of Quebec of its right to make important policy changes affecting the forest industry, why is the Bloc Québécois supporting it? Far worse than encroaching on this right, this agreement removes it entirely.

Furthermore, in light of what we know now—that both the agreement and the bill are a huge mess—is the Bloc Québécois reconsidering its support so that the three opposition parties can work together to institute loan guarantees, which is what the Quebec industry really wants?

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•(1330)

Mr. Serge Cardin: Mr. Speaker, I would like to answer that question, and at the same time, of course, I ask myself about the New Democratic Party.

We know that there are certain fundamental ways of looking at things that the NDP and the Bloc Québécois share, but we take respect for forestry workers farther, workers who, even if they have not lost their jobs, are having a lot of problems, and we go farther in our respect for forestry companies and their desire, both in Quebec and in Canada, to continue to develop.

At the present time, those companies are in a chokehold. So what should we really do for the industry, and for the workers? The Liberals and Conservatives drew the line when they did not want to create measures to help the forestry industry survive, while argument continued before the tribunals and victory was imminent.

Why, at that point, did the Conservative Party lay down its arms? Maybe because of where they got their Minister of International Trade, who had not yet joined the Conservatives when they were writing their election platform, the Conservatives who would have rejected that agreement and continued to go before the tribunals to have them confirm the legality of what they were doing and the illegality of what the United States of America was doing.

The decision made by the Bloc Québécois was indeed a difficult one, because the agreement is very far from perfect, but when it comes to an imperfect agreement I prefer a company that still has a chance to survive.

[English]

Mr. Richard Harris (Cariboo—Prince George, CPC): Mr. Speaker, I thank the Bloc members for their support for this monumental softwood agreement. I encourage them not to be swayed by the NDP and its descriptions of a good softwood agreement and the use of the words “botched, flawed and misrepresented”. The federal government, the Prime Minister, and the Minister of International Trade have the best interests of the softwood lumber industry and the workers in that industry at heart. That is why they signed this agreement.

The agreement will bring certainty to the industry. It lets the companies make long term plans. It gives their investors some long term stability in order to make investments in the industry. It makes the banks more comfortable to know that long term business plans can be created. That is what we want for the industry. We want the workers in Quebec, Atlantic Canada and British Columbia to be working in the industry and to know that they have jobs for the next nine years.

That is contrary to the NDP that is willing to put at risk the mills and the workers' jobs all across the country. Under its option years of uncertainty and years of litigation would be guaranteed. I might point out that U.S. law is far different from what we would like to operate under here. Challenges could be changed; every time somebody wanted to speak it could be taken up in the courts and another few hundred million dollars in legal fees could be spent. That is what the NDP is offering.

I ask that the members of the Bloc not be swayed by the misrepresentations of the NDP and the misrepresentations and petty politics of the Liberals.

This is a good agreement. The Prime Minister, the Minister of Industry, the industry itself, the provinces and the mills in Quebec are all behind it. I encourage members to stand firm to get the softwood agreement through the House and give some certainty, peace of mind and stability to the industry and to the people who earn their livings and raise their families as a result of the softwood lumber industry in Canada.

•(1335)

[Translation]

Mr. Serge Cardin: Mr. Speaker, I would suggest that the member for Cariboo—Prince George not be quite so enthusiastic that we are going to vote for this bill. We are not agreeing to it with joy in our hearts. The member says that it will provide us with stability in the forestry industry. It may be rather naive to place one's absolute trust in the United States when it comes to softwood lumber, among other things, particularly given that we are talking about a government that is increasingly tending toward protectionism.

We know very well that there is nothing less certain than long-term stability and we also know that the American government can terminate this agreement on six months' notice, for a period of 18 months. So once 24 months are up, it will already be over.

When the United States of America finds that the situation is not profitable enough for it, it will end it and will do what it ordinarily does, in its very arbitrary way: it will impose tariffs that will choke the forestry industry in Quebec and Canada all over again.

Once again, the agreement is far from perfect. The failure of the Liberal and Conservative governments to create assistance programs for the forestry industry is why we are where we are at this point.

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Mr. Speaker, to begin, I would like to congratulate my colleague, the member for Sherbrooke, first for his excellent presentation and next on his appointment as international trade critic for the Bloc. I agree with him completely when he says that this is not a good agreement. Moreover, I am concerned by the fact that an impression is being created that, good or bad, the agreement is the solution to all the problems in Quebec.

Does the member believe that this agreement will save jobs in Quebec and prevent the closing of lumber mills?

Mr. Serge Cardin: Mr. Speaker, that is what I am hoping for and what I wish for all the forestry companies that are still in business, as well as for the workers who still have a job in the industry. But, what must be remembered is that we have been swindled out of a billion dollars.

If the American government really believed that it was right to apply those countervailing duties at the border, why did it so quickly give up \$4.4 billion while keeping the small commission of 19% for its work in collecting those duties?

I am convinced that if our government, the Liberals as well as the Conservatives, had really implemented a support program for the industry, we would not be in the mess we are in now and there would be many more jobs for people in Canada.

We have no great enthusiasm for supporting this bill. However, since the industry, the forestry workers and the governments have asked for our support, thanks to a healthy democracy in Quebec, we will support this bill.

* * *

• (1340)

[English]

POINTS OF ORDER

COMMENTS REGARDING PRIVY COUNCIL OFFICE DOCUMENT

Mr. Jason Kenney (Parliamentary Secretary to the Prime Minister, CPC): Mr. Speaker, I am rising on a point of order at the first opportunity to clarify remarks I made during question period on Thursday and Friday of last week during which time I cited a memorandum, an e-mail from the deputy secretary of cabinet from the Privy Council Office, dated September 21.

The interpretation of this memorandum has been a point of debate in the House. I had an opportunity to reflect on the memo over the weekend and to recognize that I may have inadvertently misinterpreted one aspect of the memo. If that was the case, I would like to apologize, Mr. Speaker, to you and the House.

I would like to emphasize that if I did misinterpret the memo, it was done in no way deliberately. The evidence of that is that as soon as I first cited it on Thursday afternoon in question period, I insisted that the full memorandum be released to the media in the belief that it fully supported my contention and that of the government.

I also understood and interpreted the memo in the context of a series of facts related to practices of the previous government. I believe this matter will be coming before the access to information, privacy and ethics committee of the House, which will have an opportunity to study this matter at greater length. I believe that my principal contention about previous practices will be confirmed at that study.

However, I would certainly like to clarify that if I did misinterpret an operative paragraph of that memorandum I did so inadvertently and I regret it.

* * *

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT, 2006

The House resumed consideration of the motion that Bill C-24, An Act to impose a charge on the export of certain softwood lumber products to the United States and a charge on refunds of certain duty deposits paid to the United States, to authorize certain payments, to amend the Export and Import Permits Act and to amend other Acts as a consequence, be read the second time and referred to a committee, and of the amendment.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I am very happy to stand with my New Democratic Party colleagues to state that we will be voting against the bill, but voting

Government Orders

for the amendment that has been offered, and I will be raising a subamendment at the end of my speech after question period.

I am raising the objections of the New Democratic Party, which has led the fight against the softwood sellout, because we believe that coercion is not consent and extortion is not gaining approval.

What we have seen over the last six weeks or so is an unprecedented use of bullying by the Conservative government, unprecedented use of the tax system and unprecedented use of government measures to force companies to accept a deal that they know is not in their interests.

The negotiations were badly botched. We saw at the end of April a framework agreement that was not respected in what the Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics on July 1 signed off on.

What we have seen since then are further concessions. For example, a deal that was going to last 23 months as of July 1 is now down to 18 months. What is particularly devastating is the continuing maintenance of the exit clause for the United States. It can, on an allegation of non-compliance by Canada, get out of this agreement at any time. In fact, it can take the \$1 billion and run.

Given this situation, why would any responsible parliamentarian vote for what has been such badly botched negotiations, particularly when we look at the alternative?

I will be devoting much of my speech to the bill itself but I do want to mention the position we were in this summer. With the Tembec case results, which are subject to only one final appeal, and to the extraordinary challenge committee judgment that would have come out in August, without the government's botching of this file, we would have been in a position where we would be winning the last two non-appealable judgments.

That is not me speaking. That is Ambassador Wilson in his testimony on August 21 when he admitted that there were no appeals on the ECC judgment that would take off the punitive tariffs and that there is no appeal on the Tembec case after the circuit court of federal appeals rules.

We are in a situation where it is not a question of seven years of litigation, as the Prime Minister said so irresponsibly. We were in the final two hurdles, a few board feet short of winning those two non-appealable victories and the government has snatched defeat from the jaws of victory, which is highly irresponsible.

The industry knows this, which is why all the bullying, the punitive special taxes and everything else have not even allowed the government to get the 95% industry support that it needs to put this agreement in action. This is premature. We are having a debate in Parliament when the industry has not even signed on in sufficient numbers that would make this agreement legally able to be put into force. Despite unprecedented bullying, the industry has said that this agreement is not a good one. We know the reasons for that but I will come back to that.

I would like to start by talking about Bill C-24. Later on in my presentation I will give two dozen reasons, although there are certainly more, why this House and why members of the Bloc Québécois should be voting against it.

Government Orders

However, I would like to speak for a moment about the botching of the bill itself. It is important for Conservative members, who obviously have not read the bill if they are supporting it, to understand the implications of what is actually being put forward by the Minister of International Trade. I will mention a few of the key clauses because it is also important for the industry to understand the actual agreement that was signed on July 1, which the industry rejected substantially and to which it has maintained its objection despite the bullying, that even in the bill those key aspects of the agreement of July 1 have not been respected.

I will begin with clause 10. If Conservative members vote for the bill, they will have to respond to their constituents for voting for a badly botched bill. It would impose a 15% export tax on October 1 that is a double taxation above and beyond the existing anti-dumping countervailing duties.

• (1345)

What the Conservatives would be voting for is a double tax on softwood companies that have been badly punished after four years of inaction and now the bungling of the government over the last four months. In clause 10 we are imposing a double taxation on these companies.

In clause 18, because of poor drafting in the bill, there is a special punitive tax that was designed to hit those companies that are standing up for Canadian rights and responsibilities under NAFTA, actually taking it to the end of the litigation progress, which is in Canada's interest and certainly in the interest of every other industry that could be targeted if the government succeeds in its sellout.

It put the special charge in but there is also the EDC charge, so companies will now be paying approximately 37%. In addition, in this badly botched bill, the companies have an obligation to pay those EDC charges immediately. We are asking softwood companies to pay up front, to pay a double penalty and to pay double taxation because the Conservative government botched the drafting of the bill.

Every Conservative member should be hanging their heads in shame that they failed to read the legislation and see what the implications were, but that is what has happened. Oops, they blew the drafting. Oops, there is a double taxation. Oops, now there is a double charge. Oops, they are having to pay immediately. Yes, the Conservatives failed to do their due diligence on this like they failed to do their due diligence on the actual negotiations themselves.

Let us talk about some other aspects of the bill that some Conservatives said that they would vote in favour of.

Clause 48 would require a six year burden of record-keeping, another administrative burden imposed on the softwood companies. They have been hit hard by government inaction and government bungling over the last few months and now we will be imposing additional administrative burdens on them. We have already spoken to the fact that the export tax, the penalties, are retroactive. In addition, now there are burdens that will be imposed on these companies.

I could take my entire 20 minutes just to talk about the botching of this bill but let us talk about the fact that half of the legislation is punitive measures. This shows just how bullying the government is.

The Conservatives have refused litigation and have refused to have Canada win those two final hurdles. They have certainly refused the loan guarantees that they promised in the election campaign. I can say that constituents in British Columbia will make the Conservatives pay for breaking their promise on the loan guarantees that should have been submitted to the softwood industry.

Despite the government being in a bullying mood and trying to force these companies to stop their litigation and to send in approval letters, it did not get the industry support that it needed to bring the agreement into effect. Half the legislation now punishes the softwood companies, the mom and pop shops in places like Vancouver Island North, the B.C. interior.

Let us see what this botched bill provides for them and let us see if the Conservatives can support it.

Clause 77 states that they no longer need a warrant to enter softwood businesses. They can enter these places any time, no warrant needed, to enforce this draconian, Orwellian bill for this badly botched agreement. It is important for the industry to know about this kind of draconian enforcement with the unprecedented bullying that we have seen from the Conservative government.

Clause 89 gives a blank cheque to the minister to demand payment from companies. We have already raised concerns throughout these months, as the NDP has led the opposition to the softwood sellout, about the fact that companies have no appeal mechanism. If there is a bad calculation, if they disagree with the calculation of moneys that might come back, there is no appeal mechanism for them. They are left high and dry. Under clause 89, the minister gives himself a blank cheque to demand payment any time. It is the type of draconian, Orwellian process that should make every Conservative MP in this House hang their heads in shame.

• (1350)

What company will want to do business with a Canadian exporter when a minister can now go into its workplace at any time, demand payment at any time, with no appeal process, no way of righting the wrong? If the government screws up, softwood communities across the country have to pay, small companies that are trying to make ends meet after years of Liberal inaction and now after the Conservatives' botching of the agreement. If there is any disagreement by the government, the minister can demand that payment.

However, there is more.

In clause 95, directors are now individually responsible. If the government imposes its particular figures and since there is no appeal process, the directors are individually responsible. Conservative members should look at clause 95. They should read the bill so when they say that they will support something, they understand the implications of that support.

Statements by Members

We in this corner of the House have always talked about corporate responsibility, but not in this way, not with bullying in a type of environment where we have rights and appeal mechanisms. That is how it is supposed to work. However, small softwood companies across the country, which have been living under the inaction and now the irresponsibility of successive governments, will find their directors individually responsible.

If we look at clause 96, the government can take property from one's family because of that individual responsibility. Let us say people set up education trust funds in 1990 for their kids. Under clause 96, the government can come in and take that for export charges, which it has decided, unilaterally, that they owed in 2006.

This was a badly botched bill, but I can give this much to the Conservatives. They have been consistent. They badly botched the negotiations. They announced they were ready to sell out at any price at the end of April. They even had a date set for the end of June. They wanted a photo op with George Bush in Washington, so they were willing to give anything away.

The Americans, who are shrew negotiators, realized that our Conservative government was not willing to stand up for Canada on anything. As one of the industry's spokespeople told me, the result is Canada has capitulated on everything, with the single notable exception, and I will give the Conservatives that, the maintenance of the maritime lumber exemption, which is a crumb. Aside from that, they conceded and capitulated on everything else. Because the companies would not sign on, they bullied them.

The bill is just the latest in a long bullying process, coercion rather than trying to get any sort of consent, and extortion rather than gaining approval from the companies.

[*Translation*]

I must also speak about the aspects of this bill that most affect Quebec in this matter. It is clear that no responsible parliamentarian would vote in favour of such measures. That is very clear.

I ask my colleagues in the Bloc Québécois to think of the interests of Quebec industry. That industry is unaware of the factors that I have just listed. It does not realize that it will be affected by these draconian measures. The industry does not realize.

Now that the members of the Bloc Québécois know very clearly the consequences of a vote in favour of this bill, which has obviously been botched by this government, they should vote in the interest of the Quebec industry. They should clearly vote in the interests of Quebecers.

Simply put, it is not in the interest of Quebec that Washington should have the right to veto any decision to change Quebec's forestry policy. The Bloc Québécois should not vote for that. That is normal and it is clear. One cannot vote in favour of measures that infringe on jurisdictions belonging exclusively to Quebec.

I should also mention, regarding the situation in Quebec, a few of the comments we heard during the testimonies given this summer. We are fully aware that, unfortunately, this agreement has not changed at all, except for the vested interests of Canadians, which are going to diminish.

Carl Grenier said:

This is the most restrictive agreement that we have seen since this dispute began some 20 years ago...The mechanism itself is very binding. Clearly, as we move forward with such protectionist measures, it becomes more binding every time.

We are losing \$1 billion. We know very well that \$500 million will go to the American industry. We are fully aware that this money will eventually be used to target not only the softwood lumber industry, but any other industry in Quebec or elsewhere in Canada. We know that this agreement can be cancelled at any time by the Bush administration. All it would have to do is allege that Canada had not respected its side of the agreement. There is no stability in any of this.

We know that the Bloc Québécois supported the motion in committee to indicate that loan guarantees are needed for the industry. We would prefer these immediate loan guarantees, not those aspects that undermine Quebec's jurisdiction in forestry. As Carl Grenier said, "Every victory obtained over the past three years under NAFTA has just been erased with the single stroke of a pen".

This agreement is clearly not in the best interest of Quebec. We know very well what direction the Quebec industry would like to take: immediate loan guarantees and, of course, assistance to Quebec forest industry workers. However, the last two steps in the legal process must be completed first. If we do not do this, not only will the Quebec softwood lumber industry suffer the consequences, but so will all other Canadian industries.

• (1355)

[*English*]

That is really the point, the government's botched mishandling of this whole sordid affair. The latest examples I have given are on its botching of the actual drafting of the bill. What it does is it—

The Deputy Speaker: Order, please. I regret to inform the hon. member that the time is up, and he has three minutes remaining in his 20 minute speech.

STATEMENTS BY MEMBERS

[*English*]

PRESIDENT OF LATVIA

Mr. Peter Van Loan (York—Simcoe, CPC): Mr. Speaker, it was 15 years ago that the Conservative government of Brian Mulroney was among the very first in the world to extend diplomatic recognition to the restored independence of Estonia, Latvia and Lithuania. For half a century, the three Baltic nations were held captive under a brutal Soviet Communist tyranny. Tens of thousands, including some of my family, lost their lives in Stalin's Siberian gulag. During this occupation of terror, freedom was extinguished, but hope was not.

Here in Canada, tens of thousands of expatriates, who fled Communism, also kept hope alive, working to maintain national cultures in the dream of freedom.

Statements by Members

One of those remarkable people is with us today. Vaira Vike-Freiberga was born in Latvia, but lived most of her life in Canada. A true Canadian success story, this childhood refugee became a leading Canadian academic, but her work on Latvian culture made her a natural choice to become Latvia's president.

An uncompromising champion of freedom, an embodiment of Canada's potential to promote democratic values, and a respected world statesman, we salute Vaira Vike-Freiberga, President of Latvia.

* * *

● (1400)

MIDDLE RIVER

Hon. Mark Eyking (Sydney—Victoria, Lib.): Mr. Speaker, these are exciting times for Middle River, Cape Breton. It is located on the Cabot Trail, one of the most scenic drives in our country. Many of my fellow colleagues in this House would surely agree as they have had the pleasure of travelling it.

Middle River has been a beehive of activity this year. Being its 200th anniversary, I was pleased to take part in its bicentennial celebrations with the community. I also got to attend a great Ceilidh to celebrate a very distinguished citizen of the area, Thelma MacLellan. It was her 90th birthday and she never missed a step all night.

The future of Middle River, like all communities, depends on the education of its young people. In the September issue of *Today's Parent* magazine, Middle River Consolidated School was named in the top 30 elementary and middle schools in Canada. My congratulations go out to the teachers, parents and students for making this school a success story.

Middle River is a living, breathing community that is as important to our future as it has been in our past.

* * *

[Translation]

LUC BÉLAND

Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ): Mr. Speaker, at a memorial service this evening, friends, family and Longueuil's cultural community will gather to share their memories of a great local artist, Luc Béland.

On July 30 we were shocked and saddened to learn of his passing.

Luc Béland was born in Lachine in 1951 and lived and worked in Longueuil. He was a very talented visual artist who inspired and encouraged many young artists. For 30 years, he participated in many individual and group exhibitions in major museums. His works, which are known for his collage techniques, various assemblages, and multiform alloys, can be found in major public and private collections. He participated in over 65 exhibitions in Quebec and Canada, and in the United States, France, Switzerland and Germany.

On behalf of my constituents, I offer my most sincere condolences to the family and to all those who were lucky enough to know and associate with such an extraordinary person.

[English]

LIBERAL LEADERSHIP CANDIDATES

Mr. Charlie Angus (Timmins—James Bay, NDP): Mr. Speaker, we now know of at least two Liberal candidates who have been accused of trolling the cemetery for votes. Now I suppose this is not surprising. After all, that is a party habituated to finding new ways of undermining accountability. Neither, I suppose, is it surprising that the Liberals are so desperate for new members that they have taken to the ouija board, seances and grave robbing.

What is surprising is the shocking silence from the Liberal Party. Whenever a member of the Liberal elite is caught stealing money or undermining accountability, we hear nothing. There is no shame. There is no accountability. Forget the *Silence of the Lambs*. This is the silence of the wolves. The ethical lapses of the Liberal Party are like a B grade horror movie on the political landscape of the country.

There is one question to be asked. How many other Liberal leadership candidates will be relying on the walking undead to win on the convention floor?

* * *

VERN GESSNER

Mrs. Lynne Yelich (Blackstrap, CPC): Mr. Speaker, a multitude of things make Saskatchewan the special place it is, but none more than its people. Its motto "from many peoples, strength" is demonstrated daily through the industrious and compassionate nature of its residents.

This summer the town of Outlook, Saskatchewan lost one of those people. Vern Gessner was eulogized as a "big man, and the biggest part of him was his heart". Behind these words was a lifetime in the service of others, a lifetime making the world around him a little brighter. Whether it was his involvement in his church, the Knights of Columbus, fundraising for the Special Olympics or the Outlook Canada Day celebrations, Vern epitomized what it meant to be a people person, to love life.

Vern was recognized as Outlook's Citizen of the Year and a recipient of the Saskatchewan Centennial Medal for his efforts. He left behind his beloved siblings, stepchildren and friends, but is again with his beloved wife Joyce.

I was lucky enough to have the privilege of calling him a friend. It is because of people like Vern, I am proud to be from Saskatchewan.

Thanks Vern, and God bless.

* * *

SECURITY CERTIFICATE PROCESS

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Mr. Speaker, many people in Canada are critical of U.S. policies dealing with terrorist suspects, yet they have failed to see our own national policy failures. Many Canadians have condemned secret prisons and have condemned the existence of Guantanamo Bay. However, I believe that Canadians should also condemn the current security certificate process.

Statements by Members

In the next few months, the Supreme Court of Canada will decide on the constitutionality of the security certificate process. In case the Supreme Court does not abolish the use of security certificates, I have tabled Bill C-345 to help start the process toward reform.

Last week the Arar report was released. It demonstrates what can happen when information is faulty and not challenged appropriately. Mr. Arar was designated as part of an Islamic extremist group even though the description was inaccurate and without any basis.

The current security certificate process is set up in a manner whereby a similar situation can occur. These individuals might be guilty or they might be innocent. However, when they are detained on a security certificate process, they are not given an opportunity to challenge the evidence nor are they granted the right to due process.

I hope the House will join me and help push for the reform of the security certificate process.

* * *

●(1405)

ROSH HASHANAH

Mr. Scott Reid (Lanark—Frontenac—Lennox and Addington, CPC): Mr. Speaker, each year at this time in the lunar calendar, Jews across the world celebrate the new year, Rosh Hashanah, and begin the Yanim Noraim, the ten days of awe.

This 10 day period, which culminates on the holiday of Yom Kippur, is the most solemn time of the Jewish year and a time when Jews should engage in self-examination and repentance.

Jews greet the new year with hospitality and acts of generosity. Rosh Hashanah meals often include apples and honey, and in some traditions pomegranates as well, to symbolize the hope that the new year will be filled with sweetness.

This year I wish Jews across Canada and across the world a happy and sweet new year, just as Jews are wishing each other and all people of all faiths everywhere a sweet new year.

* * *

[*Translation*]

CANADA REVENUE AGENCY

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Mr. Speaker, since April 30, 2006, people have not been able to get answers to their tax questions from Canada Revenue Agency staff without first making an appointment. For the past few months, the agency has been undergoing restructuring in order to assess the assisted self-service and appointment services at the service kiosks.

The kiosk services were already limited to cities with tax service offices, so this change only makes services even less accessible to taxpayers. Canada Revenue Agency's concept of service now consists of setting up kiosks in offices and ensuring that the service agents show clients how to use them.

If the Canada Revenue Agency slogan is still, "More Ways to Serve You", the minister should explain how Quebecers and Canadians are getting more out of fewer services at the agency.

[*English*]

RAMADAN

Mr. Rahim Jaffer (Edmonton—Strathcona, CPC): Mr. Speaker, today marks the first day of the Islamic holy month of Ramadan. Ramadan is the ninth month of the Muslim calendar. According to Islamic teachings, Ramadan represents God delivering His word to the prophet Mohammed in the form of the Quran.

Ramadan is an important holiday when Muslims take time for prayer, fasting and personal sacrifice. The fast of Ramadan lasts an entire month. It is a time when Muslims concentrate on their faith and spend time with their families and communities. It is also an opportunity to show thanks for God's blessing through works of charity.

Our society is enriched by Muslim Canadians whose commitment to faith reminds us of the gift of religious freedom, peace, and diversity. I hope all Canadians take time to experience and learn more about the Islamic faith.

On behalf of Canada's new government, I would like to wish all my Muslim brothers and sisters a very successful Ramadan and a joyful celebration of Id.

* * *

HEART AND STROKE FOUNDATION

Mr. Lloyd St. Amand (Brant, Lib.): Mr. Speaker, I rise to congratulate all who were involved with the very successful Heart and Stroke Walk for Heart on September 24 in Brantford.

The event was terrifically coordinated by Jen Mitchell. In attendance was the fundraising king of Brantford and citizen of the year, Mr. C.J. Dick. The ceremony was opened by our well regarded town crier, Dave McKee.

