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OFFICIAL REPORT  
(HANSARD)

**Monday, November 6, 2006**

—

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Monday, November 6, 2006

The House met at 11 a.m.

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*Prayers*

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## PRIVATE MEMBERS' BUSINESS

• (1100)

[*Translation*]

### EMPLOYMENT INSURANCE ACT

#### SPEAKER'S RULING

The House resumed, from September 21, consideration of the motion that Bill C-269, An Act to amend the Employment Insurance Act (improvement of the employment insurance system), be read the second time and referred to a committee.

**The Speaker:** I am now prepared to rule on the point of order raised by the hon. Government House Leader on Thursday, September 21, 2006, concerning the requirement for a royal recommendation for Bill C-269, An Act to amend the Employment Insurance Act (improvement of the employment insurance system), standing in the name of the hon. member for Laurentides—Labelle.

[*English*]

I would like to thank the hon. government House leader for having drawn this important matter to the attention of the House. I would also like to thank the hon. member for Winnipeg Centre, the hon. member for Mississauga South, the hon. member for Roberval—Lac-Saint-Jean, and the hon. member for Acadie—Bathurst for their contributions on this point.

[*Translation*]

In raising his point of order, the hon. Government House Leader listed five grounds on which Bill C-269 infringes the financial initiative of the Crown: it reduces the qualifying period for benefits; it increases the weekly benefit rate; it repeals the waiting period for benefits; it increases the yearly maximum insurable earnings and it extends coverage of the Employment Insurance Plan to the self-employed.

The Chair has examined the bill carefully and I have concluded that all of these elements would indeed require expenditures from the EI Account which are not currently authorized. I note as well that the summary of the bill lists three further ends which, at first glance, appear to me to involve other increases to expenditures.

Such increased spending is not covered by the terms of any existing appropriation. Funds may only be appropriated by Parliament for purposes covered by a royal recommendation, as explicitly stated in Standing Order 79(1). New purposes must be accompanied by a new royal recommendation.

[*English*]

I would like to address a second question raised by the hon. members for Winnipeg Centre, Roberval—Lac-Saint-Jean and Acadie—Bathurst concerning the employment insurance account. In their interventions, they asserted that the funds in the account are paid by workers and employers and do not constitute government funds.

[*Translation*]

As Speaker, I of course remain strictly neutral on matters of public policy. I would however like to remind the House of the current status of the Employment Insurance Account. As I stated in a ruling on June 13, 2005 at p. 6990 of the Debates:

Sections 71 to 77 of the Employment Insurance Act establish the operation of the Employment Insurance Account as part of the Consolidated Revenue Fund. Amounts are paid out of the Consolidated Revenue Fund and charged to the Account—

As Bill C-269 envisages the expenditure of funds from the Consolidated Revenue Fund, I must rule that, on the grounds just enumerated, Bill C-269 requires a royal recommendation. I will decline to put the question on third reading of this bill in its present form unless a royal recommendation is received.

Today's debate, however, is on the motion for second reading, and this motion shall be put to a vote at the close of the current debate.

It being 11:05 a.m., the House will now proceed to the consideration of private members' business.

Resuming debate, the hon. Parliamentary Secretary to the Minister of Veterans Affairs.

*Private Members' Business*

● (1105)

[English]

## SECOND READING

**Mrs. Betty Hinton (Parliamentary Secretary to the Minister of Veterans Affairs, CPC):** Mr. Speaker, I am pleased to join in today's debate. The Bloc Québécois, through Bill C-269, is calling for what, in effect, would be a radical alteration to the employment insurance program, fundamentally altering the way the program is managed by the government and accessed by Canadians.

As we consider such radical changes, it is important to keep in mind that on balance the existing EI program appears to be working very well. Ongoing reviews of the program have concluded that, by and large, EI is meeting the needs of those for whom it was designed.

While it is true that changes have been made to specific aspects of the program from time to time, these changes have been to respond to particular circumstances. Changes like these can help ensure the program will continue to meet the legitimate needs of those it was set up to serve.