A courageous stroke survivor, Rosemary Galloway, gave a very touching speech on her recovery from a stroke suffered three years ago.

Rosemary is a living example of the tremendous strides that have been made in heart and stroke research, research that is possible because of the generosity of those thousands of Canadians who participate in the walk on an annual basis. In my community alone, 237 people raised \$45,100.

The walk is a sterling example of humanity at its finest, people helping people.

* * *

BRITISH COLUMBIA

Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC): Mr. Speaker, a new poll shows that western alienation, particularly in British Columbia, is on a steep decline, and with good reason. Housing prices are up. Unemployment is down, way down, at under 5%.

Statements by Members

British Columbia is booming and our Conservative government is doing more for B.C. than any government in a generation. We have a softwood lumber agreement. We have given our full support to the 2010 Olympics. We have hired more fisheries enforcement officers.

We are investing in British Columbia: \$171 million in public transit, \$450 million into the Canada Line, \$400 million for the mountain pine beetle, and \$101 million for border security. It goes on and on. Also, we have 29 different tax reductions that will create more jobs and keep British Columbia growing.

British Columbians have waited for a long time, a very long time, for a prime minister to listen to our needs. Finally, we have one who delivers.

* * *

• (1410)

MACKENZIE VALLEY ENVIRONMENT

Mr. Dennis Bevington (Western Arctic, NDP): Mr. Speaker, when he was in Yellowknife this past summer, the Prime Minister said he wants the north to be “liberated from the paternalistic policies of the past”.

However, this is not the case when it comes to appointing northerners to the boards set up to protect the environment. Instead, he is allowing the Minister of Indian Affairs and Northern Development to continue Ottawa's paternalistic tradition.

For example, the government of the Northwest Territories nominated a knowledgeable and well respected northerner six months ago, and I now understand that the minister has asked for more names.

According to *Hansard*, when in opposition the minister said:

This is an important board and it has significant responsibility in respect of the Mackenzie Valley pipeline. The minister has an obligation to set the public's concerns to rest and reassure Canadians of the integrity of the appointment process.

If the minister is unhappy with the name put forward by the government of the Northwest Territories, he should say so and explain why. If the minister says the paternalism—

The Speaker: The hon. member for Laval—Les Îles.

* * *

[*Translation*]

LAVAL CRIME VICTIMS ASSISTANCE CENTRE

Ms. Raymonde Folco (Laval—Les Îles, Lib.): Mr. Speaker, I would like to congratulate the Laval Crime Victims Assistance Centre, which is celebrating its 15th anniversary.

We met last Thursday to celebrate the anniversary of this organization that provides front-line services to all victims of crime and to indirect victims as well.

The Laval CAVAC has a criminologist and three social workers on staff, all experts in providing crisis intervention.

I wish to thank them for the vital assistance they provide to victims to help them overcome the physical, psychological and social repercussions of crime.

Since the Quebec National Assembly adopted the act respecting assistance for victims of crime, 16 CAVAC centres have opened their doors across the province.

It is groups like the Laval CAVAC that were extremely helpful in the aftermath of the tragic events at Dawson College in Montreal.

Congratulations to the Laval Crime Victims Assistance Centre. We hope you will continue to operate for many more years.

* * *

THE GOVERNOR GENERAL

Ms. Paule Brunelle (Trois-Rivières, BQ): Mr. Speaker, there were many developments last week following the publication of *The Globe and Mail* article, but nothing could have prepared us for the surprising statement by the Governor General to mark the first anniversary of her installation. This weekend, Ms. Jean stated, among other things, that it was time for Quebecers to stop looking for what makes them distinct.

The Bloc Québécois will not stop explaining why Quebecers form a distinct society in Canada. We will continue to do so because our values, our culture, our way of doing things are distinct. For the Governor General, as the representative of the British monarchy — and not elected for that matter — to preach to Quebec goes well beyond her mandate. If she feels like taking up politics, then she should run for office, get elected and only then will we be interested in having a debate with her.

* * *

[*English*]

DARFUR

Mrs. Susan Kadis (Thornhill, Lib.): Mr. Speaker, I rise today to call attention to the escalating crisis in Darfur and I call on the government to take immediate action toward stopping the genocide.

More than a quarter of a million civilians have been murdered, thousands of women and young girls raped, and millions forced from their homes. As the United Nations has clearly stated, it is “the worst humanitarian catastrophe in the world today”.

Last month, the Sudanese government rejected the UN resolution to send UN peacekeepers to the region to stop this carnage. It is clear that Khartoum has absolutely no intention of stopping the continual atrocities. At a rally I recently attended with Senator Roméo Dallaire, he said Darfur will become another Rwanda if action is not taken now.

The government needs to take a leadership role, together with the UN, immediately imposing sanctions against those responsible for the genocide. Canada must deliver on our initiative, the responsibility to protect. Lip service here at home is just not good enough.

Oral Questions

●(1415)

WESTERN PROVINCES

Mr. Chris Warkentin (Peace River, CPC): Mr. Speaker, for years the relationship looked to be nearing an end. With all that cheating, lying and verbal abuse, the western provinces were ready to pack their bags and leave.

Under the leadership of the previous Liberal government, the western provinces had been forced to consider the only option that seemed left: permanent separation. There had been good years, oh yes, and there had been good times, no doubt, but they were only a memory now.

Remaining in a union with such a dishonest and disrespectful partner seemed to be unreasonable, but on January 23 everything changed. Under the leadership of the new Prime Minister, Canada's new Conservative government engaged in a positive relationship with all regions of Canada, including the west. This relationship is characterized by honesty, respect, good communication and trust.

Just eight short months ago, 36% of western residents were ready to pull out and pull the plug. Today, far fewer want to separate.

We know that every damaged relationship takes time to rebuild trust, but we know that this government and this Prime Minister are committed to rebuilding and maintaining a strong, united Canada, one that includes the west.

ORAL QUESTIONS*[English]***ROYAL CANADIAN MOUNTED POLICE**

Hon. Bill Graham (Leader of the Official Opposition, Lib.): Mr. Speaker, since the Prime Minister took office Canadians have become increasingly concerned about the PMO's obsessive control of government communications. Today we have reached a new low, where that approach is affecting the ability of Canadians to understand an issue of fundamental importance.

The former RCMP commissioner, Norman Inkster, said yesterday that the current commissioner, like so many other ministers and deputy ministers under the Conservative government, has been constrained from speaking to the public. Why is the Prime Minister at this time deliberately muzzling an important official of the government, the RCMP commissioner?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, the government is obviously doing no such thing. In fact, Commissioner Zaccardelli, I gather, will appear before a Commons committee to answer questions this week.

Hon. Bill Graham (Leader of the Official Opposition, Lib.): Mr. Speaker, this government—

An hon. member: This new government.

Hon. Bill Graham: This new government—

Some hon. members: Oh, oh!

The Speaker: Order, please. The hon. Leader of the Opposition has the floor.

Hon. Bill Graham:—has a bad case of new muzzlemania.

The former commissioner of the RCMP also said that it displayed a pattern of behaviour by the government of preventing people who have the facts from speaking out on them in public.

Does the Prime Minister not recognize that he is undermining our democracy when he silences officials like the head of the RCMP?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, no such silencing has taken place. In fact, I would encourage the hon. member and his colleagues to attend the Commons committee on public security hearings later this week when they can ask Commissioner Zaccardelli any questions they want.

[Translation]

Hon. Bill Graham (Leader of the Opposition, Lib.): Mr. Speaker, in this government, the Prime Minister has silenced his Minister of Public Safety; the Minister of Public Safety has silenced the Commissioner of the RCMP, and so on. This is definitely something new for our system.

When will the government stop muzzling the Commissioner of the RCMP and allow government officials to speak freely to the media?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, this is just another example of speculation on the part of the Leader of the Opposition that is equally false in English and French.

Hon. Lucienne Robillard (Westmount—Ville-Marie, Lib.): Mr. Speaker, this minority Conservative government is engaging in political interference concerning the Commissioner of the RCMP. Police officers, the former Commissioner of the RCMP, and the former chair of the commission for public complaints against the RCMP all agree that the Commissioner is not the kind of man to remain silent.

Will the Prime Minister, who has a habit of controlling information, tell us why he is preventing Commissioner Zaccardelli from speaking and immediately explaining himself to Canadians?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, when I spoke to the Commissioner yesterday on the Hill, during the memorial ceremony for officers killed on duty, he said that he intends to appear before the committee. I saw him say the same thing on television. I will therefore await his presentation.

●(1420)

Hon. Lucienne Robillard (Westmount—Ville-Marie, Lib.): Mr. Speaker, the Royal Canadian Mounted Police is a highly respected institution in Canada. Given Justice O'Connor's statements in the Arar case, it seems strange, to say the least, that the Commissioner has been silenced.

Will the Prime Minister tell us if he still has full confidence in the Commissioner of the RCMP?

[English]

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, Justice O'Connor, in tabling his report, made it very clear that this is a detailed report. Thousands upon thousands of documents were submitted. It is 1,400 pages long. When I heard the commissioner's remarks on television last night, I could fully support what he said.

Oral Questions

He said it was, first of all, a very important day yesterday as we were commemorating 10 officers who gave their lives in the line of duty. Then I also heard him say that he was going to be appearing before the public safety committee, an all party committee, to answer questions. I think that is entirely appropriate. I agree with his position.

* * *

[Translation]

OLDER WORKERS

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, in response to an amendment moved by the Bloc Québécois, the government committed itself in the Speech from the Throne to implement income support measures for older workers affected by mass layoffs. This was even referred to in the last budget. The purpose of these income support measures is to provide financial assistance for older workers until they reach the age of retirement.

Will the Prime Minister honour his commitment and will he introduce income assistance measures to support older workers until the age of retirement?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, the government will shortly be announcing a program for older workers. I suggest that the leader of the Bloc Québécois wait for the announcement and not speculate about the details.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, I am not talking about the details, I am talking about the basis of the bill itself.

If the Prime Minister truly wants to help older workers, his income support program will have to be directed to all workers aged 55 to 65, who have worked in all economic sectors and all regions of Quebec. Those are not details.

Will the Prime Minister commit himself to creating a program that meets all these criteria?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, I repeat, we will be making an announcement shortly. I suggest that the leader of the Bloc wait for the announcement.

Our greatest concern is to provide employment opportunities for people in regions where those opportunities are in short supply.

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Speaker, these are not rumours; the information that the minister's office is giving workers is similar to what the leader of the Bloc Québécois is saying.

According to that information, the federal government, contrary to what it suggested in the Speech from the Throne and in the budget speech, will shortly be proposing a one-year plan for some older workers in some regions, instead of a real support program for older workers.

Does the federal government intend to honour its commitments and create a real income support program for older workers, so that they will truly be able to bridge the time between employment insurance and the Canada Pension Plan?

[English]

Hon. Diane Finley (Minister of Human Resources and Social Development, CPC): Mr. Speaker, during the budget of 2006 we committed to go forward with a feasibility study to look at the long term possibilities of ways to help older workers, as evidenced in Quebec and right across the country.

In the meantime, we are looking at ways to assist them in the shorter term and as the Prime Minister has just said, we encourage the members opposite to wait for the announcement.

[Translation]

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Speaker, all the studies have been done. What is needed now is for the decisions to be applied.

For example, 350 Wolverine Tube workers have just lost their jobs. About 20 of them have 40 years of service and are over the age of 55. Not only have these employees lost their jobs, but they also have the misfortune to live in Montreal, a region where the proposed program would not apply.

Does this example not show the inflexibility of the program, particularly when it would give workers who are 55 and over only one year to find work? We might as well say that the government is abandoning them to their fate and they should expect no further good to come from this government.

● (1425)

[English]

Hon. Diane Finley (Minister of Human Resources and Social Development, CPC): Mr. Speaker, I would suggest that the hon. member should avoid rumours. If we want to learn something in this town, we can listen to all the rumours. If we ask three people, we will get five opinions. What he needs to do is to be patient, wait for the facts that will be coming forward, we hope, in the near future.

* * *

[Translation]

AFGHANISTAN

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, President Karzai was very clear when I met with him on Saturday. He stressed the importance of finding a diplomatic solution, a political solution in Afghanistan.

We are well acquainted with the approach of this government, which spends one dollar on development for every nine dollars invested militarily.

What is the Prime Minister doing to increase diplomatic and political efforts in Afghanistan?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, President Karzai thanked this government for all the work done in Afghanistan. He encouraged our government to do still more for stability. Obviously there are some major challenges to be met, but President Karzai wishes to have Canada's support in Afghanistan. I am sure that he also wishes to have the NDP leader's support.

Oral Questions

[English]

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, during my meeting with President Karzai, he underlined once again that there is no military solution in Afghanistan. He said that there absolutely had to be significant diplomatic and political efforts.

He also underlined, he was very blunt about this, that we needed to see an active engagement by Pakistan in these discussions, and he said that he would be raising this issue with President Bush this week.

What efforts is our Prime Minister undertaking to increase the involvement of Pakistan and ensure that Pakistan is part of the solution here?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, this government, this Prime Minister, and other ministers have raised all of these issues, including the issue of Pakistan and what it can do to help the situation, in our meeting with Pakistani officials. I did that with the Prime Minister of Pakistan when I was in Pakistan.

However, what is absolutely clear is that President Karzai strongly supports Canada's involvement in his country. He has asked for our involvement in his country. He is encouraged by that involvement and the leader of the NDP can hardly cite President Karzai. If he wants to cite President Karzai then he should get on board with the effort and support the rest of this Parliament.

* * *

ACCESS TO INFORMATION

Hon. Stephen Owen (Vancouver Quadra, Lib.): Mr. Speaker, the Prime Minister has to be held accountable for violations of the Privacy Act in his own office. Last week it was revealed that members of his political staff received the name of a reporter who had made a confidential request for information.

What disciplinary action has the Prime Minister taken against a member of his own political staff who violated the privacy law and left that violation unreported for more than six months?

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, let us not let the facts get in the way of a good question in question period.

In fact, I can report to the member opposite that I did have a good meeting with the Privacy Commissioner. We indicated the government would certainly be prepared to work with her and respond to any questions she may have as she looks into the issue, but we will get the facts first and not the reverse.

It is odd once again to have a member of the Liberal Party giving ethics lessons to anyone.

Hon. Stephen Owen (Vancouver Quadra, Lib.): Mr. Speaker, the first offence was "we did not receive the information", then "we did receive the information, but we did not read it". Sure, Mr. Speaker.

Then the parliamentary secretary claimed that a PCO memo said that the former Liberal government regularly disclosed names of reporters, except the memo said the complete opposite. Now the

parliamentary secretary, only today, has apologized for misleading the House.

When will the Prime Minister show some real accountability and dismiss his parliamentary secretary?

• (1430)

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, in fact nothing of the sort occurred. The Privacy Commissioner will of course look into this issue. There is no evidence whatsoever of any wrongdoing with respect to the individuals in question and I take great issue.

The reality is that if the Liberal Party cannot govern itself, how can it give lectures on how this government governs Canadians? Joe Volpe apparently is recruiting dead people in Quebec—

Some hon. members: Oh, oh!

The Speaker: Order, please. I have reminded members a number of times over the last couple of weeks that naming another hon. member by name is out of order. We do have to refer to perhaps the hon. member for Eglinton—Lawrence. I recognized the member's name in the minister's answer. He knows that is out of order.

Hon. John Baird: I apologize, Mr. Speaker. The member from *Six Feet Under* is recruiting the dead. The member for Etobicoke—Lakeshore apparently signed up 60 members improperly in his leadership campaign in two Toronto ridings. One man in the member's constituency said that this person died two years ago. Maybe they should stand in their place and tell us about—

The Speaker: The hon. member for Outremont.

[Translation]

Hon. Jean Lapierre (Outremont, Lib.): Mr. Speaker, the Prime Minister, who makes out he is whiter than Ivory Snow, saw the Privacy Act breached in his own office by his own staff.

I ask the Prime Minister what action he has taken since he learned the Act was breached in his own office by his own staff? What action?

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, the first thing this government did, when it read in the newspaper that something untoward had happened, was to call Jennifer Stoddart, the Privacy Commissioner. We met with her and told her that the government would be very happy and completely prepared to work with her if she wishes to look at the case before her.

Hon. Jean Lapierre (Outremont, Lib.): Mr. Speaker, I would like to know whether the President of the Treasury Board is telling us that, for him, integrity and transparency are only matters of concern when they are in the newspaper. The illegal acts, however, occurred six months ago. Was he waiting to see something in the newspaper before taking action?

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, I meant that, as soon as this came to my attention, I called Ms. Stoddart and asked her to study the case. She is doing that now and I have a lot of respect for her office. She is going to look into this.

Oral Questions

[English]

I want to know about the moment the member discovered that the member for Eglinton—Lawrence was recruiting campaign donations for \$5,000 from 10-year-olds. What did the member opposite do when that happened?

* * *

[Translation]

CULTURAL DIVERSITY

Mrs. Vivian Barbot (Papineau, BQ): Mr. Speaker, the summit of la Francophonie will be held over the next few days in Bucharest, Romania, but the convention on cultural diversity has still not been ratified by all francophone countries.

Does the Government of Canada have an action plan, and does it plan to intensify its efforts to have the convention on cultural diversity officially ratified during the summit?

Mrs. Sylvie Boucher (Parliamentary Secretary to the Prime Minister and Minister for la Francophonie and Official Languages, CPC): Mr. Speaker, as Parliamentary Secretary to the Minister for la Francophonie and Official Languages, I can say that we are working hard to ensure that our country's linguistic duality is recognized around the world.

Mrs. Vivian Barbot (Papineau, BQ): Mr. Speaker, once again, we have received a response that has nothing to do with the question, but I am getting used to it.

Last spring, the governments of Canada and Quebec signed an agreement to give Quebec a place in UNESCO. Five months have since passed, and without an administrative agreement, it seems to have fallen by the wayside.

Can the government tell the House if it plans to use the summit of la Francophonie to finalize matters by signing an administrative agreement with Quebec?

• (1435)

Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC): Mr. Speaker, I appreciate the question. It is clear that we have a good relationship with the Government of Quebec. With respect to this initiative, everyone is waiting for a response from the Government of Quebec. This is another example of good cooperation between the federal government and the Government of Quebec.

* * *

THE ENVIRONMENT

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Speaker, last spring the Conservative government cancelled the EnerGuide program and the one tonne challenge citing their inefficiency. Evaluations of these two programs confirmed their success and were brought to the attention of the Minister of the Environment well before the programs were scrapped.

How can the minister justify cancelling these two programs when internal reports show that they have proven to be effective?

[English]

Hon. Gary Lunn (Minister of Natural Resources, CPC): Mr. Speaker, I can tell the House that the one tonne challenge program was a wet page. It was a series of commercials that lacked focus and direction. It did not get results.

This government is evaluating all of the programs to ensure that the taxpayers' dollars are taken first and foremost, that they deliver and that they get results.

[Translation]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Speaker, the EnerGuide program was liked not only by public servants but also by partners.

This decision is symptomatic of the ideological approach of the Conservatives who, against all logic, trash effective programs.

Will the Minister of the Environment tell us if her made in Canada plan will be in keeping with the Conservatives anti-Kyoto ideology or will it respect the motion adopted by the House on May 16 requesting that all Kyoto objectives be met?

[English]

Hon. Gary Lunn (Minister of Natural Resources, CPC): Mr. Speaker, I am pleased to tell the House that I consult with my officials on a regular basis.

We talked about the EnerGuide program. In that program virtually 50¢ of every single dollar either went to inspections or administration.

That is not the direction in which this government wants to go. We want to ensure that we are getting real results and we are delivering programs that will actually have an impact on the environment, that are good for Canadians and have an impact on their health.

* * *

POLITICAL FINANCING

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Mr. Speaker, the Prime Minister must answer to Canadians for his own behaviour when it comes to Canada's election laws. The Prime Minister has personally violated the Canada Elections Act by donating more than the \$5,100 limit an individual can donate to a political party.

How does the Prime Minister expect Canadians to believe that he will abide by the \$1,000 limit in his own accountability act when he cannot even respect the existing laws?

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, the reality is those of us on this side of the House follow all the laws that we are required to and we ensure that we follow them diligently.

There is a difference with respect to the interpretation of these laws. If we get another opinion from the one that has been given not only to this party but to other parties, all of the laws in this country will be respected.

If we could only expect the same from the Liberal Party, to follow all the laws in Canada's elections in the past, that would be a good thing for Canada.

Oral Questions

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Mr. Speaker, unfortunately it is not only the Prime Minister who gave an illegal donation to the Conservative Party. There are at least 2,900 delegates with fees totalling at least \$1.7 million. There is more. The party's executive director says that Conservatives have been accepting off-book donations for years. This is illegal money that the party has no right to spend and it must be returned to the donors.

When will the Prime Minister agree to pay back the \$1.7 million in illegal donations?

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, I certainly do not accept the premise of the question. Let us be very clear what the member is looking to happen.

What the Liberal Party says is that the big fat cheque it gets annually from taxpayers is not enough, that the big refund to candidates at the local riding level is not enough. The Liberals are asking the taxpayers to subsidize the Liberal leadership convention with full tax credited receipts. The cost to taxpayers would be more than \$1.67 million.

That is so much money, it is even more than the million dollars the Liberals stole from the taxpayers when they were in government and were forced to return to taxpayers by the Gomery report. Shame.

The Speaker: The hon. member for Ajax—Pickering.

Mr. Mark Holland (Ajax—Pickering, Lib.): Mr. Speaker, the minister should be less concerned about to whom he is going to be asking questions when he is in opposition and more concerned about actually answering questions and demonstrating some accountability.

Not only did the Prime Minister violate the Canada Elections Act by exceeding donation limits, but now it appears that a Conservative MP may have used a donation scam to make illegal contributions as well.

Today we learned that the Conservative member for Lanark—Frontenac—Lennox and Addington's hidden contributions breached the 2005 limit. All in all, there are \$1.7 million in similar hidden illegal donations the Conservatives tried to slip past Elections Canada.

In the interests of ensuring the integrity of the Canada Elections Act, when will the Prime Minister release the names involved and pay back the \$1.7 million?

• (1440)

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, let us look at the facts. Another political party was also given the same advice and counsel as this party was with respect to financial donations to political parties. Another political party was told that the costs for convention fees were not required to be counted as donations because the cost of the convention was \$600 and that was the cost that was paid.

What the Liberal Party wants taxpayers to do, hard-working middle class families in Ajax and Pickering, is to dig into their pockets and to subsidize their own convention by \$1.6 million in subsidies, something that those of us on this side—

The Speaker: The hon. member for Ajax—Pickering.

Mr. Mark Holland (Ajax—Pickering, Lib.): Mr. Speaker, let us look at the facts. The Prime Minister muzzled the Commissioner of the RCMP. His Parliamentary Secretary spent last week misleading Parliament and Canadians. The Prime Minister and a Conservative MP violated election laws. The minister does not even know what the existing law is and their party is refusing to release basic information.

When will the Prime Minister stand in his place and apologize to Brian Mulroney for tarnishing the name of the Conservative Party of Canada?

Some hon. members: Oh, oh!

The Speaker: Order. The hon. President of the Treasury Board has the floor. He is rising to answer the hon. member's question. We will have a little order.

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, I always find it interesting when members of the Liberal Party bring up the name of Brian Mulroney. The last time the Liberals were in government, they were forced not only to apologize to Brian Mulroney, but to give back more than \$1 million in a defamation suit involving Mr. Mulroney for the lies that were spread.

What we are seeing opposite is character assassination of the worst kind. What we need the members of the Liberal Party to do is to speak up against the raising of the dead by the member for Eglinton—Lawrence, to speak up against the crazy campaign tactics and to speak up against the shakedown of young school children for their milk money.

Some hon. members: Oh, oh!

The Speaker: Order. I remind hon. members we are in question period and not a yelling match. The hon. member for South Shore—St. Margaret's now has the floor and we will have a little order.

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FISHERIES AND OCEANS

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Mr. Speaker, the adoption of the 1995 United Nations Fish Stocks Agreement was supposed to give the Northwest Atlantic Fisheries Organization some teeth. Yet, successive Liberal fisheries ministers failed to have the agreement implemented by NAFO and the result has been rampant overfishing. Enough is enough.

Can the Minister of Fisheries and Oceans please tell Canadians how he is fighting overfishing and delivering actions, not words, after more than 10 years of empty Liberal promises?

Hon. Loyola Hearn (Minister of Fisheries and Oceans, CPC): Mr. Speaker, the Canadian delegation went to the NAFO meetings in Dartmouth last week with an inflexible mandate to not only reform the NAFO convention but also the monitoring, control and surveillance areas. This will establish a management regime on the continental shelf outside the 200 mile limit, the same as it has inside the 200 mile limit.

We said we could do it, we said we would do it and we did it.

*Oral Questions***CANADA-U.S. BORDER**

Mr. Joe Comartin (Windsor—Tecumseh, NDP): Mr. Speaker, yesterday 60 Canadian border guards were forced to walk off four Canadian border crossings because an armed and dangerous criminal was approaching the border.

Mr. Derek Lee: That's because they are a bunch of wimps.

Mr. Joe Comartin: Mr. Speaker, 10 years ago guards requested the right to be armed to protect themselves and Canada's borders. Now the government has said it is going to take an unbelievable 10 more years to accomplish this.

We need to stop the tide of illegal guns coming into this country and our guards at the border need the tools to do this.

Will the government today commit to having every single guard armed in five years or less?