This government is open to looking at proposals that will improve the existing EI system but those proposals must be consistent with the program's basic objectives and based on sound evidence.

It might be useful to take a moment to remind the House what those basic objectives are. The first, of course, is that EI is to provide financial assistance by replacing a portion of employment income lost in times of temporary unemployment. It is an insurance program. Premiums are paid and coverage is provided.

The second is that the program seeks to promote a positive attachment to the labour market. We do not want to create a culture of dependency on EI. Employment is the ultimate objective and our new government's priority continues to be to help Canadians participate in the labour market.

The third is that EI must be run on a financially responsible and sustainable basis. Any proposals for change must be looked at in the context of these three principles.

Let us look at what that means for Bill C-269. For example, let us take the bill's proposal to reduce the eligibility requirements for EI to a flat 360 hours of work in all parts of the country. That is approximately 45 days. There are two problems with this proposal. The first has to do with encouraging attachment to the labour market. Research shows that our EI system already has some of the most accessible entrance requirements among OECD countries for unemployment benefits.

The annual EI monitoring and assessment report for 2005 found that 80% of the unemployed in Canada who had paid into the program and who had a qualifying job separation were eligible to receive benefits.

Members may recall that more than one of the members opposite who spoke to Bill C-269 during the first hour of debate mentioned a figure of between one-third and 40% of the unemployed being able to access EI.

Let me say what these figures really represent. The 40% figure is called the beneficiary to unemployment ratio or BU ratio and it is not a good measure of EI access. First, it includes many unemployed individuals who have not paid premiums, such as those who have never worked, who have not worked in the past year or who have been self-employed.

Second, the beneficiary to unemployment ratio includes individuals who paid premiums but are eligible for EI benefits because they voluntarily quit their job or were unemployed for two weeks or less, which is the length of the waiting period.

In fact, the number of individuals included in the BU ratio who were not eligible for EI benefits because they have worked too few hours is quite small. Again, if we consider people in situations for which the program is designed, access is very high, 80%. These people who have been laid off due to restructuring or shortage of work, people who have found themselves in a situation where their only choice is to leave their job due to illness or injury or because, after exploring all other options, they quit with just cause due to something such as harassment.

The question is: At a time of skills and labour shortages, as we are now experiencing in Canada, will we encourage a more positive attachment to the labour market by making it even easier to obtain EI benefits?

Reducing entrance requirements may create disincentives to work, since research indicates that some workers may choose not to work beyond the minimum hours required. It would also have only a marginal impact on the number of additional individuals who would be eligible for EI.

● (1110)

Because of regional labour market differences in this country, the existing EI system is based on a variable entrance requirement for eligibility. Variable entrance requirements are adjusted monthly to reflect unemployment rates by region. As unemployment rates increase, entrance requirements are lowered and the duration of benefits increases. This means that unemployed workers in areas of high unemployment are not disadvantaged when it comes to qualifying for EI.

Adopting a flat entrance requirement, such as Bill C-269 proposes, would disproportionately benefit those living in regions with lower unemployment rates or those in high unemployment regions where access may be more difficult due to limited work opportunities.

The member Laurentides—Labelle mentioned that she was on a tour with colleagues to discuss the daily realities of the EI program in several regions of Quebec, such as Abitibi-Témiscamingue, Saguenay, Gaspésie-Îles de la Madeleine, Bas-Saint-Laurent and Laurentides.

I would like to take this opportunity to highlight recent actions our government has taken to assist areas such as the ones the member recently visited.

*Private Members' Business*

In June of this year, our new government announced the extended EI benefits pilot project. This project provides up to five additional weeks of EI benefits, to a maximum of 45 weeks, to EI claimants in high unemployment regions. This pilot project is intended to help seasonal workers whose combined annual weeks of work and EI benefits are not sufficient income each week of the year and who, as a result, experience an income gap when their EI claim runs out before they return to their seasonal job. This pilot project will test whether providing additional benefits will address this income gap and, at the same time, whether it has an adverse labour market effect on other EI claimants.

Our new government has also extended the transitional measures in the EI economic regions of Madawaska—Charlotte in New Brunswick and Lower St. Lawrence and North Shore in Quebec until the conclusion of the national review of EI boundaries which is currently underway.

These measures mean that claimants in the two regions require fewer hours to qualify for EI and receive benefits for a longer period than would be the case without the transitional measures. Another three pilot projects are underway in these regions and other regions of high unemployment, such as the best 14 weeks, working while on claim and the new re-entrant pilots.

All of these changes are evidence of the government's recognition that the EI program needs to be flexible in order to adapt to the changing realities of these regions.

What about the proposal in Bill C-269 to eliminate the two week waiting period for EI benefits? Since 1971, the waiting period has been fixed at two weeks. The two week waiting period represents a basic co-insurance feature of the program that is similar to the deductible for other insurance plans. It eliminates very short claims which individuals should be able to cover on their own. It will also allow verification of claims as it would otherwise be difficult to verify whether people had really become unemployed or laid off for just a few days.

The waiting period also provides time in which claims can be set up and payments started. It is important to note, however, that the EI waiting period can be waived in response to certain circumstances. For example, to help Canadians acquire skills, multiple waiting periods have been eliminated for claimants participating in apprenticeship programs. Also, when parents share EI parental benefits only one waiting period must be served.

I have outlined just a few of the reasons the House should not support the bill but there are many others. The government is not against making changes to the EI Act when warranted but we do not see the changes proposed in Bill C-269 as either timely or necessary.

• (1115)

[*Translation*]

**Mr. Brian Murphy (Moncton—Riverview—Dieppe, Lib.):** Mr. Speaker, I would like to thank the member for Laurentides—Labelle for having introduced Bill C-269.

[*English*]

It gives me great pleasure to rise in the House and speak to the bill. I am wondering, by way of background, why the Prime Minister

is afraid to go to Finland to meet his EU counterparts. It might be that in 1997 the Prime Minister referred to our nation as a failed northern European welfare state. It might be that he called us, we maritimers, having a culture of defeat.

However, the lessons of the EU and, in particular—

**Mrs. Lynne Yelich:** Mr. Speaker, I rise on a point of order. I believe we are debating a private member's bill on unemployment and I think the member's opening remarks are irrelevant.

**The Acting Speaker (Mr. Royal Galipeau):** I thank the hon. member for the point of order. I am sure the hon. member will get to the point.

**Mr. Brian Murphy:** Absolutely, Mr. Speaker. Every bill has a story and every bill has a background. The background of this bill is to learn the lessons of the EU and the UN. The UN has made a declaration that is very clear and has made statements that we should look to reforms of our EI system. The lessons of the EU are that nations like Ireland have improved their economy greatly by bringing all of the regions into the fold of the Republic of Ireland.

I also want to bring back to the fullness of this debate the contextual setting that Maritimers find themselves in. In recent surveys, Maritimers are found to be hard-working individuals, working on average 36 hours per week, which is at the high end of the national average. If we ask any medical professional in the Maritimes about this, they will say that the pay is average to high, but the hours are excessive and that is having its effect.

There are pockets of prosperity in the Maritime provinces. My own region of Moncton—Riverview—Dieppe consistently performs with an unemployment rate under 9% and a population growth rate over 4%.

Eminent scholar Donald Savoie, in his most recent book, *Visiting Grandchildren: Economic Development in the Maritimes*, indicates that as a region Atlantic Canada is catching up on the EI contribution scale, to the point where we can talk intelligently about contributions, that is, premiums, and the draw-down, that is, programs, of EI. This bill is precisely about that paradigm and that debate. Do we increase the programs? Do we increase the premiums? Do we reduce the programs? Do we reduce the premiums? The program-premium paradigm is something to keep in mind when we discuss reforms such as these.

Bill C-269 is an act to amend the Employment Insurance Act, to tinker with the system to make it better for Canadians. For that reason, and not because we ascribe to all of its bits and pieces, we suggest that this bill be sent to committee for study.