• (1445)

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, as far as the 10 year comment, my hon. colleague is quite correct. For about 10 years border officers were asking that they be armed so they could deal with situations as happened yesterday. For 10 years they were ignored by the former government.

We have taken the step to announce \$101 million to begin the process of arming those border officers. There is training involved. Storage facilities have to be built. We are looking forward to as early as this coming summer to see those first armed border officers arriving in key border locations from coast to coast.

Mr. Joe Comartin (Windsor—Tecumseh, NDP): Mr. Speaker, it is not necessary for it to take 10 years. I know the government likes following the Bush agenda and it took 10 years to do it in the U.S. but it does not take that long in Canada.

It will take five more unnecessary years, if the government does not do it in five, where more guns will be smuggled into this country, five more years with dangerous criminals crossing our borders.

There are alternatives. There is another way of doing this. Why not have the government come forward with enough resources for the RCMP and provincial police forces to increase our capacity to train our guards and get them on line in five years, not ten?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, I will not suggest that my hon. colleague is trying to mislead people by continuing to say it is going to be 10 years until we have armed border officers. If the member will listen carefully, by next summer we are going to see armed border officers at the key locations across the country and that training is going to continue.

This is not something we can do quickly. There are staffing arrangements that have to go into play. There is a three week time period to do the actual training. We want to train the trainers so we are not subject to extra cost. It is going to be carefully done. It is going to be well done. Security and prosperity at our borders is always the goal.

* * *

AGRICULTURE AND AGRI-FOOD

Hon. Wayne Easter (Malpeque, Lib.): Mr. Speaker, the minority government continues to fail the farmers of Canada.

It has failed to provide immediate cash to farmers as promised. It has failed to hold the U.S. to account in terms of BSE. It has failed to implement a GATT article XXVIII dairy tariff line as mandated by the House. It has failed through its options program to address commodity price shortfalls and it has failed at the WTO.

Will the minister live up to his responsibilities and provide the needed cash assistance that farmers so dearly need?

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, during the election campaign, we promised \$500 million but we just could not deliver. Instead, we gave \$1.5 billion.

For 13 years, the Liberals stood on their hind legs and said, "Just another year. Maybe next year farmers will get a buck from the government". However, 13 years went by, 13 years of broken promises.

This government is delivering the goods for Canadian farmers.

Hon. Wayne Easter (Malpeque, Lib.): Mr. Speaker, the minister, as does his boss, continues to play the politics of deception. He knows full well that the Conservatives, even in the budget, have not got anywhere close to where the Liberals were in terms of supporting farmers.

Farmers are concerned. In fact, a farm rally at the farm of one of the Prime Minister's former supporters was headlined "Prime Minister Betrays Farmers".

Will the minister just do the right thing and live up to the promises that the party had made during the campaign and put—

The Speaker: The hon. the Minister of Agriculture and Agri-Food.

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, there will be \$2 billion coming into the hands of farmers between now and the end of the year. This is much needed cash that the Liberal Party could never deliver. Here is what the Liberal task force said in its own report last week:

Unfortunately, over the past 13 years, there has also been a growing disconnect between the Liberal Party and Canada's rural and agricultural population.

When it comes to getting advice on agriculture from Liberals, it is like getting firefighting advice from a pyromaniac.

[*Translation*]

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Mr. Speaker, the minority Conservative government continues to betray the trust of Canadian farmers. We all know that the WTO negotiations are at a standstill. The Cairns Group met last week to try to resume talks. Other countries realized the importance and attended the meeting, while our Minister of Agriculture and Agri-Food stayed in Ottawa.

Could the Prime Minister explain why his Minister of Agriculture and Agri-Food did not attend this important meeting for the future of Canadian agriculture?

• (1450)

[English]

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, we continue to work with our allies on liberalizing trade. We continue to push Pascal Lamy and others who are involved, whether it is through the Cairns Group, which happened last week in Australia, or in our continuing negotiations with our trading partners. Canada wants liberalized trade on farm trade, generally. We are moving ahead, wherever possible, with our allies to push that agenda forward.

[Translation]

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Mr. Speaker, Canadian farmers want more than words; they want action.

When we were in government the WTO organizations were going well. Today, the Liberal opposition announced its new agriculture plan to help Canadian producers face the new reality. We want to strengthen the role of the Canadian Wheat Board. We want to protect supply management and consult with agricultural stakeholders.

The Prime Minister owes Canadian producers some answers. When will he implement the Liberal agriculture plan?

[English]

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, we want to give some hope to farmers, so we sure will not be implementing a Liberal plan any time soon.

It is interesting that in the past government, when the member for Malpeque was critic for this, he voted against giving money to Canada's farm families in March 2000. He voted against giving money to farmers hit by the mad cow crisis. He voted against standing up to U.S. protectionist policies in 2002. He voted against sending a delegation to the States to open the border again.

We are fighting for farmers; we are not just talking about it.

* * *

[Translation]

FISHERIES AND OCEANS

Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ): Mr. Speaker, the Minister of Fisheries and Oceans has arbitrarily allowed fishers in Newfoundland and Labrador to take an additional 7,000 tonnes of shrimp, causing prices in Quebec to tumble. In 2001, the minister said that Quebec should not be allowed additional fish quotas until the hydroelectricity dispute between Newfoundland and Labrador and Quebec had been settled.

Is the minister's incomprehensible decision not based on the same half-baked strategy he quoted in 2001?

[English]

Hon. Loyola Hearn (Minister of Fisheries and Oceans, CPC): Mr. Speaker, the member has been around long enough to know that

Oral Questions

when we set quotas, it is usually done in consultation with all the parties that are involved. At no time is any special attention given to any province. The industries in each area get together, decide upon quotas, provide the best advice they can to us and we make that decision.

Let me assure the member. If he thinks his area has been treated unfairly, talk to me, and we will make sure he understands that they will be treated the same as anybody else.

* * *

[Translation]

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Ms. Johanne Deschamps (Laurentides—Labelle, BQ): Mr. Speaker, today, the foreign affairs minister of Colombia is in Ottawa to meet with various ministers and agencies, including CIDA.

Will the Minister of Foreign Affairs take advantage of his meeting with his counterpart to pressure the Colombian government to honour the judgment by the Colombian constitutional court recognizing that CIDA-funded humanitarian groups are not terrorist groups?

Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC): Mr. Speaker, I will tell my hon. colleague that I have a meeting today with the Colombian foreign affairs minister.

I am certain that we will have good discussions about a number of issues. I intend to raise this issue along with many others.

I am also certain that the new foreign affairs minister will have many issues to discuss with me. I am sure that we will have an opportunity for a good talk.

I welcome the minister of foreign affairs of Colombia.

* * *

[English]

GOVERNMENT PROGRAMS

Hon. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, the Prime Minister is sharpening his axe to make \$1 billion in cuts to programs right across the board. They are going to be deep cuts. The minority Conservative government has already signalled that women and aboriginals, to name just two groups, are going to be targeted.

What other vital social programs will be gutted by the Prime Minister?

Oral Questions

●(1455)

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, it was the former prime minister, the member for LaSalle—Émard, who said, “looking over spending should occur annually”. We agree. We will be announcing some changes shortcoming.

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CANADA-U.S. BORDER

Mr. Ed Fast (Abbotsford, CPC): Mr. Speaker, this past weekend in B.C.'s Lower Mainland and Fraser Valley 60 border guards walked off the job, claiming a threat to their personal security. Shockingly, the Liberals have claimed that the arming of border guards was unnecessary. However, George Scott, who is the vice-president of the Customs and Excise Union, which represents these agents, said that the border agents would not have walked off the job if they had been armed.

Could the Minister of Public Safety please explain to the House the importance of strengthening border security?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, as I was addressing this question just a few minutes ago, I was grieved and shocked to hear the Liberal member for Scarborough—Rouge River, accompanied by his friends, refer to our border officers as “wimps”. Yesterday he stood on Parliament Hill commemorating the deaths of 10 peace officers from across the country.

Our border officers are not wimps. Every day and every night they are on the line for us unarmed because they never received support from the Liberals. I want to hear an apology to our border officers. They are not wimps. They are brave and courageous men and women.

* * *

CANADIAN WHEAT BOARD

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Mr. Speaker, the Canadian Wheat Board is under attack. The minister has begun the systematic destruction of an internationally recognized Canadian success story. His parliamentary secretary has already told farmers it is their right to have a vote, but “the final decision will be made by the minister”. The legislation clearly states that changes to the structure of the Board must be approved by the farmers.

Will the minister allow the 85,000 farmers, who use the Wheat Board, to vote on its future, or does he intend to break the law?

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, this is an exciting time for prairie farmers who know they have a government on this side of the House that finally believes they should maximize their returns and maximize their choice.

We are moving ahead, as promised during the election campaign. We are moving ahead with consultations with farmers. I appointed a task force last week that will give us some of the technical details on what a voluntary but strong Wheat Board will look like going forward. I look forward to the report in a month or so.

We will continue to make changes to ensure that farmers get the most they can from their production.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Mr. Speaker, the NDP has uncovered documents that prove this so-called support is nothing more than professional spin doctors from the disgraced Devine government posing as farmers.

In this email, from Charlton Communications to three anti-Wheat Board lobby groups, it says that having farmers sign letters they write would “get us into the propaganda game”. The email was also copied to a current member of the minister's Wheat Board killing task force.

Is the minister aware of this campaign? Is his department paying for it? What is he going to do to stop it?

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, I do not have the faintest idea what the hon. member is talking about. It is not the first time that I do not have the faintest idea what members of the NDP are talking about. However, in this case, I really do not know to which campaign the hon. member is referring.

I do know that farmers from coast to coast, particularly on the prairies on this issue, have said that they want to receive more value from their farms and they want to have more choice.

Maximizing the choice and maximizing return for farmers comes about in part by having a voluntary marketing choice Wheat Board, something that farmers can choose to use, but are not compelled to use.

* * *

ABORIGINAL AFFAIRS

Hon. Anita Neville (Winnipeg South Centre, Lib.): Mr. Speaker, first the government scrapped the Kelowna accord. Then it refused to support the United Nations draft declaration on the rights of indigenous people. Now first nations across Ontario are finding out that the government will no longer fund their band elections.

In keeping with the government's practice, there was no advance warning, no consultation and no explanation. The government's record of accountability to Canada's first nations is shameful.

Could the Prime Minister explain why his government is cutting funding to band elections?

●(1500)

Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC): Mr. Speaker, virtually every respected commentator who has looked at the record of the former Liberal government with respect to the aboriginal policy and the treatment of aboriginal Canadians has called its record shameful.

This government has been proceeding in an orderly way with some \$9 billion that the Government of Canada spends on aboriginal programs and services. We are working with our aboriginal partners, and we will continue to do so.

AFGHANISTAN

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Mr. Speaker, when Afghanistan's president, Hamid Karzai, addressed Parliament last Friday, he noted improvements in his country in the past five years, including the repatriation of over 4.5 million Afghans, the 6 million boys and girls now attending school and a growing economy.

In addition to other developmental efforts, could the Parliamentary Secretary to the Minister of International Cooperation tell the House what the government is doing to help economic development in Afghanistan?

Mr. Ted Menzies (Parliamentary Secretary to the Minister of International Cooperation, CPC): Mr. Speaker, the new Conservative government is deeply committed to rebuilding Afghanistan's economy.

Last Saturday the Minister of International Cooperation announced that CIDA would provide another \$12 million to Afghanistan's national micro-credit program. This program is so successful that over \$70 million in loans have been disbursed across 18 provinces, with the repaying rate of 98%.

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PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of His Excellency Sheikh Dr. Muhammad Sabah al-Salem al-Sabah, Deputy Prime Minister and Minister of Foreign Affairs of the State of Kuwait.

Some hon. members: Hear, hear!

The Speaker: I also draw the attention of hon. members to the presence in the gallery of Her Excellency Maria Consuelo Araujo Castro, Minister of Foreign Affairs of the Republic of Colombia.

Some hon. members: Hear, hear!

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WAYS AND MEANS

NOTICE OF MOTION

Hon. Carol Skelton (Minister of National Revenue and Minister of Western Economic Diversification, CPC): Mr. Speaker, pursuant to Standing Order 83(1) I wish to table a notice of ways and means motion to amend the Excise Tax Act.

I ask that an order of the day be designated for consideration of the motion.

* * *

POINTS OF ORDER

ORAL QUESTIONS

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, today in question period, when I was responding to a reply about our border officers, the men and women who serve our country at the nation's frontiers, a member of the Liberal Party, the member for Scarborough—Rouge River, was shouting out and referring to our brave men and women as wimps.

Points of Order

We tried to ask him informally to cease doing that.

An hon. member: Fifteen times.

Hon. Stockwell Day: It was recorded at least another 10 to 15 times. He continued to refer to our border officers as wimps.

Yesterday on Parliament Hill we attended a service of commemoration for peace officers who have died in the line of duty. The men and women who serve us on our borders do so without side arms. In any given year many times they must apprehend suspects, seize drugs and there are times when they must attempt to seize illegal weapons. They have been asking for side arms and to be trained for such for 10 years but the Liberals refused to do that. We are moving ahead on that.

Regardless of that debate, it is unacceptable that courageous men and women who serve us every day and night in this country are referred to as wimps. We would like a full and complete apology for that.

● (1505)

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, I would be delighted to recognize the strength, fortitude and courage of all of the people who man our borders. I am not referring to our police or to our military. I am talking of the people who man our borders. I commend the courage of all the people who man our borders if they stay on the job.

I was referring to those who walked off the job merely because apparently there was an American who had a firearm. There are over 200 million firearms south of the border. I admire our border service professionals who stay on the job, not those who walk off. We have never had armed border service professionals, not in the entire 138 years of this country. I admire those who stay on the job, not those who walk off.

Mr. Charlie Angus (Timmins—James Bay, NDP): Mr. Speaker, when the member for Windsor—Tecumseh was trying to ask questions about the safety situation facing our border guards, he was shouted down by the member for Scarborough—Rouge River again and again, to the point where I could not hear the question properly even though I was sitting so close to him.

I feel this is an important issue. It is not just the disrespect to the House or the disrespect to the men and women who are out in the field. This sends the message that there are some people in Parliament who show an absolute contempt for people who put their lives on the line. For those members to stand in the House today and have the nerve to tell us that they respect people who work but call people who stand up for their legal right to refuse unsafe conditions wimps is a disgrace.

I am speaking on a question of privilege because as a member of Parliament I feel ashamed that people like that would even stand in the House and—

The Speaker: I caution hon. members. We seem to have strayed a bit from the rules of the House in relation to order. This appears to be a disagreement about some name calling that may have happened during question period but no one has suggested that anything that was said was contrary to the rules of the House. They may have disagreed with what was said and that is a different thing from a point of order.

Routine proceedings

I hope that if the President of the Treasury Board is rising on the same point he will confine his remarks to whether there has been something said that was out of order, which is the only thing the Speaker can rule on. I am not prepared to say that a member should or should not have said something. That is not my role. It is my role to decide whether there has been a breach of the rules of the House, and I stress that. I have not yet heard anybody suggest that there has been.

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, the long-standing parliamentary tradition has been for members on all sides of the House to recognize the contribution made by those men and women who work in our public service and who put their lives on the line every day. The very sad reality is that not one Liberal member, including the member for Ottawa South, is speaking up against this disgrace. It is an absolute disgrace.

The Speaker: I think we have had enough debate on this. I would suggest that if hon. members want to continue the discussion, they meet in office of the member for Scarborough—Rouge River and have a very pleasant conversation over a cup of tea. However, this is not a matter of the breach of the rules of the House, which is what a point of order entails, and, therefore, there is no point of order.

ROUTINE PROCEEDINGS

[Translation]

PETITIONS

MARRIAGE

Mr. Marcel Proulx (Hull—Aylmer, Lib.): Mr. Speaker, I have the honour to table a petition in this House signed by petitioners asking Parliament to re-open the debate on marriage and to repeal or amend the Civil Marriage Act.

• (1510)

[English]

TAXATION

Mr. Borys Wrzesnewskyj (Etobicoke Centre, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have the pleasure to present a petition signed by over 150 people from my riding of Etobicoke Centre.

The petitioners urge the government to remedy the recent budget by making the physical activity tax credit fairer and more inclusive by including cultural activities such as dance and ballet. In many cases, dance and ballet are more physically demanding than some traditional sports.

TRANS FATS

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I am pleased to present a petition signed by literally thousands of Canadians from the three prairie provinces who call upon the federal government to ban the use of trans fats or partially hydrogenated vegetable oils.

They point out the many negative medical details about using trans fats and that it would be a boon for prairie farmers if and when the government finally bans trans fats because prairie oilseed

producers can put the alternate oils in a crop this year and begin to make Canadians generally healthier.

AGE OF CONSENT

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Mr. Speaker, I wish to present a petition on behalf of 128 of my constituents who are urging the Government of Canada to raise the age of consent from 14 years to 16 years of age.

Mr. Merv Tweed (Brandon—Souris, CPC): Mr. Speaker, I am pleased to present a petition on behalf of over 300 people in my constituency praying that the government assembled in Parliament take all measures necessary to immediately raise the age of consent from 14 to 16 years of age.

CANADA POST

Mr. Mike Allen (Tobique—Mactaquac, CPC): Mr. Speaker, I am proud to rise today to present a petition on behalf of the citizens of Hatfield Point in the riding of New Brunswick Southwest concerned about the potential closure of a federally operated post office.

The petitioners request that Parliament consult with Canada Post Corporation with regard to maintaining a federally operated post office in Hatfield Point, specifically more generally, upholding a federal government moratorium on rural post office closures.

AGE OF CONSENT

Mrs. Joy Smith (Kildonan—St. Paul, CPC): Mr. Speaker, I would like to present some petitions from over 400 people in my riding of Kildonan—St. Paul who pray that the government assembled in Parliament take all measures necessary to immediately raise the age of consent from 14 to 16 years of age.

CRIMINAL CODE

Mrs. Joy Smith (Kildonan—St. Paul, CPC): Mr. Speaker, in another petition in excess of 150 people in my riding of Kildonan—St. Paul call upon Parliament to retain the Criminal Code without changes in order that Parliament not sanction or allow the counselling, aiding or abetting of suicide whether by personal action or the Internet. They also state that the Canadian Medical Association opposes assisted suicide and euthanasia and call for suicide prevention programs.

AGE OF CONSENT

Mr. Dean Del Mastro (Peterborough, CPC): Mr. Speaker, it is an honour today to present a petition on behalf of 170 of my constituents with respect to the minimum age of consent.

The petitioners pray that the government assembled in Parliament will take all measures necessary to immediately raise the age of consent from 14 to 16 years of age.

Hon. Shawn Murphy (Charlottetown, Lib.): Mr. Speaker, I have a petition in which 50 concerned citizens from the district of Charlottetown ask the government to take all measures necessary to immediately raise the age of consent from 14 to 16 years of age.

FALUN GONG

Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC): Mr. Speaker, I would like to present two petitions. The first petition is signed by Canadians within my riding who believe that there are atrocities being committed against members of Falun Gong and urge the government to take all measures to put an end to that.

AGE OF CONSENT

Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC): Mr. Speaker, the second petition is signed by hundreds of people in my constituency who believe that the government should immediately raise the age of consent from 14 to 16 years of age.

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): Mr. Speaker, I would like to table a petition from my constituents that calls upon the House to make the protection of our children from sexual predators a high priority and for the government to take all measures necessary to immediately raise the age of consent from 14 to 16 years of age.

• (1515)

Mr. Brian Storseth (Westlock—St. Paul, CPC): Mr. Speaker, I am pleased to present a petition today signed by the constituents of Westlock—St. Paul who support an immediate increase in the age of consent from 14 to 16 years of age.

The petitioners feel that children under the age of 16 are the most vulnerable members of our society and that they need continual support against sexual exploitation. They therefore call upon all members of Parliament to enact the full protection of law by raising the age of consent.

MIDDLE EAST

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): Mr. Speaker, pursuant to Standing Order 36 and on behalf of the constituents of Hamilton East—Stoney Creek, I am presenting a petition concerning the Israeli-Palestinian conflict and Canadian financial aide to the Palestinian Authority.

AGE OF CONSENT

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): Mr. Speaker, I have a second petition on behalf of my constituents of Hamilton East—Stoney Creek. The petition is in regard to the changing of the age of consent.

Hon. Dominic LeBlanc (Beauséjour, Lib.): Mr. Speaker, it is with pleasure that I present a petition on behalf of many residents of Kent County, New Brunswick, in my constituency, and from others parts, such as the Miramichi and great places like Shediac.

The petitioners ask Parliament to immediately take all measures necessary to raise of the age of sexual consent from 14 to 16 years of age.

* * *

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?

Speaker's Ruling

Some hon. members: Agreed.

* * *

POINTS OF ORDER

PRIVATE MEMBERS' BILL C-292—SPEAKER'S RULING

The Speaker: The Chair is now prepared to rule on the points of order raised by the government House leader and the hon. member for Wascana on June 1, 2006 in relation to Bill C-292, An Act to implement the Kelowna Accord.

At the outset, I wish to thank both hon. members for having raised their concerns early in the legislative process for, in so doing, they have afforded all members an opportunity to become better acquainted with this initiative and its procedural implications.

I also wish to thank the government House leader and the hon. member for Wascana for tabling the Kelowna accord, thus adding to the material available to me in preparing this ruling.

The Chair has also noted that the hon. member for Wascana has explained that, in November 2005, as the then minister of finance, he had made provision in the fiscal framework for the implementation of the Kelowna accord. That said, I must make it clear that while the machinery of government could not operate without such planning, it is irrelevant to the question before the Chair.

Hon. members will know that, as Speaker, I can only address procedural issues and that these issues are separate and distinct from fiscal management issues.

The Chair must judge, not whether funds were set aside to meet the government's obligations, but rather whether this specific private member's initiative, Bill C-292, seeks authorization to spend funds. In other words, does Bill C-292 actually propose to spend public funds for a distinct purpose?

[*Translation*]

The contentious section is in clause 2 of the bill, which reads as follows:

The Government of Canada shall immediately take all measures necessary to implement the terms of the accord, known as the "Kelowna Accord", that was concluded on November 25, 2005 at Kelowna, British Columbia, by the Prime Minister of Canada, the first ministers of each of the provinces and territories of Canada and the leaders of the Assembly of First Nations, the Inuit Tapiriit Kanatami, the Metis National Council, the Native Womens' Association of Canada and the Congress of Aboriginal Peoples.

[*English*]

The Chair must decide whether clause 2 is a provision that contains a clear authorization for funds to be drawn from the Consolidated Revenue Fund for a distinct purpose. If clause 2 does seek such authorization, then I must be guided by *House of Commons Procedure and Practice*, which explains on page 709:

Under the Canadian system of government, the Crown alone initiates all public expenditure and Parliament may only authorize spending which has been recommended by the Governor General.

In other words, the bill would require a royal recommendation.

As I stated in a decision on March 21, 2005, at page 4373 of the Debates:

Government Orders

—a bill effecting an appropriation of public funds or an equivalent authorization to spend public funds does so immediately upon enactment. Once Parliament approves a bill that requires a royal recommendation, there should be nothing further required to make the appropriation.

So, in the case before us, we need to ask what specific spending is contemplated?

Bill C-292 in clause 2 does state that the government shall “take all measures necessary to implement the terms of the accord”, but it does not provide specific details on those measures. The measures simply are not described. In the absence of such a description, it is impossible for the Chair to say that the bill requires a royal recommendation.

This conclusion may seem somewhat surprising and may well lead members back to a question raised earlier by the government House leader: namely, if Bill C-292 does not require a royal recommendation and the bill were to pass, what would be the obligations of the government in terms of implementing the Kelowna accord?

As I read it, the Kelowna accord tabled in the House sheds light on the plan of action, but it is not clear whether the accord could be implemented through an appropriation act, through amendments to existing acts, or through the establishment of new acts. From my reading, implementation would appear to require various legislative proposals.

In any event though, this is more of a legal question than a procedural one. The government House leader's legal advisors are best placed to reply to that question. As my predecessors and I have said on many occasions, the Speaker does not rule on matters of law. When, or perhaps if, enabling legislation comes forward, the Chair will, as usual, be vigilant in assessing the need for a royal recommendation.

In summary then, Bill C-292 can continue through the legislative process and the Chair can put the question at third reading since this bill does not require a royal recommendation.

I thank the House for its patience in allowing me to review this rather complex matter.

GOVERNMENT ORDERS

• (1520)

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT, 2006

The House resumed consideration of the motion that Bill C-24, An Act to impose a charge on the export of certain softwood lumber products to the United States and a charge on refunds of certain duty deposits paid to the United States, to authorize certain payments, to amend the Export and Import Permits Act and to amend other Acts as a consequence, be read the second time and referred to a committee, and of the amendment.

The Speaker: When this bill was last before the House, the hon. member for Burnaby—New Westminster had the floor. There are three minutes in the time allotted remaining in his remarks.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, three minutes is not a lot of time. I have reviewed the botched legislation, Bill C-24, and the mistakes that the government has made on that bill.

I would like to come back to the principle of the softwood sellout itself. Then, before I sit down, I will be offering an amendment to the amendment offered by the member for Beauséjour.

The following issues are issues that are addressed in the softwood sellout. First, and this is one of the dozens of reasons why members of this House should be voting against it, it is based on the falsehood that Canadian softwood lumber is subsidized. We are erasing four and a half years of legal victories. If we enact this legislation, any industry, not only our softwood industry, will have to start over to re-establish that jurisprudence.