*Private Members' Business*

EI touches every riding in this country. It touches the young and the old. It touches men and women. It touches families and children. Families are put in destitute positions if parents are not eligible for EI.

How the EI system works is that if there are two years or more of surplus, a committee recommends annually that premiums be set at a certain level. There are two ways to deal with such surpluses, and that is to reduce premiums or improve programs.

Members will remember that in 1990 a previous Conservative government dealt with the fund by lengthening the space between government and EI. In recent years, we have seen that the Liberal government, working on the surplus redeployment scheme, introduced programs specifically with respect to maternal and paternal leave. Here I pay homage to the hon. member for Mississauga South, whose private member's bill, such as this one is, was successful in raising the maternal and paternal leave to one year from six months. That was a private member's bill and a bold initiative supported by the Liberal government.

[*Translation*]

The vast majority of workers contribute to the employment insurance fund without ever benefiting from it. If that is because they never need to, that is a good thing, but if that is because they cannot access it or are not eligible, that is a bad thing.

[*English*]

• (1120)

EI does help those most in need, that is, seasonal workers and the seasonal economy. I speak with some experience geographically with respect to the seasonal economy. The seasonal economy contributes 25% to the GDP of this country, but also, we have workers and industries facing crises or distress, with businesses that downsize or move to developing countries.

Yet despite all of this need, somewhere between two-thirds and 40% of workers who lose their jobs are not eligible for the benefits. We must ensure that the EI program works for those who need it and that Canadian workers throughout the country get the very best coverage under the scheme that we as parliamentarians promise to give them.

The nuts and bolts of this bill are that the qualifying period would be reduced to 360 hours. There would be an increased benefit period. There would be an increase in the rate of weekly benefits to 60%. There would be a repeal of the waiting period. There would be an elimination of the distinction between a new entrant and a re-entrant to the labour force. It would eliminate the presumption that persons related to each other do not deal with each other at arm's length. There would be an increase in the maximum yearly insurable earnings to \$41,500, with an indexing formula brought in.

Many of these changes might add up to too much stress on the federal budget to implement wisely and at once, but it is worth sending the bill to the committee for study. I now will pick parts of the bill that I think are particularly attractive.

In June, the government renewed the pilot project for older workers, and for seasonal workers, I should add. As I stressed before, this was good Liberal policy. It also should be increased and

improved upon as the pilot moves to tier one or level one programming.

I would also have the committee retain the studying of the effective difference between our regions. It may be that difference between eligibility between regions is a more effective way to deal with the surplus.

The two week waiting period seems constant with the real world of insurance benefits paid otherwise, but there does not seem to be any reason to discriminate against new entrants as opposed to re-entrants.

Much of the bill can be studied and improved at committee. The changes that might come out of that study and recommendation process would be such that the most vulnerable workers would benefit: single parents trying to break the vicious cycle of poverty, low-paid workers in service employment, young workers trying to pay off their huge student loans, and older workers trying to get back into the workforce or trying to find a new job after losing their long time factory jobs or jobs in the sectors of this country that are going through transformation. Many of these people would benefit from the enlargement of the program in all or some of the ways recommended by the bill. It is why I suggest that the bill be sent to committee for study.

In recent years, important changes in the workforce, such as self employment, people creating their own businesses, and the evidence of fewer permanent jobs and more contractual workers, have created a far different landscape with respect to employment than existed in the times of our fathers and mothers and grandfathers and grandmothers.

[*Translation*]

Fewer and fewer people keep one permanent job their entire lives. Today, people work on contract; they have no benefits and no guarantees. They are self-employed and therefore not covered by employment insurance.

[*English*]

Such changes as those included in Bill C-269 have been requested by many groups in my riding. I particularly draw members' attention to the Business and Professional Women's Club of greater Moncton.

*Private Members' Business*

It is a sad story that we cannot provide coverage for people who have grown their own businesses and who employ other people, just because of the corporate veil that exists. For instance, a young professional woman, building her business from zero or from one employee up to 15, is given a choice between whether she should stay at home and have a child or run her business as she has done successfully in the past dozen years. This does not seem to be a fair choice. It is the kind of amendment that should be looked at in committee with respect to making the EI system work. It does not seem fair that someone should have to choose between having a child or running a business, not in a sophisticated, cosmopolitan country such as ours, a country that seeks to be on the world stage. We owe much more to our citizens.

I remind all members of the House that the United Nations Committee on Economic, Social and Cultural Rights recommended as follows:

The Committee recommends that the State party reassess the Employment Insurance scheme with a view to providing greater access and improved benefit levels to all unemployed workers.

With 40% of workers who have lost their jobs not having access to the program and with people who have grown their businesses and are self-employed not covered because of the corporate veil situation, we need to look at the bill at committee. I recommend the bill to committee for further study and I thank the hon. member for her bill.

• (1125)

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Mr. Speaker, I am proud to rise on behalf of the New Democratic Party caucus to say that we support moving Bill C-269 to committee. The simple reason is that over the last 15 years we have seen a deterioration in the lives of Canadians families from coast to coast. Indeed, Statistics Canada tells us that 80% of Canadian families are actually earning less in real terms than they were in 1989. For 80% of Canadian families, real income has fallen.

If we look at each of the levels, which is how Statistics Canada slices up the population, we see that the 20% of Canadians with the lowest incomes have seen their incomes fall by more than 10%. Their real income is lower now than it was in the late 1980s. Canadians who are in the second 20% have actually seen their incomes fall. They have lost about a week's salary over the course of a 15 year period. Middle class Canadians as well have lost about a week's income over the past 15 years. It is like missing a paycheque. Indeed, they are earning less now than they were in the late 1980s. Even upper middle class Canadians have seen no improvement in their situation. Their real income has declined.

As for the wealthiest of Canadians, there is no issue. As everyone is well aware, we have seen skyrocketing incomes for lawyers and CEOs. Their incomes are higher than they have ever been. We are now seeing more and more disparity between what is happening with the pampered and privileged and what is happening with most Canadian families.

Most Canadian families are earning less than they did before and are working longer and longer hours. Overtime has gone up by over a third in that same period. Canadians are earning less and working longer. Why is this? It is because of the economic policies we have

seen, both from the former Liberal government and the current Conservative government, which of course favour the wealthiest of Canadians to the exclusion of everybody else.

Statistics Canada also tells us that most jobs created in today's economy are temporary or part time in nature. Most jobs created in the economy now, an economy created by the Liberals and continued by the Conservatives, actually do not have the right to have pensions or to have the benefits that come with those positions. Increasingly what we are seeing is the marginalization of most Canadian families.

It is no secret. When we knock on doors in many parts of this country, we hear people say that it gets harder and harder to make a go of it. Statistics Canada tells us why. The jobs that are created today are temporary and part time in nature. In most cases, they do not include pension income, so people who have worked for their entire lives cannot have any expectation that their golden retirement years are going to be any better.

A large part of the reason for all of these fundamental changes and this degradation in the quality of life of most Canadians, who are not favoured by the economic policies that favour only the wealthy to the exclusion of everybody else, is the changes to employment insurance that were brought in by the former Liberal government. We see a catastrophic situation for families in many parts of this country. People are unemployed and do not have any access to the insurance scheme that was supposed to actually support them in the event of job loss or, as we are seeing increasingly, in the event of jobs being part time or temporary in nature.

When jobs are temporary in nature, we need to have a safety net. That safety net has been ripped apart. It has been cut into little pieces. Two-thirds of those who are unemployed can no longer access insurance. The NDP fought for unemployment insurance, just as it has fought in virtually every battle where working families have made any progress. The NDP has been behind that progress, whether we are talking about health insurance, pensions or unemployment insurance. As everyone knows, it is the NDP that has forced the governing party of the day, whether Conservative or Liberal, to actually do something for working families.

• (1130)

We have a situation now where two-thirds of employed workers cannot access employment insurance. We have huge billion dollar surpluses in the employment insurance pot, moneys paid by Canadians from coast to coast to coast. The government of the day, whether Liberal or Conservative, has taken that money to use for its own private purposes. Those funds have not been allocated to the purpose for which they are intended, and that is to support Canadians in their time of need, when they are unemployed.