The Americans are able through this mechanism to erase all of our legal victories when we are two legal hurdles short of winning a final and complete victory that establishes the jurisprudence. The sellout gives away \$500 million to the American coalition. It has already indicated it is going to use that legally to attack us again. It was dry. It had no money left. It could not continue litigation, despite the government's incredibly absurd protestations to the contrary. Now we are giving them half a billion bucks to come at us again. We might as well have a “kick me” sign on the back of every single Conservative MP who votes for this. It is absolutely absurd.

Through this sellout, we are giving \$450 million to the Bush administration. Through testimony this summer we found out this is unprecedented since the Richard Nixon committee to re-elect the president that the White House has had \$450 million to dispense to grease the political wheels of the Republican Party. Obviously, that does not concern Conservative MPs. It does concern Canadians. This sellout can be cancelled at any time. The Americans can keep the billion dollars and run.

As we have pointed out consistently throughout the summer, clause 34 allows the Americans simply to allege non-compliance by Canada and cancel at any time. I could go on and on.

The principle is not only are we selling out our softwood industry but we are selling out any other Canadian industry that wants to use dispute settlement. The Americans clearly, two weeks ago, signalled that they are coming at us. They see that big “kick me” sign on the back of Conservative MPs and they have said they are going to appeal the notorious Byrd amendment. They are going to appeal it because this government has shown such incredible weakness.

I will move the subamendment. I move:

And that the amendment be amended by adding immediately after the end of the amendment:

specifically because it fails to immediately provide loan guarantees to softwood companies, because it fails to unsuspend outstanding litigation which is almost concluded and which Canada stands to win, and because it punishes companies by imposing questionable double taxation, a provision which was not in the agreement signed by the Minister of International Trade.

Government Orders

We will continue to fight this because this is bad for Canada, and this is bad for softwood and any other industry.

• (1525)

The Speaker: The debate is on the amendment to the amendment. Questions and comments.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, members may recall the case of Spiro Agnew who when charged with tax evasion basically pleaded what was called *nolo contendere*. It was basically not to plead guilty or innocent, but rather to say “the legal fees are going to kill me on this, so I might as well just plead *nolo contendere* and at least I can get away without having to pay enormous legal fees”.

It seems that this is the same kind of bullying that the government has laid on the lumber industry by telling it that if it does not take this now that it is on its own. I think this is the crux of the issue in this regard.

I wonder if the member can give some indication to the members and to Canadians about the financial dimensions here and about what is really being lost, not only in terms of the duties improperly collected, but also the interest for all these years.

Mr. Peter Julian: Clearly, Mr. Speaker, this is not a commercially viable deal. This is an absolutely ridiculous deal that the companies have rejected consistently throughout the summer, until the government started bullying them individually and saying there would be no alternative to this Conservative sellout. There would be no alternative, no loan guarantees and no support in any way.

In his testimony, Russ Cameron from the Independent Lumber Remanufacturers Association indicated in regard to the complexity and the lack of commercial viability of the deal:

Well, there are eight possible tax rates, depending upon the random length index and whether you're above or below the 110. Oh, and the quota can be applied regionally, so that the quota applies to the entire region. You add up all the shipments, and once that region exceeds the shipments, then the border closes and you can't put your product in, no matter how much you are willing to pay.

The cost of this sellout goes beyond all Canadian industries. It goes beyond the four years of litigation victories that this government is ready to throw away, rip up with a stroke of a pen. It goes beyond all of those aspects. It goes beyond the billion dollars. It goes beyond the precedent that is set for any other industrial sector.

It goes to the very heart of commercial viability of softwood communities and softwood companies, softwood companies that are now in a situation where they are dealing with punitive taxes. They are dealing with multiple administrative charges that are forced upon them by the government, consistent bullying, and the fact that there are multiple tax rates that are all set retroactively. When they sell their product, they do not know whether they are going to be able to make a profit or not and they do not know whether they are going to keep their doors open or not.

Testimony clearly indicated that we could be looking at, in certain parts of the country, up to 20% of the mills closing as a result of this badly botched negotiation and this badly flawed sellout. So, the member is very correct to raise this question. We pay and we pay, and we do not get a heck of a lot back.

• (1530)

Mr. Richard Harris (Cariboo—Prince George, CPC): Mr. Speaker, part of what that member just said is true; that is, if we do not sign this agreement we will pay and pay because of the uncertainty that will remain in the softwood lumber industry.

That member is living in a dream world if he believes that by not signing this the Americans are just going to roll over and play dead. We are going to see more challenges and more litigation, the likes of which that member cannot imagine, or rather will not admit. We are going to see tens, maybe hundreds, of millions of dollars more in litigation, accompanied by uncertainty in the industry, which is going to scare off investors. It is going to scare off expansions to the mills. It is going to cause foreseeable job losses and foreseeable mill closures.

For some reason, that is what the NDP members want for the forest workers and their families of this country. They want the uncertainty to continue. They want the litigation to continue. They want the hundreds of millions of dollars in legal fees to continue. They want the investors to go running until this industry becomes stable. They want the bankers to be scared off by the uncertainty and start calling in loans on the small mom and pop operations, through to the medium and even the large-sized mills.

I just cannot imagine how they can face the workers in the forest industry who they claim support their position and tell them about the possible, probable, and most certain job losses that are going to occur if we do not sign this deal.

I live in the largest softwood lumber producing riding in all of Canada. I do not live in downturn Burnaby or New Westminster. I live where the lumber pioneers of this country have carved out an industry, right from small scragg mills to the super mills that are in the riding of Cariboo—Prince George.

We produce more softwood lumber in that one riding than that member could imagine. I can tell the member that the mills, the workers, the investors, the families, and the kids of this buoyant forest industry, not just in my riding but across British Columbia and all across Canada, supported by the provinces, the industry and the workers, they all support this because they know, contrary to the misrepresentations of that member there to the folks in the industry, this deal is good for the industry, it is good for Canada, and it is good for the province.

If that member there and his party want to do something right by the forest industry's workers and their families, they would quit trying to snow them with those misrepresentations about this thing and get behind it, support it, and let us get some certainty and let us get on to a buoyant and bountiful future in the softwood industry in this country.

Mr. Peter Julian: Mr. Speaker, how would the member know? He was chided in the *Prince George Citizen* because he had not even read the agreement. That is unbelievable. He was chided in the *Prince George Citizen* because NDP forestry critic Bob Simpson and I had actually read the agreement and he had not. That member has not been standing up for his constituents. He is absolutely right when he says he is part of softwood country, but he is absolutely wrong when he says he has been doing due diligence. He has failed the people of Prince George. He has failed the people of the north.

Government Orders

He has not read the agreement. He has not even read the badly botched bill that punishes companies twice with the double export tax, with the AD and the CVD. In addition, the bill imposes an EDC because the government botched the special charge. So here we have a badly botched bill, and instead of standing up for his constituents, instead of standing up for Prince George, that member abdicates his responsibility. It is appalling.

Let me read just one of the reactions from analysts who actually understand the industry, who actually have read the bill, and who actually have read the agreement. Stephen Atkinson said:

When you look at a situation like a Canfor that is going to run its lowest-cost wood, then clearly you're going to shut down those lumber mills in the southeast quadrant [of British Columbia]. What happens then is that it'll put some of the pulp mills in danger, whether it be the Kamloops mill, whether it be the Celgar mill, and then that supply comes into question.

Very quickly, on raw logs, what really happens is this. Let us say we are paying a duty. Let us pick a number again. Let us say it is 15% or whatever. If we can bring in the logs without any duty to the United States, then of course it makes sense to put the lumber mill there and create jobs south of the border. There has been no Conservative from Kamloops, no Conservative from southeast British Columbia and no Conservative from northern British Columbia who has been standing up for an agreement that everyone knows is going to sell out those areas and that everyone knows is going to lead to lost jobs. Yet not a single Conservative MP from British Columbia has stood up against this and said, "This is bad for B.C., so we are not going to permit this".

There is only going to be one answer from British Columbians and that is that in the next election there will not be a Conservative left west of the Rockies. That is because they have failed British Columbians.

• (1535)

The Acting Speaker (Mr. Royal Galipeau): The hon. member for Cape Breton—Canso will be mindful of the fact that there is less than a minute left for both the question and the answer.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Mr. Speaker, it would have been good to keep the member going. I share his concerns. I did not catch the first part of my colleague's intervention, but I share his concerns about the loss of article 19, the dispute resolution mechanism that I think was held in high esteem by all free trading nations. It was seen as a premier mechanism.

Let us bring this down to the grassroots. In the value added sector in the riding of the member for Burnaby—New Westminster, how does this equate to jobs lost, to jobs missed in that sector?

The Acting Speaker (Mr. Royal Galipeau): The hon. member will be mindful of the fact that he has less than 30 seconds for his answer.

Mr. Peter Julian: Mr. Speaker, I could easily talk for 30 minutes, because this is a horrible sellout that is bad for Canada. I mentioned Stephen Atkinson's comments. What this does is essentially fuel American jobs through American mills by raw Canadian logs. That is the horrible aspect of—

The Acting Speaker (Mr. Royal Galipeau): Resuming debate. The hon. Minister of Industry.

[*Translation*]

Hon. Maxime Bernier (Minister of Industry, CPC): Mr. Speaker, I would like to inform you that I am going to share my time with the hon. member for Simcoe—Grey.

It is my pleasure to rise today in the House on Bill C-24. I want to ask all the hon. members in the House to join me in supporting this bill. Why? As most of my colleagues have pointed out here in the House today, the softwood lumber agreement benefits the industry, consumers and Canada as a whole. It is a practical, flexible agreement that puts an end to the trade disputes that have been going on for years and provides the softwood lumber industry with access to the U.S. market on very favourable terms.

The agreement eliminates the punitive American duties, puts an end to costly legal proceedings, and gets our softwood lumber producers out of the courts. Since 2002, this dispute has cost more than \$35 million in fees that the Government of Canada has paid to help the softwood lumber industry fight this battle.

Now we have an agreement that will bring stability and recover more than \$5 billion in duties that have been levied. I am proud to be part of a government that has found a solution that will give Canada and the United States a future opportunity to make North America more competitive in this sector.

I would like to explain briefly today how the concerns that the industry expressed during our consultations in the summer have been met in the agreement. We had the good fortune of being able to build on a strong Canadian position developed with the cooperation and contributions of the provinces and the industry. Ultimately, an agreement was reached of which all Canadians can be proud.

How were the concerns of the industry and the provinces taken into account? From the outset, they wanted the government to negotiate an agreement that would ensure repayment of the duties that had been collected. The industry asked the government and me personally, from the moment the new government came to power, to negotiate a real agreement with the Americans.

This objective has been achieved. Under the agreement, more than \$5 billion Canadian will be returned to the industry by the end of this session. They asked that their deposits be returned quickly. They will be. Why? Because we developed a unique mechanism through Export Development Canada that will ensure that the money is repaid to our exporters in the weeks after the agreement comes into effect, that is to say, in the first few weeks after next October 1. This process will be much faster than the usual process, which was the American process under which people could have waited as long as two and a half years to get their money back if we had not included a quick repayment process in the agreement.

The government also managed to get an exemption from the border measures for the Atlantic provinces and the territories, as well as 32 companies including sawmills in Quebec, sawmills close to the border, that the U.S. Commerce Department did not consider subsidized. Among these sawmills are several in my own riding of Beauce.

Government Orders

The provinces and the industry have also called for flexibility in the regulations related to export quotas in order to respond to the needs of their American customers. As a result, our new government negotiated provisions that allow companies to carry forward up to 12% of the volume of their export quota from the previous month to the following month.

The provinces and the industry also asked for an agreement that ensures stability and predictability. I am pleased to tell you that this objective has been achieved. The agreement covers a period of seven years or up to nine years, if the parties wish to extend the agreement by an additional two years. During this time, the United States cannot intervene in the courts and it cannot apply other trade remedies. This will provide Canadian companies with a significant period of stability in which to invest in their businesses and to become more competitive. They asked for an agreement that gave the provinces the latitude necessary to manage their forest. We achieved that objective. We have negotiated anti-circumvention provisions that fully protect provincial forestry management policies, including complete exemption for the new market-based pricing plan in British Columbia.

● (1540)

This is an initiative that promotes management of the environment. It provides for payments to respond to the claims of First Nations and measures that are specific to the forest industry.

Following a meeting on August 9 with CEOs of the forest industry, additional clarification has been made to the agreement. Specifically, maintenance of the status quo in terms of American trade remedies for a period of 12 months at the end of the agreement. The cancellation notice period has also been adjusted to provide for a 12-month status quo period in the event that the United States requests a quick cancellation of the agreement.

We are pleased to announce that the United States has provided a parallel letter to this agreement, and these clarifications respond to the concerns of the government and the industry. This letter confirms that the Canadian industry will be well protected and that the duration of the agreement will be a minimum of seven years. All of these elements of the agreement respond directly to the concerns raised by the provinces and the industry during the negotiations.

As a consequence, I am pleased to say that the agreement enjoys broad support, both in Quebec and all across Canada. More than 90% of the industry is in favour of the agreement and, in Quebec, a major union, the FTQ, supports the agreement.

Given that level of approval, I am proud to lend my support to this agreement and to C-24, which will make the legislative amendments necessary to bring the agreement into force. I ask all honourable members to join with me in supporting this bill and to join us in our mission of making Canada a more competitive and more prosperous country.

● (1545)

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, the Minister of Industry neglected to mention that, during the recent election campaign, the Conservative government had promised to provide loan guarantees. Instead of keeping its promises, the government forced companies to accept what everyone

knows is a very bad deal. It told them that they would never have any loan guarantees, that the government would never give them anything, unless they signed this flawed agreement. As a result of this deal, Canada is losing jobs, as well as any rights it had in the dispute resolution process.

How can the minister defend his position when he is turning his back on the industry, breaking his election promises and refusing to act in the interests of communities across the country that depend on softwood lumber? Can he confirm that he threatened all these companies, telling them that they would never receive loan guarantees and that all they could do was sign this bad deal. The deal is very important to the government from a policy standpoint, even though it will devastate the industry across the country. Can he confirm that—

The Acting Speaker (Mr. Royal Galipeau): The hon. Minister of Industry.

Hon. Maxime Bernier: Mr. Speaker, I am happy with this agreement and especially with how it was negotiated. My hon. colleague, the Minister of International Trade, negotiated this agreement very skilfully.

To answer my colleague's question, it is important to note that the softwood lumber industry did not ask us for loan guarantees, but repayment guarantees. The industry wanted its money. Today, over 90% of the industry supports this agreement. Canada is a free country, and people in the industry were free to get on board and sign this agreement. That is what people asked us to do. They were so satisfied with the agreement that we have the support of over 90% of the industry. People want their money as soon as possible. And they will have it by the end of the session.

[English]

Ms. Helena Guergis (Parliamentary Secretary to the Minister of International Trade, CPC): Mr. Speaker, it is an honour for me to speak to Bill C-24, the softwood lumber agreement, which I respectfully ask all members of the House to join me in supporting.

The softwood lumber agreement is good for our industry, good for the lumber communities and good for Canada. I remind all hon. members that we have two national governments that support this deal. All of our major softwood lumber producing provinces support the deal, including those of the members who introduced an amendment and subamendment today. We also have 90% of the industry supporting the agreement and the deal in the legislation. One has to ask why the hon. members are not listening to their provinces and why they are not listening to the industry.

This deal eliminates the punitive U.S. duties. It ends costly litigation, takes our lumber producers out of the courts, provides stability for industry and returns more than \$5 billion Canadian. It is a practical and flexible agreement that ends the dispute on terms that are highly favourable to Canada.

Let us remember that this disagreement has been going on for 24 years, this last legal agreement five years alone.

Government Orders

I am proud to be part of a government that has provided a solution that will put our two nations back on track for making North America more competitive for the future. I also want to give my appreciation to our Prime Minister and to our Minister of International Trade for their exceptional work on securing this deal on behalf of our softwood lumber industry.

Today I would like to outline some of the key features of the agreement. Let us begin with the return of the duties.

Clearly, one of the agreement's most important features is the return of \$5 billion Canadian. This is a significant infusion of capital for the industry and will directly benefit the workers and communities across Canada that rely on softwood lumber for their livelihood. Without question, this dispute has been extremely difficult for Canada's lumber industry. That is why it is imperative that companies receive this money as quickly as possible so that they can continue to invest in their operations and their people, and to increase their productivity and their competitiveness.

An innovative deposit refund mechanism has been developed that will ensure that Canadian companies receive their share of duty deposits within four to eight weeks after the agreement comes into force. It is designed to help Canadian companies begin reinvesting in their enterprises and bring a measure of stability to an industry that has been hit hard for over 20 years of repeated trade action.

I also want to comment that we have seen the U.S. lumber trade coalition tell us that if this deal did not proceed, if we did not have this agreement, that it can guarantee Canada that there will be continued litigation regardless of the outcome of any lawsuits.

A second key feature is the revocation of the U.S. duty orders and the end to related litigation.

Let us talk about the flexible export measures. The deal also provides a strong measure of flexibility for our provinces. For the next seven to nine years no border measures will be imposed when lumber prices are above \$355 per thousand board feet. When prices drop below this threshold, the agreement allows provinces to choose the option that best suits their particular economic situation.

Option A involves an export charge that increases in steps from 5% when the price of lumber is \$336 to \$355 per thousand board feet to 10% when the price is \$316 to \$335, and then 15% as the price of lumber falls below \$315 per thousand board feet. Option B combines at the same price levels lower export charges of 2.5%, 3% and 5% with quotas.

I should point out that funds collected under either option will now stay in Canada. The Government of Canada will distribute to the provinces revenues from the export charge minus the administrative and perhaps legal costs that are associated with the agreement.

This is a significant improvement over the current environment. Currently the duties imposed by the U.S. are reassessed annually. In other words, the industry never knows from one year to the next what duty rate may apply. Under this agreement the industry will know and can take full advantage of a stable predictable business environment.

The agreement also contains a provision allowing provinces to seek an exit from border measures based on a process to be

developed by Canada and the U.S. in consultation with the provinces.

• (1550)

I urge the members who sit on the trade committee with me to work with us in committee, rather than try to hijack it this session. Let us work together toward a better future for our softwood lumber industry. Let us work on this agreement.

It provides for reduced export charges when other lumber producing countries significantly increase their exports to the U.S. at Canada's expense.

Importantly, this agreement has a dispute settlement process for issues related to the implementation of the agreement. The process will be neutral, transparent and efficient.

Often we hear opposition members talk about chapter 19. What they are neglecting or actually choosing to ignore is the testimony that we heard in committee that clearly told us that never was softwood lumber to be included in NAFTA. In fact, there was a memorandum of understanding that was pulled out of the agreement so that it would not be there. We have been trying to apply this dispute to NAFTA when no one agreed that it should be there in the beginning.

This new dispute mechanism will no longer be U.S. trial law. It will be international trade law. There are many who suggest that signing on for this new dispute mechanism is reason alone for signing on to the agreement.

The agreement of course will provide a stable business environment. But perhaps the feature of this agreement that has garnered the most attention and continues to be the subject of myth and misinformation from those who do not understand it is the termination clause. Let me be clear. This agreement will last for seven to nine years, providing a stable market environment for our softwood lumber industry. During this time, the U.S. will be prohibited from initiating further trade action.

I should also point out that the U.S. has agreed to a 12 month standstill on trade action in the event that it may decide to terminate the agreement. This provides yet another measure of stability, one which I might add was added at the industry's request following an August 9 meeting with CEOs.

While the termination clause in this agreement is a standard feature of international trade agreements, I can tell the House that termination by either country is highly unlikely. This is a hard-won agreement and both sides have a clear interest in maintaining the rights and privileges under it.

Within Bill C-24 these features are key elements of the agreement. Bill C-24 will bring these elements into play and implement Canada's commitments under the agreement. In particular, the bill provides authority to impose an export charge in a manner consistent with the agreement. It also seeks to amend the Export and Import Permits Act to bring the export measures component of the agreement into action.

Government Orders

Today I ask all parliamentarians to join me in supporting this bill, putting an end to this long-standing dispute and building a brighter future for Canada's softwood lumber industry, for the workers, families and communities that rely on it.

I want to comment a little further on the proposed amendments. I find it very interesting that the member for Beauséjour tabled such an amendment, considering that the industry in his own province is unequivocally supporting this deal. The industry had written asking him to support this deal. In fact, it does not quite understand why he would not want to support the deal. I have the names of companies, such as the Maritime Lumber Bureau, J.D. Irving Limited, M.L. Wilkins & Son Ltd., Pro Lumber Incorporated, North American Forest Products Ltd., and the list goes on and on.

I am not quite sure where the member is coming from because this deal would provide market access by providing the stability and certainty that the industry has told us it clearly must have. This is exactly what the focus of the Prime Minister and the Minister of International Trade has been all along, to find a stable and predictable market for our industry.

The U.S. is not interested in escaping its obligations on this deal. It has no interest in backing out whatsoever. I remind everyone that it is only the Canadian government or the United States government that can terminate the deal.

We also know, as I alluded to earlier, that the softwood lumber industry was not included in NAFTA and that is why any attempts to try to govern it under NAFTA rules have not worked. The new dispute settlement will work. Canadian workers have always had the support of this government. It is the workers who will finally gain their job security who will benefit most from this deal. Over \$5 billion will be returned to the industry ensuring that it can prosper and secure its workers jobs in the future.

In conclusion, I ask all members to can the rhetoric and to support this deal. Let us move forward for a stronger North American softwood lumber industry that will benefit all of Canada.

• (1555)

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, the member said "can it". Of course, the Conservatives gave away the can, as they also gave away the table and the rest of the House in this softwood sellout.

I did want to clarify something that the member said, which was completely and utterly false. It was on the issue of long term stability. Clause 34 says that the United States reserves the right to terminate the agreement without resort to dispute settlement or any other precondition for termination of this agreement. In other words, the U.S. can keep the billion dollars and run, and can terminate the agreement at any time on a simple allegation of non-compliance. There is no stability in this deal, even though we have gone from seven years to 23 months, now to 18 months, where the United States can make a formal announcement. The U.S. also has an opt-out clause at any time. All the Americans have to do is allege non-compliance. We have no recourse to dispute settlement. We have no appeal.

There is a series of questions I would love to ask the member. She made the statement that we eliminate the duties. Is she aware the

duties would be higher as of October 1 under this deal than they are currently with the illegal punitive tariffs? Is she aware of that?

She mentioned the fact that the coalition would be taking on Canada if indeed this softwood sellout was not put into effect. We know darn well that the coalition is dry. It has no funds for further legal action, but this softwood sellout gives it half a billion dollars to take on our industry anytime it chooses. It alleges non-compliance and it can come right back at us, so the kick-me kids, the Conservative caucus that just could not get this right, is giving half a billion dollars away to a coalition that would not have been able to launch legal action against us otherwise.

The next question is around the export tax. The way the Conservatives botched this legal bill, the bill itself imposes the export tax on top of the current anti-dumping and countervailing duty imposition. What we have is a double tax. Is the member aware of that?

Finally, is the member aware that the United States kicked the kick-me kids, the Conservative caucus, last week and decided it is going to appeal the Byrd amendment ruling that Canada won last spring? In other words, the Americans take all of their cake away from the softwood sellout and they are coming back for other industries now, basically kicking the Conservatives for their naivety and their poor negotiations. Is the member aware of that?

• (1600)

Ms. Helena Guergis: Mr. Speaker, obviously I do not have a clue as to where the member is coming from with some of his ridiculous allegations and some of the rhetoric that he is coming up with.

Let us talk a little about the termination clause. He likes to act as though the agreement is only 18 months. Nothing could be further from the truth. The deal is seven to nine years very clearly.

Let us point out that he does not like this agreement. We know that because he is always telling us this, but he was always asking for a longer termination clause to get out of something that he did not even like, so none of that conversation ever made sense.

I also find it a little rich for him to always be saying that we should be supporting chapter 19, when he clearly heard that chapter 19 was never to apply to softwood lumber. Standing up and defending chapter 19 of NAFTA was a bit rich to hear coming from the NDP. Am I to assume that if any other free trade agreements come forward, we have his unconditional support on free trade now? I would like to have an answer to that question.

For many years this dispute has been going on, 24 years in total. The last lawsuit was five years ago. The hon. member is trying to mislead industry into thinking that if we just win this one last lawsuit, it will be all over, that we are going to have a great working relationship with the United States all of a sudden. That is not going to happen because the U.S. lumber coalition has told us no way, that if we do not have this deal, they will continue litigation for year after year. This is it. This is the last kick at the can. Because of our Prime Minister and our Minister of International Trade, we were able to secure a deal. Like the Prime Minister has always said, we can disagree with the Americans, but we do not always have to be disagreeable with them.

Government Orders

We have reached a deal that is in the best interests of Canadian industry. Over 90% of the industry is supporting this deal. All industry across the country will get 81% of the duties returned. All industry, 100% of the industry, will benefit from this agreement. Even the small percentage that did not sign on will reap the rewards of this agreement.

I ask the member to apply this to the union analogy. When 80% or 90% of union members vote in favour of what is in front of them, that other 10% is still going to get the benefits of that agreement. Maybe the hon. member needs to take a look at it from his own approach.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Mr. Speaker, the proposed softwood lumber deal will affect my riding of Thunder Bay—Rainy River and the entire region of northwestern Ontario in many adverse ways. The constant shifting position of the Prime Minister has caused much confusion about just what it is we are voting for or against.