We have to make changes. We have to start addressing the fact of lower and lower quality of life for the vast majority of Canadian families.

*Private Members' Business*

[*Translation*]

As you well know, one approach would be to set up an employment insurance system that would really support people regardless of where in Canada they live—whether they live in Acadie—Bathurst, in northern Quebec or Ontario, in Manitoba or in British Columbia. Regardless of where they live, these people should have access to an employment insurance system that works.

As I am sure you are aware, the NDP member for Acadie—Bathurst has been fighting this fight for years in this House so that people who have lost their jobs can get fair treatment.

It often makes more economic sense for businesses to hire seasonal workers who can be laid off easily. When they lose their jobs or are laid off, we want them to have something to turn to and we want the social safety net to protect them and their families. This is why we support Bill C-269.

The bill would improve a system that has been disastrous for many regions of the country. In northern New Brunswick, when seasonal workers lose their jobs, they do not have a social safety net to protect them, and in two thirds of cases, they are not eligible for employment insurance even though they have been paying into it for years.

Thus, the bill proposes changes to these absurd rules, which exclude two thirds of unemployed workers, in order to improve the situation for most people who lose their jobs involuntarily. We all know the reasons for such job losses. Indeed, in many regions across Canada, seasonal work does not guarantee workers an annual income that is sufficient and steady enough to allow them to avoid resorting to employment insurance benefits.

As several other critics have said, this bill would reduce the qualification period to 360 hours of work. This is much more reasonable than the changes proposed by the Liberal government and better than the Conservative government's failure to act. This bill would increase the duration of the benefits period, which is very important in order to ensure a social safety net. It would also increase the rate of weekly benefits to 60%. All these measures are intended to offer our workers greater protection.

We must now face the reality that, in the softwood lumber industry for example, thousands of workers have lost their jobs since the signing of that inadequate softwood lumber agreement. For this reason, the need for an employment insurance system that works is now more urgent than ever.

For all these reasons and because of the 4,000 jobs lost in the softwood lumber industry in the past three weeks, the crisis is now even worse than before, which is why the NDP will support this bill. Indeed, the bill will improve the quality of life of people across Canada and will change their day-to-day lives.

• (1135)

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Mr. Speaker, I am pleased to speak this morning about Bill C-269, which, for the people who are watching, seeks to amend the employment insurance program in order to restore its true character and its real role.

I am very happy about the NDP's position, announced by the member for Burnaby—New Westminster. The NDP will vote in

favour of this bill. I am also happy about the position of the member for Moncton—Riverview—Dieppe, who will vote for the bill. However, he did not announce the position of his party, the Liberal Party. I would have liked to know whether the Liberal Party will vote in favour of the bill. I hope it will, and I urge it to do so.

This morning, the Parliamentary Secretary to the Minister of Veterans Affairs acknowledged that this bill represented a radical alteration. That is at least something. It is a radical alteration. But the parliamentary secretary did not see the need for such a change. The problem is that the Conservatives are not aware of what workers who are unfortunate enough to lose their jobs go through.

She also went on about the fact that my colleague from Laurentides—Labelle, who introduced this bill, had toured Quebec to discuss it. The parliamentary secretary did not see the point of such a tour, because pilot projects are already under way in various regions, some of which she mentioned. Therein lies the problem. The government is using band-aids and patches to try to solve a serious problem. The parliamentary secretary does not want to acknowledge that, yet she boasts of having implemented pilot projects. None of these pilot projects is remedying the situation.

A number of the measures in Bill C-269 are designed to improve access to employment insurance. Less than 40% of people who are contributing to employment insurance and for whom employers are contributing to employment insurance can hope to receive benefits if they are so unfortunate as to lose their job.

The people who are receiving employment insurance are getting such low benefits that families are continuing to sink into poverty. Even a very important United Nations committee recognized that the program, as it exists in Canada, is reducing families to poverty. The committee members admonished Canada as a result.