When the minority government announced an agreement in late April, the severe flaws were to have been addressed. When the minority government re-announced the deal in July, it claimed the deficiencies had been addressed. When the Prime Minister announced in late August that the agreement was concluded and all deficiencies corrected, many of us in northwestern Ontario felt then that we could possibly support the deal. When the largest forest products company in northwestern Ontario, Buchanan, announced that it would reluctantly sign on, many of us questioned that reluctance, but we were prepared to do what we had to do for our region. Then at the international trade hearing, it became painfully apparent that few of the very major concerns for Thunder Bay—Rainy River would ever be satisfied.

Softwood companies all across the country are on their knees financially and need the cash flow. They could have been supported by the previous government, with a \$1.4 billion forestry package, which many of us in northwestern Ontario as MPs worked so hard to achieve. That would have given our companies the loan guarantees to keep them going as we won each of the key dispute panels. However, no, the NDP joined with the Conservatives to destroy the forestry package. Northwestern Ontario rightfully blames the NDP and knows that it is largely its fault that it does not exist now. Then after the election the minority government would not give that \$1.4 billion to help the forest industry carry through this fight to a clear victory. The money was there to help. We should remember that those \$5 billion in tariffs were illegal. Yet only 80% of that may be returned. It is not what people in Canada think is a fair deal.

Point after point has been made outlining the many flaws and deficiencies. Somehow they combine to be an outright sellout. Still, I have been prepared to hold my nose and support the deal for our workers, for their families, for our communities, for the industrial suppliers and for the companies large and small.

As my constituents are frustrated, so am I at the government's changing of these rules and negotiating positions. Now that the actual motion has been presented and we see what it actually says, on principle, I must now vote against the deal. The motion spends more words punishing Canadian companies than it does trying to achieve a positive agreement.

The Bloc's votes will ensure that the government deal will pass. After it does, I will not do anything to hold up the flow of funds to those companies that need them to stay solvent, even if the deal passes without our positive amendment. However, it is clear that the unprecedented and atrocious bullying of Canadian companies by a 19% surcharge, one that would force many into bankruptcy, is just a shameful move by the Prime Minister in collaboration with President Bush.

Why would a minority government try to bankrupt Canadian forest companies? It is unbelievable in a democratic nation. Enough is enough, and I know many share that this is not what they thought they could support.

Then there is a bizarre double whammy that will occur if there is a downturn in the American housing economy. We will lose market share and then be further penalized by additional tariffs. This current deal is not even half as good as the deal the previous government was close to concluding.

As members can see, I have been doing my best to support what is best for the people of my riding. In the hearings at international trade committee, I watched the partisan giddiness of the government members, who blindly assumed that this was some kind of fantastic win for Canadians. We all know now that it is far from that delusion. It is especially flawed by the two year window that leaves northwestern Ontario very vulnerable to American lumber lobbyists. I am fearful that the damage will get even worse in the next two years. What then of those workers, their families, industrial suppliers, the communities in which they live? I will continue to work to ensure those companies will still be around.

•(1605)

If there are so many doubts, and there always have been in these long years of negotiations, then even those who want me to support the government will realize that we are only hurting ourselves. There is still, believe it or not, no package to help companies. Take it or leave it, the Prime Minister says. I could have supported a deal if there were at least some commitment by the government to help. Instead the coercion is beyond measure and will not help obviously.

The people of Thunder Bay—Rainy River certainly support their industries. When the industry says that they will take 80%, but will not delay further any payouts even though there is no dispute mechanism if a Canadian company does not get all it feels it should. They have no recourse. Canadian forest companies can get further illegally hit by millions of dollars without recourse. There are no appeals for those disputes.

Government Orders

As people understand these things, they still want federal support for forestry, not a misguided submission to President Bush. The previous \$1.4 billion would have saved hundreds of jobs in Thunder Bay—Rainy River. It will forever be the marked shame of the NDP for abandoning Canadian forest companies as will the current minority government for not utilizing that \$1.4 billion available to help our softwood and forest industries.

I stand firm in my commitment to standing with our workers, our families and our communities. Indeed, there is a way we could all support the bill should the amendment pass. Then the House could make it unanimous. It is similar to when people want to buy a car and fully intend to buy it, but when they get to the car lot to buy the car, the tires are flat. Because they said they would buy a car, would they buy it because they said they would, even though the conditions have changed?

I asked government members if now that they know the tires are flat on this deal, would they sign it? There are so many flaws, not only with the car, but with everything about it, that there is ample room for them to consider. The amendment would at least help the government get out of this.

Regarding the second part on punitive measures, of which there are far too many for a democratic nation, we always have to ask ourselves, why would we do this and hurt Canadian companies so badly?

In my region and riding, as we go from company to company, we realize that it is not only the softwood companies that are affected. The pulp companies, the paper companies, those companies that deal in forest products are interdependent and they need each other. They are affected as well. That is why the forest package of November was meant to be across forest products assistance. The amendment would ensure that we would not condone further illegal conduct, that we would get the remaining billion dollars back and have open access for Canadian producers.

The government should be supporting and showing concern for our Canadian forest products. By eliminating the punishment and the big stick, it would show that it wants to help Canadian forest products and the softwood lumber industry. With the amendment, we can get all that done and achieve what we intend to do, and that is to support free trade and a lumber agreement that will work in the best interests of Canadians, sustain jobs, remove barriers and ensure fair access to the American market.

It does not take much education for people to understand that there are many factors involved simply besides this deal such as the value of our dollar and the cost of energy. When we in northwestern Ontario talk about the cost of energy, we have worked with the province of Ontario for a fair energy policy, or regional pricing some may call it. With the anti-circumvention clause in the agreement, support for our industry in northwestern Ontario would be lost or could be essentially appealed and overruled by the American interests.

• (1610)

I use that illustration for the members of Parliament here to understand how badly flawed this agreement is and some of those things that will affect us directly still have not been addressed.

It is not the best deal possible. It is far less than what we had before. We know now that if we go forward without these amendments, within the next two-year period we will be back in the same place and we will have financed with a half a billion dollars. That will pay lot of lawyers firms for a lot of years to work against Canadian interests.

I am appealing to the government to stop and slow down, take this amendment under consideration and realize that we can have a positive bill, that we can do this well and that we can come away with an agreement that allows Canadians to hold their heads up high.

Ms. Helena Guergis (Parliamentary Secretary to the Minister of International Trade, CPC): Mr. Speaker, maybe the hon. member can let us know why former Canadian ambassador to the U. S. Frank McKenna refused to come before the trade committee to talk about the Liberal non-deal. If the Liberal non-deal was so much better than what we have achieved now, why did he refuse to come forward and discuss this proposed agreement, which never came to fruition?

My understanding is that the previous Liberal government was ready to agree to something with substantially less than what we have achieved right now. I suggest that perhaps we are just better. Our Minister of International Trade used to be the Liberals, but now he is ours. He had the leadership of our Prime Minister to be able to secure this deal and to build upon what they had started. This deal is exceptional.

The hon. member needs to accept the fact that Mr. McKenna would not come before committee because, I believe, he just could not fess up to the fact that the Liberals had something less on the table. Perhaps he would like to comment on that.

I would also want him to take a look at this from a personal perspective. People have a lawsuit, or a disagreement, with their business partners, which has gone on for 24 years. A lot of their money has been sent over there. They are about to get a ruling on their lawsuit, but all of a sudden, they sit down and reach an agreement where they will get 81% of their money back and there will be an end to litigation. Millions of dollars has been spent on the litigation, in total, in the past 24 years because over and over again there have been new lawsuits. Now there is a chance to get that money back and a commitment to work together to build a committee where people from one side and the other side, Canada, U.S., come to sit together at a binational council, to work beyond the seven to nine years, which the agreement gives, and to build a stronger North American market together. Are they going to give them the thumb and say, "No, we don't want 81% of our money back" and then take their chances in the lawsuit where they may or may not get their money? One this is definite. They will not have a working relationship to build their industry because they have been told that if they cannot work these thing out now, more lawsuits will be filed against them and their industry will continue to falter.

Would the hon. member comment on that?

Government Orders

•(1615)

Mr. Ken Boshcoff: Mr. Speaker, members of Parliament well know that when we are engaged in negotiations we cannot simply throw in the towel just to end them and say that we have a deal and it is over. When we know we are entitled to 100% of the duties and they are collected illegally, then we should get them all back. That is the direction in which we are heading. We should certainly get interest and a fair exchange on the dollar. We know those have fluctuated over the past five years.

Rather than simply surrendering and saying that we have a deal, people know that the big loss is 20% of operating costs over the past five years. If they are entitled to receive it back, why should they not get it back? Why should they have to live in fear that they are now financing all the litigants, all the people who represented the American lumber lobbyists, such as the lawyers? We have established a fund for them of half a billion dollars for the next number of years so whenever they choose to dishonour this agreement or cause some kind of disruption they can do it and be so well financed that Canadian companies would never be able to compete again. We have given them half a billion dollars to hit us whenever they want to.

When we talk about logic in terms of the deal, those of us not only in northwestern Ontario but all over the country now understand that the flaws are so magnified that they are of concern. The double whammy, the anti-circumvention and the problems that will happen with regional energy pricing, all of those still have not been addressed satisfactorily. With all of those things adding up they will cause unbelievable problems, not only for the industry but the downturn in the American housing market and the penalties assigned by ourselves will be beyond comprehension. That is the fear that I am representing for the companies, the workers and the communities in northwestern Ontario that want to keep going.

We still have had no satisfactory answer with respect to what happened to the \$1.4 billion that would have essentially, through loan guarantees, modernization and environmental assistance, kept those companies going. Several of them would still be operating had that fund been utilized by the current government.

•(1620)

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I was glad to hear the member for Thunder Bay—Rainy River say very clearly that he was opposing this sellout. That was not clear from his comments earlier when he said that he might support it and then abstained from the vote on the ways and means motion. I am glad he is becoming clear.

There is no doubt that this sellout will have a horrible impact on northern Ontario particularly. As testimony this summer revealed, we are looking at job losses and mill closures of about 20% in northern Ontario. This is just one example of how deplorable this sellout is. It is a sellout of the interests of softwood communities across the country, not just in northern Ontario but in British Columbia, in Saskatchewan, in Manitoba and in Alberta. The Alberta industry was not even consulted as this sellout was being put together.

I am glad the member will now be voting against it. I certainly hope he will convince his other colleagues from the Liberal caucus

who abstained on the ways and means motion to vote against it. There is no doubt that this is a very poor alternative to what should be happening, which is finalizing the litigation, those two final hurdles. As Ambassador Wilson said, there are no appeals on those two final pieces of litigation, which is that the illegal tariffs are taken off and the money is returned. Very clearly, we should go through those last hurdles.

What took the member so long to understand how negative this will be on his region as it will be on regions across the country? From the testimony we heard this summer, there is no doubt that this will have an exceedingly negative impact on the Canadian softwood lumber industry which means that other industrial sectors could be targeted. We know the government's strategy has been to bludgeon and bully the industry into submission but it still does not have the required 95% to make this agreement legally valid. Despite all the bullying, the government manifestly failed.

What took my colleague all this time to make the right decision, which is to vote against this softwood sellout?

Mr. Ken Boshcoff: Mr. Speaker, I would like to answer that directly because I really tried to believe that the government would be honest and forthright in addressing the flaws and deficiencies. I could never have expected it to be so punitive to Canadian companies that it would actually put in a 19% surcharge that would put many of them into bankruptcy.

I really wanted to believe, in supporting our companies and trying to keep the jobs going in northwestern Ontario, that if our companies were on their knees and just had to accept this because they had no other choice, that somehow those flaws, deficiencies and shortcomings would truly be addressed.

As I studied the agreement, after it finally came to us a week ago in terms of the ways and means motion, as to what it actually said, I was still trying to help the companies, the people who work for them and those communities. I could not believe that the government would deceive us so blatantly. I really wanted to give it the benefit of the doubt that it would be doing something good for northwestern Ontario.

Point after point has been made, not only in today's debate but over the past few days, and I know that for the future, should we accept his very substandard agreement, it will end up hurting northwestern Ontario more than the previous deal that would have been negotiated.

Mr. Richard Harris (Cariboo—Prince George, CPC): Mr. Speaker, I am pleased to stand today as the member of Parliament representing the largest softwood producing riding in all of Canada, the great riding of Cariboo—Prince George which includes Vanderhoof, Prince George, Quesnel, Williams Lake, Likely and Horsefly.

The area is good, strong, traditional softwood lumber country that quite possibly could supply, if permitted, the majority of the softwood lumber sales to the United States, our biggest customer, and it has a huge interest in the outcome of this legislation. I am pleased to say that a vast majority of the lumber producers in British Columbia, including virtually all of them in my riding of Cariboo—Prince George, the communities in my riding, the province and all those others who have a vested interest in a good, secure future with certainty and predictability in the softwood lumber industry support this deal.

I am pleased to stand in support of my riding and the producers. I should mention that I will be sharing my time with the great member of Parliament for Mégantic—L'Érable who is the Parliamentary Secretary to the Minister of Natural Resources. He will be able to share some reasons from the other part of the country, namely Quebec, eastern Ontario, the Maritimes and Atlantic Canada, as to why this deal should be supported by Liberal members from that area and also NDP members. In defiance of the spin doctors, they should support it because it is a good deal.

I am pleased to support Bill C-24 because this softwood lumber agreement is good for Canada. It is good for my riding and for ridings in northern Ontario, as evidenced by the member of Parliament for Thunder Bay—Superior North who had the courage to stand up and represent the mills and forest workers in his riding while his counterpart up there from Thunder Bay—Rainy River apparently does not have the courage to represent the mills and forest workers and does not have the courage to support certainty in the softwood lumber industry.

As the Minister of International Trade indicated, the softwood lumber deal is good for industry, good for lumber communities and good for Canada. I am proud and pleased to be able to concur with that. It does eliminate U.S. duties. It ends costly litigation and it takes our lumber producers out of the courts, out of the large legal fees and provides stability and certainty for the industry. It returns more than \$5 billion to our producers.

It is a practical and flexible agreement that ends the dispute on terms that are highly favourable to Canada and will put Canada and the U.S. back on track for making North America more competitive for the future. I am pleased to note that the agreement has won a wide base of support from both the industry and the provinces.

There are a number of good reasons for the support. Perhaps one of the most significant reasons is that the agreement respects the diversity of Canada's softwood lumber industry. The lumber industry across Canada is varied and different regions have unique challenges and opportunities.

Today I would like to highlight some of regional benefits of the agreement and explain how the agreement responds to a wide variety of needs across the country. Let us talk first about the provincial flexibility and benefits.

•(1625)

First of all, this agreement gives provinces flexibility in choosing the border measure that best suits their particular economic needs.

Exporters will pay an import charge when lumber prices are at or below \$355 U.S. per thousand board feet. When prices reach this

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threshold, Canadian regions, as defined in the agreement—the B.C. coast, the B.C. interior, Alberta, Saskatchewan, Manitoba, Ontario and Quebec—can select one of the following two export charge regimes.

Option A, as was spoken about previously by my colleagues, is an export charge with the charge varying with price. Option B is an export charge plus volume restraint where both the rate and volume restraint vary with the price. This is an innovative mechanism that allows provinces to choose the export charge that is right for their individual economic and commercial situation. It provides flexibility to the provinces.

I should point out that the funds collected under either option will stay right here in Canada. As was pointed out, although the NDP and Liberals failed to grasp it, if we carry on with this uncertainty of litigation, those fees are going south of the border and we will have more and more difficulty trying to repatriate those moneys back into our industry.

Provinces and industry also asked for flexibility in export quota rules to be able to meet their U.S. customers' requirements. In response, our government negotiated provisions allowing companies to carry forward or carry back up to 12% of their monthly quota export volume from the previous or next month. This is a significant improvement over the current environment.

Under the current system, the duties imposed by the U.S. are reassessed annually. The industry never knows from year to year what duty rate will apply, but under this agreement it will know. This is certainty. Companies can plan and prepare for it and take full advantage of a stable, predictable business environment. This is what the industry needs. This is what the investors want.

The agreement also contains a provision allowing provinces to seek an exit from the border measures based on a process to be developed by Canada and the U.S., in full consultation with the provinces, within 18 months of this agreement coming into force.

It provides for reduced export charges when other lumber producing countries significantly increase their exports to the U.S. at our expense.

It protects provincial jurisdiction in undertaking forest management reforms, including updates and modifications to their systems, actions or programs for environmental protection, and providing compensation to first nations to address claims.

It includes an innovative mechanism to ensure that the \$4.4 billion U.S. in returned duties will be back in the hands of our exporters within weeks of the agreement's entry into force.

I know my time is running out. I could spend all afternoon talking about the great benefits of this softwood lumber deal and the courage that our government has had to stand up and put this forward to bring some stability and certainty back to our industry, to provide some job security for our forest workers and their families, to provide some economic comfort to the investors in the forest industry, and to provide the ability for our lumber producers to make long term business plans in order to plan the journey of their economic investments.

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These elements of this agreement respond directly to the concerns raised by the industry, the provinces and the workers. This is a good deal for the industry, it is a good deal for the provinces, and it is a great deal for Canada. I think it is time to put aside the rhetoric from the NDP down at that end of the chamber. It is time for the Liberals to be honest with themselves about the merits of this deal, to support it and to quit playing politics.

• (1630)

The province of Quebec and the industry in Quebec do support this, and we want to encourage the Bloc to continue to support their industries with the province's acceptance of the bill and of course support the bill when it comes up for a vote.

[*Translation*]

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Mr. Speaker, I find the comments made by the hon. member for Cariboo—Prince George amusing. He called this a good agreement, and said that only the Liberals and NDP do not understand it. However, the Bloc Québécois does not understand it, either. The Bloc does not feel this is a good agreement. Although voting in favour, the Bloc Québécois is maintaining its position that this is a very bad agreement.

At one time, the Conservative Party asked for help from the Liberal minister who was negotiating this agreement and who could do nothing. After having crossed the floor of this House, he was unable to do any better.

This may be a good agreement for forestry in British Columbia, because it allows them to sell off their bad lumber. This is fortunate for them, but I would remind the House that, if not for British Columbia, this tax would not have been imposed.

The hon. member for Simcoe—Grey rose earlier to say that this is a good agreement. She may be pretty when she blushes, but she was blushing from shame.

Are the hon. members who just spoke not in a more favourable position, thanks to west coast ports that allow them to sell off their softwood lumber to Japan and other Pacific Rim countries, unlike the eastern provinces that have only one customer, the Americans?

• (1635)

[*English*]

Mr. Richard Harris: Mr. Speaker, I fail to understand where the member is coming from and where some of the Bloc members are coming from with their comments. The fact is that in the province of Quebec, the industry, the workers and the province all support the deal.

I would assume that the Bloc Québécois members of Parliament want to represent the feelings of the industry, the province and the forest workers in their ridings. I assume they are going to be supporting the bill. That is what we are all sent here to do: to represent our ridings. The economy of the forest industry in the province of Quebec is going to be stable and have certainty for the next nine years, notwithstanding the rhetoric that comes from the NDP.

I am sure the Bloc members can see through that rhetoric and understand that the reason the province, the industry and the workers

in Quebec are supporting this deal is that it is a good deal. It guarantees job security. It guarantees that there is a future in the softwood industry in the province of Quebec as well as the rest of Canada.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member says he has a problem with rhetoric, but what about the facts? He said during a speech that the bill will eliminate the duties. That is not the case. He says it is highly favourable terms for Canada. That is not the case. That is what I call empty rhetoric.

In fact, when the Minister of International Trade got to this place, the first thing he said is that the industry has to accept the deal. If those companies do not accept it, they are on their own; we abandon them, we are just going to leave them and they will be stuck. That is the reality. At the time, the industry was opposed to the deal. Now it is not.

As for my question for the member, if the industry was opposed to the deal and now is somehow supportive of the deal, does the member think that has anything to do with the fact that those companies would now be faced with threats against loan guarantees, with immeasurable court challenges, and with the fact that we have abandoned the dispute resolution mechanism for all time, and now, without accepting the deal, they will not have a chance to defend themselves?

Mr. Richard Harris: Mr. Speaker, one thing for sure that the industry would be facing if we did not sign this deal is challenges in courts the likes of which we have never seen, particularly in a down market like we have. The Americans would have an easier time trying to prove harm is caused to their industry when there is a down market. That would spell disaster for our softwood producers. In this country, there would be millions of dollars in litigation and uncertainty. That is not a good way to go—

The Acting Speaker (Mr. Royal Galipeau): Resuming debate. The hon. Parliamentary Secretary to the Minister of Natural Resources.

[*Translation*]

Mr. Christian Paradis (Parliamentary Secretary to the Minister of Natural Resources, CPC): Mr. Speaker, like my colleague, the member for Cariboo—Prince George, I am pleased that we can share our time.

I am happy, here today, to be able to speak on behalf of my riding as the member for Mégantic—L'Érable, and as Parliamentary Secretary to the Minister of Natural Resources.

Last Tuesday, September 12, the Minister of International Trade signed, along with his American counterpart, U.S. Trade Representative, Susan Schwab, the long-awaited softwood lumber agreement.

This signing represented a major turning point for both our countries. Settlement of this complex, longstanding dispute until now seemed like an unachievable objective. In spite of all the efforts, previous governments never managed to settle it. The Canadian softwood lumber industry was thus faced with an extremely unstable trade environment resulting in lengthy and costly legal proceedings against the United States.

Thanks to the new spirit of cooperation between our two countries, the Canadian government has been able to accomplish what no other government had managed to do, that is, conclude an agreement that ends this dispute, on conditions that are very favourable to Canada and that respond directly to the concerns raised by the industry and the provinces.

This concrete and flexible agreement ensures foreseeable access to the American market, provides for the refund of over \$5 billion Canadian—or \$4.4 billion U.S.—of duties held on deposit and ends years of costly litigation. Furthermore, it enables the softwood lumber producers to break the vicious circle of legal proceedings and provides them with the stable trading environment they need to make their companies grow and to invest in them.

This agreement is in the best interest of the Quebec forest industry, which employs 107,000 workers and accounts for 18% of Canadian softwood lumber exports to the United States. For example, the agreement exempts from the export measures sawmills located near the Quebec border—and I am proud to have many of them in my riding of Mégantic—L'Érable—a key position supported by the government and industry in this province. For companies that are not exempted, Quebec can choose the border option that best suits its economic and trading situation.

The province and the industry in Quebec were greatly concerned about their inability to respond to the needs of their American customers because of the rigidity of the regulations related to export quotas. As a result, the government negotiated provisions allowing companies to carry forward or carry back up to 12% of their quota export volume from the previous or next month.

The agreement has the strong support of the three main producer provinces, including Quebec, the Quebec Forest Industry Council, the president of the Fédération des travailleurs du Québec, Mr. Henri Massé, as well as the vast majority of Canadian softwood lumber producers.

The ball is now in the court of Canadian parliamentarians. It is our turn to review the bill and adopt it so that Canada can meet its commitments under the agreement.

In reaching a decision, honourable members should give special consideration to the situation that would prevail if the bill is not adopted, including the high costs that would result if the bill is not passed.

Indeed, one need not go far back in time to recognize what would happen in the absence of this agreement. Our softwood lumber producers have spent the better part of the past two decades in waging numerous unending legal battles against the United States. They have been able to see the great influence of American protectionists and they know too well the harmful consequences of this dispute, both on the human level and in financial terms.

I invite my fellow members to ask the people who live in the communities that depend on softwood lumber if they would prefer a continuation of the dispute, with all that implies in terms of effort and dollars, or the concrete and immediate settlement that this hard-won agreement provides.

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After a careful examination of the facts, I am convinced that hon. members will come to the same conclusion as the provinces and the industry: that this agreement represents the best solution for the future of the Canadian softwood lumber industry, for the 300 communities and the 300,000 workers and their families who depend on softwood lumber.

This agreement is in the best interest of Quebec and of Canada.

• (1640)

The Acting Speaker (Mr. Royal Galipeau): 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 West Nova, Canada Post; the hon. member for Mississauga South, Foreign Affairs.

• (1645)

[*English*]

Mr. Bill Siksay (Burnaby—Douglas, NDP): Mr. Speaker, I want to put a question to the parliamentary secretary. He kept repeating that this was the best possible deal for Canada. There are two points that I want to raise with him.

How can this possibly be the best possible deal when it contains a provision that we have to fund the very coalition that has been wreaking havoc on our softwood lumber industry, that has put so many workers out of jobs in Canada, that has threatened so many communities, and that has hurt so many of our companies?

We are funding that coalition by \$500 million to continue that kind of work and pursue new opportunities to ruin Canadian industry. How can that be the best possible deal for Canada which would fund the U.S. coalition for fair lumber imports to the tune of half a billion dollars?

Furthermore, how can it be the best possible deal for Canada when it does not close the loopholes that allow for the export of raw logs?

That is a huge outpouring of Canadian resources into other countries where they are going to be processed. They are going to be processed south of the border instead of here in Canada, putting Canadian workers out of work. That is a retreat to the old expression that Canadians were hewers of wood and drawers of water, the old expression that highlighted the exploitation of our natural resources in Canada and the exploitation of Canadian workers. Here again, this agreement, by not addressing the question of the loophole around raw log exports, is forcing us back into that position.

How does the parliamentary secretary respond to those two particular issues?

[*Translation*]

Mr. Christian Paradis: Mr. Speaker, first of all I would like my colleague to know that the position I am presenting today is not the result of mulling things over in an office but is based on what I discovered out in the field.

As members know, I am from the riding of Mégantic—L'Érable, home to several sawmills. I know what I am talking about because I gathered the information from those in the industry. An overwhelming majority are in favour of this agreement. We have been told to sign the agreement and get on with it because they are all virtually dying out there.

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You can say what you want, that it is not this nor that, as members of the opposition and of other parties do. However, we have arrived at a practical solution that the industry can live with. And that is what it asked us to do.

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I have just listened to the Parliamentary Secretary to the Minister of Natural Resources and I must admit that he is right. People in the industry are telling us that we have to support this agreement, not because it is good—only the government thinks it is a good deal—but because they cannot take any more, because they did not receive any assistance from the previous government. The Liberals refused to provide loan guarantees and to pay a portion of the over \$400 million in legal fees. This has been the case also for the Conservative government.

Would it not have been more constructive to implement a support program for the industry and to take every possible legal action given that we were about six months away from having a final answer rather than doing what they did, that is selling out, and forcing us to accept the agreement because they refused to help the industry?

Mr. Christian Paradis: Mr. Speaker, my colleague was there when the committees met this summer. Points were made at the first meeting. These points were respected by the Conservative government. We know the industry will be refunded by the government, who will be in charge of the process. It will also make sure it is reimbursed by the U.S. industry. Clearly, the loan guarantee mechanism becomes obsolete in that case.

The same is true for the famous stand still clause. Some 12 months are guaranteed and that is what the industry asked for.

My colleague will recall what Guy Chevrette said on behalf of the Quebec Forest Industry Council, that he was one of us once, that he had been involved in politics and that we could get into as much politics as we wanted as long as the agreement was approved.

That is what the government asks.

[*English*]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I wonder if the parliamentary secretary could clear the air a little bit and confirm some numbers. Will he tell us how much in duties was collected, how much in duties will be recovered by Canada, how much interest is involved, and where does that come out in the scheme of the finances of this deal?

• (1650)

[*Translation*]

The Acting Speaker (Mr. Royal Galipeau): The Parliamentary Secretary to the Minister of Natural Resources has 15 seconds to answer this question.

Mr. Christian Paradis: Mr. Speaker, that is a lot of questions to answer in 15 seconds.

One thing is certain, the Government of Canada will make sure the industry is reimbursed in the coming weeks. That is what we should remember. The industry is at the end of its rope and the government is here to give it the help it has been asking for.

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I feel very bitter as I rise to participate in this debate.

Everything we see today, the whole mess, is the fault of the Liberals and Conservatives. Things could have turned out very differently if Canada—as it behaves at the WTO and in all the international trade forums—had not acted like a peewee, if not an atom, in the negotiations, starting with the Minister of Industry and his far-fetched statements last spring that opened the way to this cut-rate agreement.

I rise as well to be very responsible. When the agreement with the Americans was signed, we went around to the industries, unions and communities in Quebec. They told us, contrary to what the parliamentary secretary claimed, that the agreement was not perfect and needed to be clarified, but they were exhausted. They said that the Conservative government had smothered them and they were on the verge of bankruptcy. They asked us, therefore, to vote in favour of the bill based on this agreement but to go on saying that the agreement was cut-rate and far from the original objective. That objective, back in 2001, was for free trade in the softwood lumber industry.

This responsible approach led us to go and listen to what the industry, the unions and the communities had to say. This approach also means that the Bloc Québécois will vote in favour of Bill C-24.

I rise today not only to be responsible but also to be constructive. Everyone said throughout Quebec that this agreement was not enough to resolve the structural crisis that the forest industry is going through, especially in Quebec. It is probably the same everywhere in Canada, and the parliamentary secretary must have heard about it. We will need much stronger action to help the softwood lumber industry and our workers to survive this crisis.

If the Conservative government just sits on this bad agreement, thinking that people will forget the rest, it is sadly mistaken. I reach out to the Conservatives so that they proceed with the post-agreement phase and institute a real plan in support of the forest industry. It is true of Quebec, and I am sure it is true of Ontario, Alberta and British Columbia. If the Conservatives are happy just to pass Bill C-24 and think that that solves the problem, they will pay a heavy price in the next elections, which, I can assure the House, will not be long in coming. Our responsible, constructive approach should not lead the House to forget that we have not achieved the objectives that Parliament set for itself in 2001.

I myself introduced a motion, which passed unanimously, asking the Canadian government to do all it could to ensure that the softwood lumber industry was finally included in free trade. Unfortunately, as I said, the attitude, policies, approaches and directions of the previous government and the one that followed have led to this dead end. The industry needs a little oxygen.

Remember that Guy Chevrette said the industry needs some breathing room. He also said that if there were loan guarantees, he would refer the issue to his association for a vote, and that he thought people would be ready to fight to the end. The Conservative and Liberal governments refused to help the industry. They forced it to its knees and then suggested it accept the agreement, without which it would surely face ruin.

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We refuse to let it be ruined. Saving it from ruin means more than just adopting Bill C-24; it also means instituting a whole series of measures to help the industry survive the structural crisis that, in Quebec, resulted from the Coulombe report, as the parliamentary secretary should know. Cut volumes will gradually be reduced by 20%. Energy costs have risen, the dollar has reached great heights, and there are a number of other problems Quebec alone faces. I will come back to this later.

I would like to review the order of events briefly. On March 31, 2001, the previous agreement fell. It, too, was a trade agreement administered with the United States. At the time, companies belonging to the American protectionist coalition submitted a petition. The Department of Commerce responded by imposing a 28% duty.

What was the Liberal government's strategy? That is the root of the problem. That government adopted a two-pronged strategy: negotiation with the Americans and legal proceedings.

• (1655)

Once the Canadian government sat down at the negotiation table, the Americans—both the American authorities and the protectionist coalition—expected to reach an agreement like the one before us now, which led to Bill C-24. The responsible thing to do would have been for the minister in charge at the time, Mr. Pettigrew, to say that we intended to pursue all legal avenues to resolve the issue once and for all. Indeed, sooner or later, we will have to find out who is in the right: the Americans, or Canadians and Quebeckers.

As you know, all of the courts, both the WTO and NAFTA, ruled in our favour. Our lumber is not subsidized and is not harming American producers. As such, the duties are illegal. However, we did not pursue this course to its end.

And a few months later, as I mentioned, the industry itself asked us to vote in favour of Bill C-24. Why? Because the Liberals not only pursued both paths, which sent a bad message to American authorities and the American industry, suggesting that we were going to bend sooner or later, but the government also refused to implement an aid program for the industry, although the Bloc Québécois has been requesting this since May 2002. I proposed this plan along with my colleague, the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup. I would remind the House that if we had achieved those elements, our situation would be different today. But, no, the Liberal government refused, just like the Conservative government.

First, to allow businesses to avoid bankruptcy, we demanded an aid program with loan guarantees on the basis that illegal duties levied by the Americans constituted accounts receivable. We were told that that was impossible, that international trade legislation did not allow for loan guarantees. Two weeks before the election, the Liberals, sensing they were in hot water, agreed to offer \$800 million in loan guarantees for the next five years.

Even worse than that, in the agreement and in the legislation, the federal government is going to operate precisely through loan guarantees. It will buy back the illegal duties levied by the Americans because they are accounts receivable. We could have been doing this since 2002.

Second, we also asked for a relaxation of employment insurance requirements. We are still asking for this and still have not obtained it, not from the Liberal nor the Conservative government. Third, we also asked for support for processing activities in order to offer more job opportunities in Quebec forestry. We never obtained that support. True, the Liberals established a program to diversify economic activity in those areas suffering from the softwood crisis. However, not one business affected by this crisis received a single cent in aid from the government, apart from \$20 million for legal fees, if memory serves. This was, moreover, the fourth point in our action plan, namely, that Ottawa would pay the legal fees of any businesses that fell victim to American legal aggression. At that time, legal fees totaled \$350 million. As we know, that figure is now much higher.

So if this plan had been put in place, on the basis of our legal victories—we were not far from the end—we could have got through the legal proceedings. When all options had been explored, there would have been a legal victory. It is clear that a legal victory, and the Minister of Industry said so to us—and he is right on this—does not guarantee that the Americans were going to act on these legal victories. Still, they would have put us in a much better negotiating situation than what happened to us when, in early April or late March, the Minister of Industry went and said that, actually, we did not expect to receive all the duties collected illegally by the Americans. What a great message! That creates some negotiating power!

I have been a negotiator for a long time. When we say to our opponent, to the party across the table, that we know that ultimately we will not get everything we are asking for, even though it is our own money, there is a problem. Obviously, the Americans leapt at the agreement and, oddly, a few weeks later, on April 27, we had an agreement that was slightly improved—it must be admitted—on July 1, and that led us to Bill C-24.

As I said, if the Conservatives had continued on the path I have indicated, that is, right to the bottom of the legal issue, with an assistance plan for the industry, we might have been talking about a few months. We would have been able now to have negotiations with the Americans that would have enabled us eventually to go back to free trade. Unfortunately the agreement may be terminated in three, seven or nine years. We do not know. Let us hope that it will last as long as possible. I am not one of those who wish the worst for our industry, on the contrary. I want what is best so that we can have stable and flourishing communities, businesses and jobs.

• (1700)

As I mentioned, when it ends in three, seven or nine years, we will have to do it all over again. Do you think that the American coalition will stand around idly with this \$500 million we have just given it? No, certainly not, it is going to start building its case. We can be sure that in maybe three, seven or nine years a fifth dispute concerning lumber will start again.

What are we going to do then? Is it better to give in immediately and say that we Canadians—not Quebeckers—are prepared to accept everything the American coalition wants, because we are not prepared to fight to the finish?

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We have some lessons to learn from this episode, and the first one is never to open negotiations before exploring all the legal options. But the only way to explore all the legal options in this issue is to provide solid support for our lumber industry.

Unfortunately, in three, seven or nine years, I will no longer be here since Quebec will be a sovereign country. However, I want to leave Canada's parliamentarians with a constructive lesson that I am taking from this softwood lumber saga; during negotiations, never extend the hand of friendship to the American authorities and softwood lumber industry until the legal process is over. From day one there has to be an assistance plan with teeth, as the member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup and I suggested in 2002.

I was saying that we had a responsible attitude in this case, that we toured the regions and the industries. The leader of the Bloc Québécois and I phoned big businesses, talked with people from the associations, presidents of the major unions, and representatives of the municipalities affected by this crisis. As I was saying, no one spoke publicly to encourage the Bloc Québécois to vote against the bill resulting from the agreement—the future legislation—or to say they were out of money, out of breath and in the process of suffocating.

Although the agreement is far from perfect, it is in this context that the Bloc Québécois will vote in favour of Bill C-24. As I said, the crisis is huge. In Quebec there have been 7,000 layoffs since 2005. In my riding, there were 400 layoffs just a few weeks ago. Louisiana-Pacific closed its sawmill and waferboard plant. In my opinion, there is not one region in Quebec where this industry operates that is not suffering right now or worrying. The Louisiana-Pacific closure is indefinite. Let us hope it reopens as soon as possible. But for that to happen there needs to be an assistance plan.

The FTQ and the CSN have issued press releases. We know that Mr. Chevrette also issued a press release immediately after the Bloc Québécois decision to support the bill resulting from the agreement, saying that the Bloc met the industry's expectations.

Nonetheless, I will read some excerpts from the FTQ and CSN press releases to show to what extent the Bloc Québécois is in tune with the stakeholders in Quebec, by taking concrete action on the ground. If the Conservatives want to do the same, they will need to use more than words. They need to take action. I will close later with what we propose they do to get through this structural crisis.

I will read the FTQ press release:

The Fédération des travailleurs et travailleuses du Québec (FTQ) salutes the Bloc Québécois decision, announced yesterday, to support the softwood lumber agreement.

Given the catastrophic situation of the forestry industry, the FTQ believes that this agreement, although far from perfect, represents the only possible outcome that will save the industry. "This agreement will now force the Conservatives to take concrete action to help the industry survive the major crisis that it has been living through for several years," stated Henri Massé.

For many years, the FTQ has been calling for concrete measures to help the forestry industry and workers, as well as an assistance program for older workers.

"It is vital that the government listen carefully to the Bloc Québécois demands regarding assistance for the industry and for the workers," Henri Massé pointed out.

This is the FTQ press release. As we can see, that is not the end of the matter. Once Bill C-24 is passed, I hope that the Conservatives

will not sit on their laurels. There is work to be done and we will suggest avenues to be pursued.

I would now like to quote from the Confédération des syndicats nationaux press release:

The CSN gives its support to the demands of the Bloc Québécois, announced yesterday, which seek to support the workers, companies and communities that have been hit hard by the softwood lumber dispute.

• (1705)

The CSN press release goes on:

Referring to the dramatic situation many communities in Quebec are in because of massive job losses in recent months, CSN president Claudette Charbonneau said that the federal government must act quickly to put in place a structured assistance plan. "Older workers and companies in difficulty must have financial support. The hemorrhaging has to stop", she said.

The release continues:

The CSN stated that the softwood lumber deal is far from perfect.

So two out of two. That seems fairly clear. The release goes on:

However, it is unrealistic to hope to re-open the agreement with a view to improving it in time to help workers.

A quote from the CSN president follows:

The federal government, which negotiated this bad deal, has a responsibility to make up for these deficiencies using effective support measures that will give new life to an industry that is on its last legs. The survival of whole communities in many parts of Quebec is at stake.

The CSN adds:

The federal government should have taken steps long ago to help the workers and companies. Now, it has a golden opportunity to demonstrate its good faith.

As hon. members can see, support for the deal is far more qualified than the Conservatives let on. As well, I have a hard time understanding how the Liberals from Quebec can oppose Bill C-24, which has arisen out of the agreement, just when the players themselves, while stating as we have that the deal is not perfect, are acknowledging that it exists and was negotiated with the Americans.

Given the series of mistakes that have been made since 2001 by the Liberal and Conservative governments, it is hard to go back. *Back to the Future* is a movie; it is not reality. We have to recognize this.

I will conclude by talking about the support measures that we have proposed to the Conservative government and that are mentioned in the CSN and FTQ press releases: first, an income support program for older workers.

We discussed it during question period. We want a program like the one that was abolished by the Liberals in 1998: a plan for workers 55 years of age or more all over Quebec in sectors hit by mass layoffs. We will not agree to an income support program for older workers aimed at a particular sector or region to the exclusion of others. There is a group of workers who need help making the transition from their lost job to their pension. We need this program back, which as I said, used to exist until 1998.

Government Orders

Insofar as communities as concerned, we suggest real economic diversification programs for communities dependent on forestry. I will mention them. The Liberals established one, but it did not help the industry, it just helped communities. We need not only that program back now but also programs for businesses. For businesses, we want the \$4.4 billion in countervailing and antidumping duties that will be paid back by the American authorities to be subject to a tax treatment that will take into account the damages suffered by these companies.

Indeed the dollars in which the companies paid these duties three or four years ago are not worth the same nowadays. Companies will therefore be paid back in Canadian dollars that are worth much more. They will therefore get less back in Canadian dollars than they paid three or four years ago. The government should take this into account. According to the companies' assessments, they will lose between \$400 and \$500 million because of the changes in the exchange rate.

Since the tax formula that the government is going to adopt takes changes in interest rates into account, we expect that changes in the exchange rate will also be taken into account. We have a request from the Canadian Manufacturers and Exporters that could be applied to the forest industry on an experimental basis, namely accelerated depreciation on machinery. Obviously, if the depreciation can be deducted faster, the taxes on earned income are reduced.

We also recommend setting up a program to stimulate innovation in the forest industry and improve its productivity, programs to diversify lumber markets, and financial compensation for maintaining the road network. Our last suggestion relates to the tax credit for research and development. In the case of the forest industry, this is not worth much because the industry does not pay much tax—in fact, it does not pay any. I have been told that several companies have accumulated enough tax credits for the next 10 or 20 years. We therefore ask that this tax credit be refundable—on a trial basis, no doubt—to the forest industry.

For example, Tembec invests \$80 million a year in research and development, but cannot benefit from tax credits for these expenses. Refunding the tax credit could stimulate research and development in a sector that really needs it.

• (1710)

I would like to end by saying that the Canada-U.S. agreement provides for a bilateral committee to administer it. The industry has identified a number of problems. We hope the bilateral committee will be able to correct these problems. I would like to see the creation of a sub-committee of Canadian, Quebec and American elected officials to work alongside the bilateral committee.

In conclusion, one of the problems we are facing is complete insensitivity on the part of American elected officials to the realities of the forest industry in Canada and Quebec. They are under the thumb—let us be frank—of an industry lobby that buys elections and probably even buys some elected officials. It might be time to correct this situation by having more frequent and regular contact with them.

Mr. Christian Paradis (Parliamentary Secretary to the Minister of Natural Resources, CPC): Mr. Speaker, I listened closely to my colleague's speech. It contained much speculation and

raised many points. He refers to post-agreement or post-application demands. This is commendable, but we are now at the stage of confirming the agreement.

As for speculation, the hon. member seems to be saying that the Bloc Québécois acted responsibly, while the government did not. As we know, this is an out of court settlement. We will never have an out of court settlement that can equal the best judicial decision. Furthermore, if we have a judicial decision, there is no guarantee that it will be easily enforced. This is so true that Pierre-Marc Johnson himself said that if the judicial process continued, it could last not only a few months, but could go on until 2008-09, and that everything could be lost, simply because of a procedural matter.

What is irresponsible about the government using the arguments advanced by a leading international authority such as Pierre-Marc Johnson?

Mr. Pierre Paquette: Mr. Speaker, I know Pierre-Marc Johnson well. He is a good friend. He was mandated by the Government of Quebec, in the sense that once the agreement was reached, his job was to defend it, to explain it and to try to convince people. I can assure you, he did not convince me at all.

The hon. member just raised a very important point. I hope the U.S. authorities or a U.S. lobby did not hear what he just said. He just said that there will never be free trade in the softwood lumber industry. One day, sooner or later, we need to see the process through for a full legal victory. Then we could negotiate with the Americans to resume free trade in softwood lumber. There has never been free trade in softwood lumber. What the hon. member just said is totally irresponsible. Next time, the government needs to take the judicial route and follow through to the end, providing support for the industry in the meantime, and then negotiate. This would give us something to negotiate with.

[*English*]

Mr. Dennis Bevington (Western Arctic, NDP): Mr. Speaker, I would like to get an opinion from my hon. colleague who has just given his speech about the direction the lumber industry would likely take with the completion of a deal such as this one.

We can talk about the deal in terms of what it stands for today, but of course, as the Conservatives have pointed out, it is a seven year to nine year agreement. We need to understand what the deal would entail for the Canadian worker, for the governments of the country, and for the provinces, where there may be requirements for industry support over the next number of years with this type of agreement in place. We need to understand what this deal is going to do to our value added sector in the forestry industry.

Would the hon. member give us a vision of what he sees for the forest industry in Quebec under this agreement?

[*Translation*]

Mr. Pierre Paquette: Mr. Speaker, I thank the hon. member for his question, because it gives me an opportunity to bring up something I forgot to mention in my presentation.

Government Orders

Our position is based on the reality in Quebec, on what the industry, the unions, the municipalities and communities have told us. The situation is not the same all across Canada. The softwood lumber crisis, the forest industry crisis, is much more serious in Quebec than elsewhere.

In part, this is because stumpage fees are much higher. Quebec's stumpage fees are the highest in North America. For example, stumpage fees are approximately \$3 per cubic metre for birch and \$5 or \$6 per cubic metre for poplar. When we compare these fees to those in British Columbia, which are currently 50¢ per cubic metre, obviously it is hard to be competitive.

This is a unique situation. The pine beetle is attacking forests in British Columbia and Alberta, and wood has to be cut to avoid infestation. In Quebec at present, we have a series of regulations that were put in place properly but have resulted in higher stumpage fees. At the same time, we have all the problems I referred to earlier: a strong Canadian dollar, substantially higher energy costs and reduced cutting volume, which means that even companies have lumber supply problems.

The federal government has to step up to the plate so that we can weather this crisis, strengthen the industry in Quebec and turn it into a viable industry with a future. For the time being, we are getting by. Adopting Bill C-24 will breathe new life into the industry. But we need something more, otherwise the plant closures and layoffs will start again in a few months. The pressure on this government will be unbearable.

• (1715)

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, during the member's speech he indicated that the industry in Quebec was experiencing some severe difficulties, that there were bankruptcies and financial duress.

The reality is that the bill actually creates an export tax at current price levels that are actually higher than the current U.S. duties. The ruling and the opinion of the NAFTA and the WTO panels was that our industry was not subsidized.

What we have basically done is we have capitulated. In fact, this will not only affect the current situation within the softwood lumber industry but it will also have some ramifications for the softwood industry in the future, as well as other industries, because we have simply abandoned the integrity of the dispute resolution mechanism.

Does the member not believe that what we would be doing in Bill C-24 is accepting short term gain for long term pain?

[Translation]

Mr. Pierre Paquette: Mr. Speaker, the hon. member may be right. I said so earlier, this breath of fresh air may not last long. If no structural measures are proposed and adopted by the Conservative government, I think that several thousand more jobs will be at stake.

Many companies in Quebec are on the verge of bankruptcy. If they do not recover the meagre return on the duties illegally collected by the Americans to which they are entitled, they will close in a few weeks or in a few months, because the Conservative government—like the hon. member's government—refused to help them in recent

years. We have to choose between watching them go bankrupt with no hope of seeing them reopen and recover their jobs, and breathing in the little fresh air they are sending our way, in the hope that the Conservative government will assume its responsibilities. I agree with the member, it is a long shot.

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Mr. Speaker, I congratulate my colleague on his presentation.

He knows full well that I was one of the fierce opponents of this agreement.

Since the majority of Quebecers working in the industry were in favour of the agreement, the Bloc had no choice but to support it, partly to demonstrate its accountability to its constituents.

During his presentation, the parliamentary secretary said that all the people in his riding had accepted the agreement. The first question I would like to ask him is as follows: can he tell us what percentage of companies in Mégantic—L'Érable are affected by this agreement? And do all the companies really support this agreement?

My second question concerns the action by the Minister of Human Resources and Social Development, who is slow—not to say refusing—to take a position on the assistance she might give workers and the independent employment insurance fund. This might enable companies to decide for themselves, with the workers, on the employment insurance conditions that would apply to the groups of workers penalized by the lack of empathy shown by this government.

• (1720)

Mr. Pierre Paquette: Mr. Speaker, I wish to thank the member for his question. The parliamentary secretary indicated that in the riding of Mégantic—L'Érable several sawmills are excluded from the agreement because they buy their wood in Maine. The member for Rimouski-Neigette—Témiscouata—Les Basques and the member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup have similar experiences. They have an objective reason for supporting the agreement since most of the sawmills are excluded from the tax penalties. In this regard, these ridings are not representative of Quebec and Canada as a whole.

The Prime Minister himself said that the agreement was supported by 90% of the industry. I believe him. However, the bar had been set at 95%. That means they were not even able to reach the objective that they themselves had set for support of the agreement. They must have been disappointed, but they carried on. There was a great deal of flexibility in this case. It could be 90% rather than 95%.

As I was saying, once again almost all sectors in Quebec—and elsewhere—expect the Conservative government to follow up. I have read statements from the communities, the FTQ and the CSN. After breathing a little life into the industry, we expect this Conservative government to propose, in the short term, a true recovery plan that will restructure the softwood lumber industry to ensure its viability. It must also explain, in the long term, how softwood lumber will be covered once again by the free trade agreement.

Government Orders

This does not seem to have been an overriding concern for the Conservatives, who are usually diehard proponents of free trade. In this matter, they should perhaps be a little more supportive of free trade than they are at the moment.

[English]

Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC): Mr. Speaker, I will be sharing my time with the very distinguished member for Edmonton—Leduc who will be speaking to the softwood lumber debate on behalf of his constituents.

I first want to thank the Minister of International Trade who has worked so closely with Atlantic Canadian industries and who has worked with us to try to resolve issues as they pop up all the way through this debate.

The softwood lumber agreement is critical to our area in Atlantic Canada. I was first elected in 1988 and the first thing on my table was the softwood lumber issue. It has been on our table ever since and with this agreement perhaps it will get off our table for a little while.

The Maritime Lumber Bureau represents the mills in Atlantic Canada and it has been totally focused on this for at least two decades. It has been very successful in negotiating exemptions from any countervailing or anti-dumping duties. It has negotiated with the United States governments and Canadian governments repeatedly and has been successful each time. It means that Atlantic Canada is not involved with this. We are totally exempt from the accusations of subsidies or interference with the marketplace.

The exemption was earned by Atlantic Canada. The Atlantic Canadian industry worked hard to get it and it earned it. It earned it by maintaining forestry practices that are exactly the same as they are in the U.S. It does not allow the United States to give complaint to our practices. Most of our woodlots in Atlantic Canada are privately owned, as they are in the U.S. Our lumber is sold at market value, as it is in the U.S. It removes the opportunity for anyone to accuse Atlantic Canada of having any subsidies or grants.

The industry in Atlantic Canada has consistently refused funding from a variety of programs offered by our federal and provincial governments because it does not want to be in a position where anybody can point a finger and say that Atlantic Canada received a subsidy, grant or benefit, a position that would allow the United States authorities to point a finger and accuse us of subsidies.

The last thing industry did to earn this exemption was quite amazing. After the industry earned the exemption, suggestions were made that some lumber was coming in from other provinces and funnelling through Atlantic Canada in order to get the exemption. The Maritime Lumber Bureau established its own tracking and certification system and now if a 2x4 pops up in Texas it can be traced back to an Atlantic mill and right back to the private woodlot from whence it came. There now can be no question that all softwood lumber from Atlantic Canada is coming from private woodlots.

There is no basis for any accusations of subsidies in Atlantic Canada, not now and not ever has there been a basis for an accusation of a subsidy, which has allowed the Maritime Lumber

Bureau to negotiate these exemptions time after time, both with the American government and often with the Canadian government to convince it. Sometimes the Canadian government has seemed a little more difficult in the past than the American government but, in any case, the bureau has been successful in negotiating these exemptions.

The Maritime Lumber Bureau represents mills in the four provinces of Atlantic Canada. Its CEO and president is Diana Blenkhorn. I have to compliment her for her negotiating skills and her ability to understand the market, the challenges and the situation. She has negotiated with the Americans, with Canadians and with other provinces and she has been able to maintain, on behalf of the Maritime Lumber Bureau, this exemption. I believe she is the most knowledgeable person in Canada, probably anywhere, on this subject.

The softwood lumber agreement provides Atlantic Canadian mills stability. Atlantic Canadian mills do not want to spend their time in court. They do not want to spend their time with lawyers. They do not want to spend their time in tribunals. They want to spend their time making their mills the best and most efficient mills they can be and producing the best possible product they can produce.

From the beginning, when the softwood lumber agreement terms were finally ironed out, which took quite a while, the Maritime Lumber Bureau has supported the agreement wholeheartedly on behalf of all the mills in Atlantic Canada because again the agreement confirms the continuation of the exemption that has been so hard-fought and so justly earned in Atlantic Canada.

However, the bill actually does not provide the specific term exemption for Atlantic Canada. It does provide for zero rating, and some people may consider that the same thing, but for those of us in Atlantic Canada a zero rating is not the same thing.

● (1725)

At the end of this agreement, five, seven or 10 years down the road, we may be at this debate again. The Atlantic industry wants to maintain the exemption exactly the way it has been. We want the same words in the agreement that have always been there before, that is, that Atlantic Canada is exempt. It is essential that the bill we are dealing with now reflects the agreement and specifies that Atlantic Canada is exempt.

After discussions with the minister today, we have agreed that we are going to work together to come up with an amendment to clarify this issue and make sure the wording of the bill is the same as the wording in the agreement. Again, I thank the minister for his open-mindedness on this issue and his ability to react quickly and move forward. That is why we have the agreement we have today. It is because the minister has done that. He has worked with the industry from coast to coast. He has worked with governments in Canada and the United States. When there is an issue he deals with it, and we find a way to resolve it and we move on.

Government Orders

The Maritime Lumber Bureau has worked closely with the Department of International Trade throughout this negotiation. It has supported the agreement, but again, the bureau is very anxious to see the exemption clearly stated in the bill. I agree with the bureau. I think we can find a way to resolve this very quickly with the cooperation of the minister, who has agreed to take the steps to clarify it.

At the end of the day, this agreement will allow Atlantic Canadian mill owners and forestry workers to focus on what they do best, that is, working in the industry to try to improve the quality of their product and the efficiency of their businesses. This agreement will allow them to reinvest and to compete worldwide in the softwood lumber industry. That is all they want to do. With this agreement, they will be allowed to do that in Atlantic Canada.

Again I will say that we have had nothing but cooperation from the minister on this right from the get-go, right from the beginning. There were a lot of different things that had to be hammered out, ironed out and resolved, but they have been, so much so that not only has the Atlantic Canadian industry been quietly supportive, but it has been actively supportive of the softwood lumber agreement. It will have the same endorsement and same support for the bill if we can just get the specific wording changed so that it reflects the softwood agreement that was originally signed between the United States and Canada.

I again want to thank the minister and the department. This has been an issue for me for almost 20 years. It looks like there is light at the end of the tunnel. We might have a resolution to this. Although this agreement does have an end to it, perhaps if it works and everyone is happy it can be extended indefinitely and our industries can all go back to work and do what they do the best.

• (1730)

Mr. Dennis Bevington (Western Arctic, NDP): Mr. Speaker, the first words that I heard were that they are very happy to get this off the table for Atlantic Canada. Coming from the north and looking at the provisions whereby the north is not given any particular tariff on any of our exports of lumber from places such as Nunavut, I would say that probably I should go along with this agreement as well, but in reality we live in Canada. The whole country's lumber industry is at stake with the bill. The fact that one region is better suited under the bill than the other does not take away from the fact that we live in a larger country than the particular region the hon. member is talking about.

Coming from the north and being satisfied with an agreement that exempts northern producers from a tariff, that means nothing to the rest of the country. I think the hon. member should recognize that as well. Perhaps he would like to comment on how he is supporting the lumber industry across Canada as a whole. Perhaps he would put his comments in that perspective.

Mr. Bill Casey: Mr. Speaker, I agree with the member in that I think he should go along with the agreement, but he asked me to justify or explain why Atlantic Canada has this exemption. Again, Atlantic Canada earned this exemption. Those provinces worked hard at it. They have spent millions of dollars to get the exemption and to keep it. They have spent millions of dollars in legal fees. They have refused subsidies when other provinces have accepted them.

They have established their own certification program, which cost millions of dollars to invent. They have their own private woodlots.

Many provinces have woodlots owned mostly by governments, but in Atlantic Canada we are different. We must have different terms for each province because each province has different forestry practices. We cannot say that everyone is the same. That is what we have been fighting for over the years: that Atlantic Canada has earned the exemption, is entitled to it and has had it all along. There has never been an accusation about a subsidy and there never will be as long as the Maritime Lumber Bureau is active.

[*Translation*]

Mr. Christian Ouellet (Brome—Missisquoi, BQ): Mr. Speaker, I would like to ask the hon. member for Cumberland—Colchester—Musquodoboit Valley how, partisan rhetoric aside, he can possibly think the negotiators had excellent skills? It is pretty clear that the outcome of the negotiations was not very good. His own minister pushed the negotiators into a situation that, at the time, could only end in reductions, given that he had already said he would accept less.

Second, I would like to ask the member how he can talk about stability? Just because something has been signed for nine years does not mean there is stability. He even said it could go on beyond that time. I feel it is presumptuous to think so. We all know that in this kind of agreement, anything indefinite cannot last. Companies were wondering whether they should sign, and now they are already wondering when it will be challenged. How can anyone talk about stability?

[*English*]

Mr. Bill Casey: Mr. Speaker, the hon. member probably does not understand that I was a car dealer for 20 years and I know a good deal when I see one. This is a good deal. I am amazed at how the government has negotiated this deal. There was no splitting the difference on this. On almost every single issue we had our way, not 100%, but awful close to it, so much so that the hon. Minister of International Trade would have a great future in the car business.

This deal will provide stability. It will allow our mill owners to stop worrying about tribunals. It will allow the Maritime Lumber Bureau to stop spending all its money and time on legal hassles and flying to Washington or Ottawa to negotiate with bureaucrats and politicians.

They can go back to what they do: producing the best quality lumber in the world. This deal will provide stability and all of this worrying will be over. I hope it is over forever, but at least it is over for a great many years.

• (1735)

Mr. James Rajotte (Edmonton—Leduc, CPC): Mr. Speaker, it is my pleasure today to rise to speak to Bill C-24, which outlines the government's resolution of the longstanding softwood lumber dispute.

Government Orders

It was interesting to listen to the member who spoke previously. He says it is a dispute that he has been following since he was elected in 1988. I have not been here for quite as long as the previous member or as long as the Speaker himself, but this has certainly been a dispute that has attracted the attention of Parliament and the country since I was elected in the year 2000.

It certainly affected our trade. It was the biggest trade irritant between us and our greatest trade partner south of us, the United States. It was certainly impeding what I would consider a very successful trade agreement, NAFTA. It was certainly having an impact on that.

It is perhaps helpful to remind ourselves just how successful that agreement has been in the sense that I believe softwood lumber consists of about 3% of the trade between Canada and the United States, while 95% of the trade between the two countries goes through irritant free. That shows exactly why it was so important to address the softwood lumber issue. That 3% in fact was very much affecting other trade areas.

I want to compliment the Minister of International Trade for tackling this head-on. I know he certainly did as much as he could in the former government, but certainly since this Parliament started he has been very active on this file.

I think it is important for us to remember exactly what we were facing as a government and as a country. We were facing two choices. The first choice was to continue the route of litigation, to continue to try to win disputes through NAFTA and the World Trade Organization to force the United States to recognize that we were not subsidizing our lumber industry, our forestry products industry, and to try to force the Americans to reduce the countervailing duties and repay the upwards of \$5 billion they had collected to that point. That was the choice. The choice was more litigation.

Looking at that, I think we have to be honest with ourselves. The fact was that this was not a resolution. The fact was that we would be spending more in legal fees to go down that route. The fact was that we would probably be discussing some form of loan guarantee program and putting taxpayers' money at risk in order to support our industry.

The fact is that there was no real end in sight, because if we won another NAFTA dispute, another resolution, the United States could simply change its own legislation, start another series in litigation along this route and we would be no closer to a settlement than we were two, three or 20 years ago. So we had a choice. We had a choice between more litigation or this resolution.

In fact, I know that a lot of members of the House have been very critical of this agreement, but I will say quite honestly that this agreement is better than I thought we as a government could get in the first place. I thought the Americans would never sign an agreement of this type. In fact, I want to review some things that are in the agreement and some of the benefits that accrue to Canada.

The agreement eliminates the punitive U.S. duties and returns more than \$4.4 billion to producers to provide stability for the industry. It spells an end to the long-running dispute. It obviously addresses the massive trade irritant between ourselves and the United States. U.S. countervailing and anti-dumping duty orders will be

fully and completely revoked. The absence of U.S. trade remedy action under the agreement will offer a period of stability for the industry, which will allow Canadian companies to make the investments necessary to ensure that their competitiveness goes forward.

There is also an issue that some members are raising now in portraying what kind of export tax would have to be paid if certain provinces go over a prescribed limit. In fact, as members know, there are two choices. Option A is the export tax if our exports rise above a certain level, but there is also option B, which is the quota and a small tax. What this does is keep these moneys in Canada, in the provinces, thereby allowing the provinces to not only direct their own forestry practices but obviously address situations that may arise.

One of those situations is in my own province of Alberta. Members will know, and certainly members from British Columbia will know, of the seriousness of the pine beetle devastation in that area of the country. Two summers ago, I had the opportunity to survey from a helicopter how much had actually been affected by the pine beetle. It was incredible. One had to see it to believe it.

● (1740)

The concern from the Alberta industries is that the pine beetle will make its way into Alberta very shortly. It would cause some of the producers to want to harvest more quickly, as they did in British Columbia, and therefore the amount of exports would go up.

The agreement allows the Canadian government and the provincial government of Alberta to deal with that situation by having the resources come back to the province and then the province can deal with that situation. Rather than have the United States collect those duties, it allows the provinces to deal with it in a much better way. There is an option between litigating it with possibly no resolution, probably no resolution in sight. In my view, this is the best possible agreement that could have been negotiated.

As I mentioned, it makes a \$4.4 billion immediate cash infusion into our communities across the country. It is one thing to talk to the industry itself, and the Minister of International Trade has identified that over 90% of the industry supports this agreement, but let us talk to the communities that are most affected.

Hon. members should talk to the people in those communities, mainly in the rural regions of our country. We should ask them if they want a situation where they will be paying duties, there is no resolution, and they do not know whether they will have a job in a year or two because this situation could carry on, or do they want to have the situation resolved? Do they want to have some stability? The companies in various provinces would then know what kind of situation they are dealing with and have some cash infusion to make their company more competitive.

It is incumbent upon members who are critical of this agreement to put on the table exactly what they are criticizing, to say what specific measures they would want to see in place that the agreement does not address. They should be realistic in the sense that there are two sides to a trade dispute, two sides that have to come to the table and two sides that have to come to an agreement.

Government Orders

In my view, the agreement is the best possible agreement that Canada could have signed. As I mentioned before, it is a better agreement than I thought we would have been able to get. I would like to encourage all members of the House to support the agreement. The Bloc Québécois is supporting it.

I am very surprised that the Atlantic Canadian members of the Liberal Party are not supporting the agreement. It is a very good agreement for Atlantic Canada. Responding to a previous question, a very good question from the NDP to my colleague from Atlantic Canada, I would agree with him. As a westerner, as someone from Alberta, I would say Atlantic Canada, by its forestry practices, deserves this exemption. I, as a Canadian from western Canada, support that.

I want to finish up by saying that I did have the opportunity, and companies across this country have been very open to all parliamentarians, to see firsthand what the industries do and what their workers do. I have seen all aspects of the forestry industry in this country and have been amazingly impressed.

We hear the expression “hewers of wood and drawers of water”. If anyone has been to a softwood lumber facility, and they should go to the one near Prince George, they would see the computer system that measures every single log and the IT system that follows that. If they went to the mill just outside Calgary in Palliser, they would see the way that all the employees, aside from just working in the plant, are also upgrading their skills, learning how to move up the system, and taking logs that other companies may not utilize and turning them into a wood product that they can then export. It is a fantastic industry and one that all Canadians should be very proud of, but it deserves some stability. It obviously deserves our government's support.

We have signed, in my view, the best agreement possible. It is obviously supported by the large lumber producing provinces and it should be supported by all members of Parliament. I encourage all members of Parliament to take a serious look at the agreement, to support it, and to support our lumber industry across this country, but most important, to support the families in the communities who really need a resolution to this issue.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I have heard this speech several times today. I guess they are just passing it around.

I think a basic point is worth repeating. Many members have argued that the current industry requires some relief, that some are facing financial duress. The fact remains that the deal under Bill C-24 creates an export tax that at current price levels is actually higher than the current U.S. duties.

It also means that there is an awful lot of money that has been left on the table, over a billion dollars. Half of that is going to the U.S. softwood lumber industry. We will likely have some future difficulties with regard to other matters as they arise in this matter.

The member knows that the trade panels, NAFTA and the WTO, both concur that our industry was not subsidized. Both trade panels, NAFTA and the WTO, said that our industry was not subsidized. Now we have a problem where potentially this is an abandonment of the dispute resolution mechanism. It puts it in jeopardy for not only

the softwood industry but for other industries where there are trade issues.

How does the member square taking a bad deal for a little money today at the risk of costing substantially more to not only the softwood industry but other industries down the road?

• (1745)

Mr. James Rajotte: Mr. Speaker, there are a few things I would say in reply to the member's question. The member should be completely forthright in identifying that there are in fact two options available. There is option A and option B.

Option A is in fact the export tax, when exports rise above a certain level. Option B is a self-imposed quota system plus a smaller tax.

An important difference there is that the funds stay in Canada. As I mentioned during my speech, and I did not hear any other member talk about it, so it is not a speech that has been passed around, when a situation arises in Alberta where we may have the pine beetle infestation, it in fact will allow the province of Alberta to deal with that, where there may be a surge in exports caused by increased harvesting caused by the pine beetle infestation. In fact, I think this agreement addresses that.

The member talks about a little money being returned now and having a greater cost later. I know that \$4.4 billion is a fair amount of money. The fact that we have 80% of the duties returned is, quite frankly, a tremendous achievement. I would applaud the Minister of International Trade for doing that.

I would also point out to the member that the Minister of International Trade was a member of the Liberal caucus prior to the last election. He says very openly that this agreement is better than the agreement that the Liberal government was prepared to sign with the U.S. administration.

I think the member should be very aware of that. This agreement is better than what his own government was prepared to sign. This agreement is just for the families and workers across this country. This agreement deserves to be supported.

[*Translation*]

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Mr. Speaker, the Conservative party member mentioned that this dispute has been going on for some time. All members of the House would agree with that. That is perhaps the only point on which the Conservative party and the rest of the House can agree.

The Conservative party is the only party that believes that this is a good agreement and, above all, that it will last. The hon. member mentioned that it is important for the people of Alberta because that province's forests have an infestation and they must sell off their wood. He said it is important that this agreement survive so they can get rid of their wood in the United States, no matter the price, as long as they can clear it out.

I would remind the House that the mad cow crisis also originated in Alberta. Quebec had to pay the tab. Today, the softwood lumber problem comes from the west, and Quebec is again paying for it.

Government Orders

Given all this effort and the \$1.5 billion handed over to the Americans, would it not have been enough to pay the lawyers, in order to put an end to this endless process and, finally, reach a decision that could be enforced and facilitate negotiations with the Americans?

[*English*]

Mr. James Rajotte: Mr. Speaker, I suppose I should not be surprised, but the agreement was not signed to address the situation that may occur in Alberta. I think his comments about Alberta are obviously inappropriate, so I will not even dignify those with a response.

The fact is that we had a choice between further litigation and even if we won all of the current legal cases before the courts at present, the United States could easily alter legislation and start another round of litigation. The fact is that the only way, if we pursued that route, to recoup any of the over \$5 billion would be to go through the American court system and do that. Is that what the member is suggesting?

The member is suggesting that we litigate for years and years, and go through the American court system to try to get any of the over \$5 billion. That is the solution he is presenting.

It is a little surprising that the Bloc members are sort of standing up and criticizing the agreement and yet they are going to stand in the House and vote for it because their own provincial government is in favour of it. The industry in Quebec is in favour of it because it realizes what perhaps the Bloc does not, that what workers across this country need is a resolution to the dispute and not a continuation of litigation which may result in no benefits whatsoever.

• (1750)

Hon. Stephen Owen (Vancouver Quadra, Lib.): Mr. Speaker, it is a privilege to stand today to address this issue.

Bill C-24 is, obviously, of immense importance to the people of British Columbia, a province that supports about half of the logging industry in the country. It is also of great importance to all of us.

We have heard variations from across the country of the impact in different regions and certainly in British Columbia itself there is a variety of impact on different aspects of the forest industry.

Value added manufacturers have a different interest than interior logging and mill operations. Coastal logging operations have a different interest than the interior ones. We have valuable coastal cedar being logged and being unfairly coupled with other types of timber being sent to the United States and it should have had a varied approach.

We have also heard the member for Cumberland—Colchester—Musquodoboit Valley talk about the private land logging in the Atlantic provinces which were never caught by the subsidies here.

We have companies in northern Ontario and Quebec that are hurting desperately. To answer the question of the Bloc Québécois as to why they would support it, I fear the softwood lumber companies are facing a situation where they simply cannot afford not to take back only 80% of what they have paid under illegal dumping and countervail charges and neither can their communities and the workers.

In the other cases, we have interior forest companies in British Columbia that are highly efficient, have rationalized, are some of the most efficient mills in the world and have been making profits, notwithstanding the illegal countervail and dumping penalties, and they of course cannot afford to take only 80% back.

We have a range across the country and it is incumbent upon the Government of Canada to ensure that it embraces all those interests, which, obviously, is a complicated thing to do.

Let us look at what has happened in softwood lumber over the years. The Minister of International Trade and I have seen various aspects of this over the last 20 years. We have watched the trade in softwood lumber with the United States and various disputes that have come about over it.

We hear often from the government that it has never been managed trade in softwood lumber with the United States. That was certainly true before the free trade agreement but after the free trade agreement it was supposed to be free trade, not managed trade, and yet in various iterations and agreements where governments have given in to the pressure from the American industry, we have had quotas and we have had export duties. Now we have quotas and export duties. I fail to see how that can be a victory in terms of the softwood lumber industry.

Let us say clearly and out front that this is not about subsidies for the Canadian industry. I hope we all know that. The World Trade Organization and NAFTA panels have said it over and over that it is not about subsidies to Canadian softwood. It is about protectionism in the United States. That is what it is, that is what it will always be and I think we had better call it as it is, put it right in front of us and remember that as we see what happens going forward in the future.

We have pressures from the United States that simply will not let up. My great fear is that with all the immediate, perhaps, benefits to some aspects of the industry, some communities and their workers, that this agreement might provide in the short term, this does not provide the stability that is being suggested.

Let us think about where we were a year ago. Yes, the former Liberal government had pursued this for over four years on a number of tracks. Litigation was certainly one of them and, my goodness, it was certainly expensive and continued to be expensive. However, going through the WTO panels and the NAFTA panels where we were in the minority against the Americans, where they had two members and we had one, we continually kept winning and we have finally come close to the end. After four to five years of expensive litigation, we have come before the U.S. court of international trade, which is an American domestic court.

• (1755)

The one thing the American administration, quite apart from Congress and the individual sectoral lumber industry in the U.S., has always said is that at the end of the day it will change its rules because it does not want to be subject to super national arbitrations or decision making dispute resolution systems.

We got through those and then into the U.S. courts and won at one level. Yes, that could be appealed, but it was getting so close.

Government Orders

Yes, it is fine to talk about and it is important to appreciate the cost of continuing litigation, but it is extremely important not to throw away all of the work that has been done by litigation with the agreement of lumber councils across the country, the softwood industry, individually and collectively, the producing provinces and the federal government. We went forward and finally got to the point where it could be won and it is being thrown away. Let us not forget what we are throwing away when we measure the value of the so-called stability of this agreement.

We fool ourselves if we think we can sit here and rely on the United States in all its complexity, whether it is the administration, the Congress or sectors of their industry, when it has shown in this case its persistence in flouting the rule of law and going forward with arguments that are not being accepted by the various courts and panels.

Will we get stability with this? We know it may go for seven years, it may go for nine years or it may go for three years. I would not put a lot of trust at this stage in the system. However much the administration may intend at this time to see it go for many years and provide stability, it is not entirely in control of this issue. I think the evidence of the past suggests exactly the opposite, that we should not count on stability into the future. The fact is there will be no stability without the rule of law, which is what we are talking about here. Can we depend on agreements, on international trade obligations, on rulings of dispute resolution panels and, eventually, which we were close to, U.S. domestic courts themselves?

Yes, litigation is expensive, but to throw it away now in the name of perhaps a false stability when we are so close to a good outcome in the American courts is a great risk.

We then look at the Byrd amendment. We keep hearing from the government, depending on how it wants to scale and emphasize the amounts, whether it is U.S. dollars or Canadian dollars, that we are giving back over \$1 billion American to the United States, to be used by both the the administration and Congress for projects that may be of assistance in their re-election campaigns at various times and to help various sectors of different industries in different parts of the country. Half of that \$1 billion will also go to the industry itself which has been using every opportunity to encourage its government and its Congress to flout the law and avoid its responsibilities. How can we put trust in that?

The reason only half of the money will be going to the industry is because the Byrd amendment, which would otherwise allow all of it to go to the industry, over \$1 billion American, was found to be against the WTO rules. Now we find, even after this agreement was signed with Canada, the American administration is appealing that WTO ruling. How can we put trust in stability in the future and in the good faith of this agreement when no sooner have we signed it than there is an attempt to get double the amount to go to the softwood industry in the U.S. to be used against Canadian industry and Canadian interest? That is not much of a deal.

• (1800)

We heard the member for Edmonton—Leduc say, quite appropriately, that the softwood industry, as important as it is, and it is immensely important to the province of British Columbia, is only 3% of our trade with the United States. He asked why we would

worry that we do not have perfect free trade in this area when it represents such a small percentage of our overall trade with the United States.

I will tell members why we should worry. We should worry because it is a bad precedent. Ninety-seven per cent of our trade with the U.S. could be exposed to the tactics that have proven successful through the government's agreement in the softwood lumber industry. What kind of a precedent do we want to set? What kind of a risk do we want to take with this type of agreement? I suggest it is a short-sighted agreement and it does not bring stability. There is nothing in this agreement that should convince us, from past behaviour, that this will provide stability into the future.

We are not just leaving \$1.4 billion or \$1.5 billion in the United States as the member for Edmonton—Leduc has mentioned, which may ultimately all go to a competing industry there. We have not talked about the other \$1.4 billion that was presented by the former Liberal government a year ago to go toward a number of initiatives to assist the industry in this country, the communities, and the workers. This must be added to the other \$1.4 billion. Now we are getting into really large sums.

Those adjustment projects were meant to go to a whole range of things. We have heard of loan guarantees, litigation support and coordination for further negotiation. We have heard of taking the argument directly to the American consumers, one of the parties, in addition to Canadians, who are being hurt over all these years by this illegal U.S. action against Canada. The homebuilding industry and the homebuyers with aspirations to afford a home are being hurt by this U.S. action.

Where has Canada been putting its initiatives in supporting communities, workers and the industry? I will just focus on something that has not been talked about a lot and that is some of the community economic adjustment initiatives of the former government that actually bore fruit, helped stabilize communities, helped get people back to work and helped to provide some strength and support to the individual firms that were threatened.

Let us take the British Columbia part of that softwood adjustment initiative as an example because it is the province I come from. Over the last three years in the last government, \$50 million went through community economic adjustment to hard hit resource communities around British Columbia. It went to diversify the economy in those communities in a number of stabilizing, helpful and growth stimulating ways.

When we look at diversification, an industry, which is a commodity industry, or part of it is, that is boom or bust vulnerable given the fluctuations in international commodity prices, that makes us extremely vulnerable. We need to add value. We need to diversify the product by adding value to widen the profit margin so that if there is a fluctuation in commodity prices we can withstand those fluctuations within broader profit margins.

Government Orders

In British Columbia, 145 programs were funded by the federal government in the amount of \$50 million. A further \$95 million was leveraged which went into 140 communities. One of the important objectives of that was the diversification by adding value added industries and providing support for them. Otherwise, we look for diversification in resource dependent communities to diversify markets. That is where a lot of this investment went and it is where part of the \$1.4 billion that had been planned by the previous government would have gone.

● (1805)

I know that 11 ministers in the last Liberal government visited China. Of interest to all of us when we were there was how to diversify our markets away from a dependence on the United States into that huge China market. Forest products, home building and forest product-related sales and markets were a major focus of our initiatives, and those can never be forgotten.

The third part of diversification that we have to look to as an industrial strategy to move ahead and ensure that our resource-dependent communities are not subject to boom and bust or to illegal trade action by countries such as the United States, our biggest trading partner and therefore the one that can have the greatest negative impact on us, is to diversify into other sectors of the economy.

These adjustment funds, highly leveraged through private investment, also went into tourism, into economic infrastructure of various types and into the value added part of the forest products industry. About 30% of the projects, 140 or 145 projects, that were supported went to first nations to help them in their economic adjustment and over dependence on commodity-based forest products.

This is the way we need to go forward, along with litigation and negotiation and along with considering loan guarantees or whatever might be put forward. It shows an understanding of the economy, the vulnerability in our communities and the need to take a broader approach.

I am extremely concerned that we have traded away an agreement in which there is no guarantee whatsoever that there will be stability going long into the future. If the behaviour of the past is any guide, it should suggest to us the opposite.

We have a quota. We have duties. These export duties, and let us not shy away from it, are nothing more than an additional tax, and that is a tax that is going to be on our industry. Where will that money go? We have not heard about that. We can be sure that it cannot go back into the forest products industry or we will have a cancellation of this agreement with countervail action by the United States as fast as we can blink an eye.

Canadian business is being taxed this extra amount. As we have heard a number of people say, if we think through this situation, before the ink is even dry, before the ink was even applied on the agreement, the export duty, for which our industry is vulnerable, already exceeds what the illegal countervailing and dumping duties were. This really goes beyond imagination. It may give some short term relief, and any relief is good, but this is not something that we should not count on or cheer about.

I am very curious that, with the much vaunted new relationship of the new government with the George Bush administration, all we get out of that tremendous new arrangement and relationship is a bad deal. If this is all we can extract from that new relationship, then I am not sure it is particularly helpful to Canadians, and that will be seen in the end.

There is another aspect to this that is somewhat troubling, and I think it should be, to all of us. I do not for the moment suggest that the Minister of International Trade or the government has intended this, but there is an aspect of bullying that has been going on, which sits there underneath the surface in a very troubling way. It is about taking advantage of an industry that is on its knees and the communities and workers who are dependent upon that industry.

It is an uncomfortable feeling that we have to be very cautious of as we try to craft trade and industrial policy in the country, which is so diverse. We do not want to extract, through undue or unfair pressure, from vulnerable areas of our country or aspects of our industry anything that is not in the long term best interests of the industry, its workers or the communities.

● (1810)

Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC): Mr. Speaker, the hon. member is a lawyer. He understands, or ought to understand, what is going on in softwood lumber and some of the litigation surrounding it. I think the hon. member knows that we are winning most of the cases. We expect we would continue to win most of the cases, but we have to recognize that even with another final win at the court of international trade, it is an appealable case. Right there we are pushing a settlement out another year and half. Then we would have to look at a couple of years to recover the duties. We would not see any money in the pockets of Canadian companies for somewhere between two and four years.

The hon. member also should know that in this case the litigation is not just about countervailing duties and alleged subsidies. There is also an issue of anti-dumping and going into a weak cycle in the lumber market. It is much easier to demonstrate or at least make a plausible case against dumping and we would be in a situation immediately. I can assure the member that the U.S. industry is ready as we speak to launch more cases, both anti-dumping, new injury cases and new countervailing duty cases because the very programs of assistance the hon. member refers to would certainly be countervailed and attacked. There is absolutely no doubt about that. We would not even be finished the old litigation, but would be faced with new litigation and new interim duties. Last time the interim duties started out at 27% and it took us five years to get them down to just over 10%.

Government Orders

The idea that there are both a tax and a quota, there is a choice. Some regions can opt for a tax no greater than 5% and apply a quota. Some regions can opt, as would happen in British Columbia, for only a tax and no quota. Therefore, there is not both the tax and a quota unless a province were to opt for that option.

The hon. member is from B.C., and Premier Campbell of the government of British Columbia is in town. Has the hon. member talked to Premier Campbell and asked him if he felt bullied into this agreement, because Premier Campbell is supporting it, as is the industry in B.C.? The reason they are supporting it is because they put in place some new policy reforms, which this agreement protects. Those policy reforms would be attacked without the agreement.

The very tax that would be place in low markets will get capitalized, as the hon. member knows, in lower stumpage payments in a competitive bidding situation. The idea that it is a new tax is really not right. It is a displacement of stumpage by an export tax.

Hon. Stephen Owen: Mr. Speaker, the hon. minister is highly expert in this area and knows the complexity, as well as anyone in our country, of the industry in British Columbia and that it is not uniform. There are companies which have very different interests from the interior to the coast. There are value added forest product companies that are not in agreement with this.

The Premier of British Columbia is coming to town and I am sure many of us will meet with him tomorrow. I will be very interested to hear from Premier Campbell on two issues.

First, we are perhaps feeling a lot of pressure on our own sovereignty, provincial sovereignty in this case, in terms of pressure from outside the country on forest practices in British Columbia. All of us have denied from the beginning that there was any subsidy. The Minister of International Trade and myself have both said in the House very loudly that this is about protectionism not about subsidies. Yet British Columbia has been forced to adapt forest products in any event, and that is troubling looking into the future in terms of our sovereignty.

Also, I am worried about, and I will be interested in how we will work together with the government of British Columbia and now Alberta, how we will deal with this surge in production because of the mountain pine beetle infestation and how that will play into this agreement. We will be scrambling for international markets other than the United States to have some place to sell this wood that will be cut at a much higher rate, but we will be unable to sell it into the United States under this agreement. That should be of real concern to us.

• (1815)

Hon. David Emerson: Mr. Speaker, the hon. member raised the surge issue. Members should know that in British Columbia, under the surge provision in the agreement, there is a billion board feet of flexibility in terms of permitted surge before the surge mechanism cuts in. The surge mechanism is at 110% of the base year shipments. The surge mechanism is also not fixed in time. It moves as U.S. consumption moves over time and that will allow the surge to grow as the market grows.

Hon. Stephen Owen: Mr. Speaker, that is an interesting further clarification of it and I look forward to speaking with the minister, as

well as with officials from British Columbia, as to how we will manage that effectively. There is certainly a huge challenge for the whole western area of Canada and Yukon with this infestation.

I go back to my comment. While this is an immensely important sector of Canadian industry, it does, as the member for Edmonton—Leduc has said, only represent 3% of our total trade with the United States. If we are giving in to what is really simply an industrial pressure sector in the United States on this part, what is to stop them or not encourage them from taking similar action in other sectors of the economy where they see fair competition outperforming the American economy in those other sectors?

Yes, I am a lawyer and one of the things one learns in law before anything else is the importance of precedent. By backing away from the precedence we have had in terms of the litigation we have pursued in favour of the dangerous precedent of caving in and admitting that we cannot rely on the dispute resolution mechanism of NAFTA or on the promise of free and fair trade, we end up with neither.

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, I am sure the public watching this are aware, by the comments made by the minister, of how important it is to avoid litigation unnecessarily and understand the implications with respect to the industry.

However, there must be another huge body of opinion that is concerned with the issues of precedence and rule of law and the notion that in a relationship with another country, a country with which we have 85% of our exports, we not find ourselves where there is no respect for that rule of law, sliding in that slippery slope on grease skids, and where there is retaliation in other sectors. I can see a large body of opinion looking at it this way, if there is not the kind of natural justice that comes along with the respect for the law.

We have gone through international tribunals. We finished with another international tribunal, the International Court of Appeal. It was my recollection that there was an attempt, without prejudice, to go through the American justice system, the courts of appeal, with respect to finding precedence whereby we could get a decision in the American courts.

Was that pursued? As we speak, is there any opportunity to pursue that? I think I have indicated how important it is to our public to be responsive and responsible to what precedent this might create in other sectors in the future?

• (1820)

Hon. Stephen Owen: Mr. Speaker, the real concern I have is the Canadian industry interests that have pursued their interests at the U.S. Court of International Trade. If they continue to pursue that, then they cannot sign on to this agreement, and will be hit by this punitive 17% extra tax.

Government Orders

I put this back into the realm of the unpleasant word, bullying, to force the industry to come together whether they may think it is in their best interests for themselves, their communities and their workers or not. That is part of the dark side of this and the reason why this debate is so important in the House this week.

Mr. Randy Kamp (Parliamentary Secretary to the Minister of Fisheries and Oceans, CPC): Mr. Speaker, it is a pleasure to speak to Bill C-24 which will implement Canada's obligations under the softwood lumber agreement. Let me say right off the top that I urge all members of the House to support this bill.

The main point I would like to make is a simple one, that the softwood lumber agreement is good for industry, it is good for lumber communities and it is good for Canada. It is an agreement that, as we have been saying here, enjoys a broad base of support. It is an agreement that brings many benefits to our lumber industry. It is an agreement that will help us take the next steps in building a stronger economic future for Canadians and Americans alike.

Let me start by saying that the agreement did not come about by itself. It is the result of a strong Canadian position, one forged with the active involvement of industry and provinces.

In fact, in direct response to industry concerns, the agreement contains two important clarifications. One is a 12 month standstill period upon expiry of the agreement, under which the U.S. cannot bring new trade action against Canadian softwood producers. There is also a requirement for a six month notice period if either party wants to terminate the agreement—of course, we do not expect that to happen—also with a 12 month standstill period if the U.S. should terminate the agreement early.

In response to Canadian industry concerns regarding the exemption of coastal logs and lumber, the U.S. has also confirmed that it is prepared to engage in early bilateral discussions to ensure the agreement operates in a commercially viable manner.

The agreement also stems from the dedication of countless officials across government and on both sides of the border.

Ambassador Wilson and Ambassador Wilkins and their staff here in Ottawa and Washington deserve our thanks for their hard work and steadfast commitment. We owe a great debt to the member for Vancouver Kingsway, our Minister of International Trade, for finally bringing this agreement to completion.

The provinces along with our softwood lumber industry were instrumental in shaping Canada's negotiating position. The premiers of British Columbia, Quebec and Ontario in particular deserve our appreciation for their ability to see beyond partisan concerns and add their support to our efforts to put an end to this dispute.

Most significantly the agreement is the result of a new tone at the top. When our Prime Minister met with President Bush in Cancun earlier this year, they decided to give solving this issue the momentum it deserved. Thanks to their efforts and leadership we are now able to turn the page on this dispute.

This is an agreement to be proud of. It is a practical and flexible agreement that ends this long-standing dispute on terms that are highly favourable to Canada.

Frankly, I am having a hard time understanding why all B.C. MPs are not supporting this agreement. The Liberal government of British Columbia supports the agreement. In fact, B.C. forestry minister Rich Coleman asked the opposition to support the agreement. How could B.C. Liberal and NDP MPs vote against it?

The majority of the industry in B.C. supports the agreement. How could B.C. MPs not support this agreement?

The Liberals were negotiating a bad deal for Canada, especially for British Columbia. They were ready to sign a deal and only backed off so that they could run an anti-American election campaign, a campaign that did not work.

Moreover, the agreement directly responds to specific issues and concerns raised by industry and provinces. For instance, it recognizes provincial market based reforms and preserves provincial authority to manage their forest resources as they see fit.

It contains an anti-circumvention clause, a clause intended to prevent either government from taking action to circumvent or offset commitments made in the agreement. For example, grants or other benefits to producers or exporters of softwood lumber products are not allowed because they would offset border measures. But a number of measures are explicitly cited as not constituting circumvention.

For example, provincial timber pricing or forest management systems as they existed as of July 1, 2006, including any modifications or updates that maintain or improve the extent to which stumpage charges reflect market conditions, including pricing and costs are excluded.

Fluctuations in stumpage charges that result from such modifications or updates resulting from changes in market conditions or other factors that affect the value of the province's timber, such as transportation costs, exchange rates and timber quality and natural harvesting conditions do not constitute circumvention.

● (1825)

Actions or programs for the purpose of forest or environmental management, protection or conservation, including actions or programs to reduce wildfire risk, protect watersheds, protect, restore and enhance forest ecosystems do not constitute circumvention.

Payments or other compensation to first nations for the purposes of addressing or settling claims also are not subject to circumvention.

Adjournment Proceedings

Note that with respect to British Columbia, the market pricing system will be considered a provincial timber or forest management system that existed as of July 1, 2006. The protection of the management system in B.C. has always been B.C.'s most important issue. At the insistence of Canada, these protections were included in the agreement.

I am happy to say that the agreement enjoys the support not only of our two national governments but also the clear majority of lumber companies and lumber producing provinces. In short, it will put an end to this long-standing dispute and begin building a brighter future for Canada's lumber industry and the 300 mill communities and 300,000 forestry workers and their families who rely on it.

The next step belongs to parliamentarians. I encourage them all to support it. As parliamentarians consider the merits of this bill, I would also ask that they consider the alternative to this agreement. It would not be a bright future. They have been there before. They have seen the toll, both human and financial, that this dispute has taken and we need to bring an end to this.

After careful consideration of the facts, I am confident that parliamentarians will come to the same conclusion that the provinces and industry have, that this agreement is the best option for Canada. I ask all members of the House to support this bill.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[*English*]

CANADA POST

Hon. Robert Thibault (West Nova, Lib.): Mr. Speaker, in early June postal delivery ended abruptly for over 53,000 homes in rural Canada. Citing the health and safety concerns of its employees, Canada Post gave only one day's notice when it announced an indefinite suspension of delivery on select rural routes. Canada Post is a crown corporation. Since then, those 53,000 homes have been without delivery. People have been waiting for months to find out how the government would react to that.

We have heard from the president of Canada Post that there were no instructions given by the Prime Minister. The Prime Minister indicated at that time that he was working with Canada Post and had given instructions.

In the House in response to a question, the minister responsible for Canada Post indicated that it would be treating all Canadians fairly and would ensure that Canada Post would deliver everywhere. Over 800,000 residents depend on rural route delivery and 53,000 are now without that delivery. They must travel miles to community post offices, other postal outlets, community stores, wherever.

We on this side of the House understand that it is very important for the delivery people to be safe, but we have heard from the government side that it would ensure safety and that studies would be done. Canada Post has engaged the National Research Council and is working with the unions. The unions have said that it was an

overreaction, yet we are still waiting to see how these people would be taken care of.

What we are seeing is the intention to reduce or eliminate rural route delivery. We have seen great hits on rural Canada. Youth are having to leave rural Canada and go to urban areas. We see the tax rates in these communities being lowered. We see services being abandoned. There is the example now that campsites are not being financed. The investments that we were making in high speed Internet access to rural areas are being abandoned and not being implemented. People are afraid and wonder what is going to happen.

Elderly people living alone in their communities depend on Canada Post. People who are mobility challenged need mail delivered to their homes. It is a question of security for these people.

The minister has said that all Canadians would be treated equally. The question I ask of the parliamentary secretary is quite simple. When will the government stand up for rural Canada? When will it stand up for all people across this country and ensure that we maintain rural route delivery across the entire country?

• (1830)

Mr. Brian Jean (Parliamentary Secretary to the Minister of Transport, Infrastructure and Communities, CPC): Mr. Speaker, I can assure the member and all Canadians that this Conservative government has been standing up for rural Canada for many years. We are the only party who has done so.

I am pleased to have this opportunity to comment on rural mail delivery as well. The government is not only supportive of rural Canadians but it understands the importance of ensuring that they receive quality rural mail service. It is for this reason that it has been made abundantly clear to Canada Post that the government will continue to champion the moratorium on the closure of rural post offices.

Concerning the present situation and the disruption of service that has been felt by some Canadians, it is important to note that these service issues are as a result of health and safety concerns expressed by postal employees. I am certain the member is not suggesting that we ignore postal employees and their safety.

In the past six months a few hundred rural mail carriers have raised these concerns. Some have even exercised their legal right. I am sure the member is not suggesting we take away their legal right under the Canada Labour Code to refuse to work. These employees have raised two areas of concern. The first relates to road safety, particularly in rural communities or on rural roads that have seen a dramatic increase in traffic volumes as many rural roads in Canada have. It has changed. The rural road system has changed.

Further, some of these roads are not wide enough to pull safely off to the side of the road to deliver the mail without carriers having to worry about what is coming one way or the other way as far as safety is concerned.

Adjournment Proceedings

The second issue relates to ergonomic safety. Specifically, the complaints are about the repetitive motion of stretching across a vehicle to deliver mail. Sometimes postal workers do this stretching up to 200 times a day and it is considered to be an ergonomic safety concern. Rightly so, Canada Post is concerned for the welfare of its employees, as it is legally obligated to be. Of course, the government is committed, as it always has been, to ensure the safety of Canadians.

Health and safety officers from the Department of Human Resources and Social Development have been called in to investigate the matter because it is a very serious matter to the government. These officers have determined that these safety concerns must be corrected immediately because they are safety concerns.

Upon receiving the orders of the federal health and safety officers, Canada Post implemented a series of measures to ensure the continued delivery of mail. Where roadside danger exists, alternate forms of delivery have been provided to customers, including delivery to a central point such as a local post office or a community mail box as an immediate but interim measure. In each case, Canada Post is working closely with the affected communities to ensure that delivery is maintained in such a way as to protect both employees, which is very important, and rural residents.

Let there be no doubt that the government, the Prime Minister, and the minister take this very seriously. The responsibility of all employers is important to ensure that their employees have a safe working environment. I am sure the member would agree with that.

In addition, the Minister of Transport, Infrastructure and Communities has already made clear in a statement to the House that the government's strong commitment to rural mail delivery continues. Toward that end, the Prime Minister and the minister met with the Canada Post CEO on June 1 and subsequently, on June 9 the minister met with the chairman of the board of directors of Canada Post as well as the CEO of Canada Post and is continuing to monitor the situation closely because it is very important to the government.

The government is supportive of rural Canadians, as it always has been. It will stand up for rural Canadians and it will do whatever it can in its power to ensure that they receive quality mail service.

• (1835)

Hon. Robert Thibault: Mr. Speaker, of course all members of the House are in agreement that we have to protect the safety and the health of our employees, but these people themselves have been telling us that it was an overreaction.

There has to be 24 hours' notice before cancelling rural route delivery for 53,000 people. There is no opportunity to have consultations with the communities. There is no opportunity to have consultations with the employees on how we could do it. It is true, perhaps, that we may find alternate ways, but the fear is that those alternate ways may become permanent. People may have to drive 20 kilometres to get their mail once a day, putting a lot more vehicles on the road and making it a lot more dangerous.

We remember when we said there would be no closure of post offices, but many have been moved into private outlets. We have

seen closure of those private outlets since then by Canada Post, not necessarily by the minister, nor policy change, but independently done by Canada Post. Canadians have been confused by the messages that have been given by the minister, the Prime Minister, and by the president of Canada Post.

I implore all members of the House to support Canadians in rural Canada and protect rural route delivery for all Canadians.

Mr. Brian Jean: Mr. Speaker, there is nothing more important to the minister or the Prime Minister than protecting Canadians. That is why they took the step. The previous Liberal government pulled an ostrich, put its head in the sand and ignored what was going on. This was going on during the member's tenure in office.

That is why Canadians made a difference. They made a choice in January of this year to have a different government so something would be done. And something has been done.

First of all, we have to make sure that the law is respected, that all Canadians are treated equally, and that we continue to have some form of rural service that is going to be adequate for Canadians, but we have to stop within 24 hours because it is an issue of immediate safety and harm. It is not an issue that can be dealt with two or three years from now. The issue is that people are actually dying from traffic accidents when they stop to deliver the mail. It is an issue that actually causes harm.

It is something that the government has had to do. It is something that Canada Post has had to do. We are doing the best we can, and by much better by far than has ever been done before, to make sure that rural Canadians are treated very well by this government.

FOREIGN AFFAIRS

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, Mr. Huseyincan Celil fled China in the mid-1990s and became a Canadian citizen in 2001. In absentia, China sentenced him to death on charges of organizing a political party to work on behalf of the Uighur people.

The Uighur Canadian Association argues that Mr. Celil's role in organizing them was to demand their rights through non-violent means as protected under the UN's universal declaration of human rights. It has appealed to the Canadian government for assistance. That is how I got involved in this case.

On April 10, I posed a question to the Minister of Foreign Affairs in which I laid out the situation: Mr. Celil had been sentenced to death in absentia for defending the human rights of Turkish Muslims in Xinjiang province. Access to Mr. Celil has also been denied to his family and to Canadian consular officials.

I asked the government if it would take all possible legal and diplomatic steps to defend Mr. Celil's human rights and to save him from inevitable torture and possible death. The foreign affairs minister responded that he was concerned and that he would take all necessary measures.

Again on April 25 I asked about this. Mrs. Celil was in Ottawa and wanted to meet with the minister. The minister refused. I raised the question that day and he finally acceded to meet with her.

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On June 15 I asked again about this situation. This is where it gets a little complicated. Mr. Celil was in Uzbekistan visiting family. Uzbekistan is part of an organization which is almost like Interpol. It is called the Shanghai Cooperation Organization. This basically means that it would accede to the extradition request. China in fact requested the extradition of Mr. Celil to China. Prior to the government doing anything, he in fact was extradited to China.

No one knew where he was. The Government of Canada has had no contact whatsoever with him. There has been no consular access. This has been in violation of the Vienna convention as well as the bilateral agreement we have with the Chinese on diplomatic affairs.

Despite the protestations of the government that it has been taking all necessary means and diplomatic measures to try to intervene in the case, the fact of the matter is that there has been absolutely no response whatsoever from the Chinese government or the Chinese embassy with regard to this case. In fact, there has been no meeting between the foreign affairs minister and the Chinese ambassador yet, this after eight months of the minister being in office.

This is an indictment of the shape of relations with China. There is only one way that we are going to have an opportunity to fight for Canadian citizen Huseyincan Celil and that is to re-establish strong relations with China so we can discuss these important diplomatic affairs.

I wonder if the parliamentary secretary could please explain this to Canadians. Why is it that our relations with China now are in a shambles? What is the government going to do to make absolutely sure that this relationship with China is returned to one of strength and mutual respect?

● (1840)

Mr. Deepak Obhrai (Parliamentary Secretary to the Minister of Foreign Affairs, CPC): Mr. Speaker, first I would like to thank the hon. member for Mississauga South for raising this issue.

Foreign Affairs and International Trade officials, upon being informed that Mr. Celil had been extradited to China, made immediate representations to the Chinese government, both in Beijing and in Ottawa. I can assure the member that repeated representations have been made and continue to be made on a regular basis to the Chinese authorities, seeking access to Mr. Celil and confirmation of his well-being.

The Minister of Foreign Affairs personally raised this issue with the Chinese foreign minister last week at the United Nations meeting and during the ASEAN meeting earlier this summer.

Foreign Affairs and International Trade officials continue to maintain regular contact with Mr. Celil's family in Canada. The Minister of Foreign Affairs personally met with Mr. Celil's spouse.

As the hon. member will be aware, the booklet "Bon Voyage, But...", which is handed out with Canadian passports, outlines the assistance Canada can and cannot provide to those of its citizens who are detained abroad. When a Canadian is detained outside of Canada, the judicial process is governed by local laws and regulations. Dual national Canadian citizens face even more difficulty if they are detained in their country of origin. In some cases, access is denied to Canadian consular officials.

Chinese authorities refuse to recognize Mr. Celil's Canadian citizenship. They consider him a Chinese citizen. However, let me assure the Canadian people and the hon. member for Mississauga South that Canada continues to stress he is a Canadian citizen.

Finally, I would like to assure the hon. member that we are making every effort to obtain immediate access to Mr. Celil in China. We will continue efforts to confirm Mr. Celil's well-being and to ensure that he is afforded due process and his rights are protected. The Minister of Foreign Affairs will continue to be involved personally in this case.

● (1845)

Mr. Paul Szabo: Mr. Speaker, if one listens carefully to the parliamentary secretary, it is clear that the conversations going on between China and Canada are one-way. Canada has been making representations, but there have been no responses whatsoever. That is a fact. Under the Vienna convention and under the agreement we have with China on diplomatic affairs, it must require consular access, what charges the person is being faced with to assure that there is going to be due process of law, and the condition of the detainee and that he is being properly treated.

None of these things have happened. In fact, since the extradition to China there has been absolutely no consular access whatsoever. We have a situation with just one-way communication. This is unacceptable. What is the government going to do to improve relations with China so we can start talking about bilateral diplomatic issues?

Mr. Deepak Obhrai: Mr. Speaker, as I outlined in my response, the Minister of Foreign Affairs met with the Chinese officials and Chinese foreign affairs only last week at the United Nations. We have been actively involved in this case from the moment it was brought to our attention.

Repeated representations have been made and continue to be made on a regular basis to the Chinese authorities for Mr. Celil's safety and security and to bring about a positive outcome.

The Minister of Foreign Affairs has been involved in this case from the beginning and he will continue to be.

Privacy concerns do not allow us to discuss the specifics of individual consular cases. Communications between sovereign states are confidential and we do not release this information, but I want to assure the member for Mississauga South that even I have met with the Chinese ambassador. I do not agree with his assessment that relationships with China are not on a sound footing.

As a matter of fact, relationships with China are very strong because we have a strong friendship. We continue making these representations. We have a lot of channels through which we can communicate with the Government of China and we have been doing so.

The Deputy Speaker: 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 6:47 p.m.)

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Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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