This bill also seeks to increase the number of weeks of benefits, without distinguishing between economic regions where employment rates may vary. All individuals and families who lose their source of income experience the same difficulties and hardships regardless of whether or not the unemployment rate is high.

The bill also seeks to broaden the safety net for self-employed workers so that they have protection when they can no longer work.

I will not go over every provision of this bill as my colleagues have already done an admirable job of that. However, I would like to say to the Conservative Party that the current rules are discriminatory, particularly towards women and youth. Only about 38% of those who lose their jobs can expect to receive employment insurance benefits. Of these, 43% are men, 33% are women and 14% are youth. Individuals working in certain types of excluded jobs are affected more drastically.



*Private Members' Business*

•(1140)

Our colleague opposite says that 80% of individuals can expect to receive employment benefits; his statistics are based on current rules, which exclude a large number of workers from receiving benefits as soon as they are affected. These figures cannot be used. It is not being entirely truthful to use these figures as my colleague did this morning.

Furthermore, employment insurance premiums have become hidden taxes. Year after year, over the course of the last 12 years in particular, the employment insurance account has generated surpluses as a direct result of the restrictions applicable to employment insurance. These surpluses have been used for other purposes with the result that \$50 billion has been diverted from the employment insurance account. This money does not belong to the national treasury but to the workers and their employers.

Every year, since 1997, the Auditor General of Canada has told us how much was diverted. Last November, she reported that we had surpassed the \$48 billion mark.

Surpluses on the order of \$13 billion were recently announced, of which \$2 billion came from the employment insurance fund. That means that we have now reached and surpassed \$50 billion diverted from the employment insurance fund. This scheme was adopted under the Liberal regime. When the Conservatives were in opposition, they denounced it as we did. Now that they are in power, they are pursuing this scheme; in other words, they are cheating workers and employers by using the money in their employment insurance fund for other purposes.

Last year, like every year, particularly since 1997, the Bloc Québécois came systematically back to this problem and introduced bills. Last year, we introduced Bill C-278, which mirrored many of the amendments we want to make to the act now, and the Conservatives voted against that bill. I hope that this year the Conservative members will realize how offensive their actions are to workers and to the public in each of their ridings.

I regularly receive letters, and I received another one this morning. Nearly every week, I receive two or three letters from other ridings. One of them comes to me from Mégantic—L'Érable. It is about a family in which the man and woman are both affected. In three pages, it describes all of the hardship caused by being unable to access employment insurance after paying in to it. These people are now middle-aged, and I note the insensitivity of the Conservatives, like the Liberals before them. However, I think that now that the Liberals are in opposition they will be able to reflect a little more on how they laid waste to the employment insurance fund. I hope that they will be voting the same way as we do.

To conclude, I would point out that the diversion of \$50 billion has been accomplished on the backs of workers, fewer than 40% of whom have any hope of drawing employment insurance. This is a serious economic crime, one that has been committed at the expense of the unemployed and their families, and of regions in each of my colleagues' ridings. This is a loss of over \$30 million per year in their ridings, money that is not flowing into the regional economy. This is an exacerbating factor in the fiscal imbalance for each of the provinces, and particularly for Quebec, because these people who

are not receiving employment insurance after paying into it all their lives end up in the ranks of social assistance recipients.

This is completely unacceptable. We should be rebelling against it, and I urge all my colleagues in the House to vote for Bill C-269.

•(1145)

[English]

**Mr. Bradley Trost (Saskatoon—Humboldt, CPC):** Mr. Speaker, I appreciate the opportunity to speak today on this legislation. In particular, before I go into my speaking notes and through a more detailed assessment of the bill, I want to begin with a personal story, so I am changing slightly what I was going to talk about.

I was listening to hon. members discuss the situation in their ridings and across the country. I thought it might be helpful for the House to remember just how employment insurance works and how it actually impacts people, not just the unemployed, but all Canadians.

Before I became a member of Parliament, and I realize as one of the younger members of Parliament that is not as far back as it is for some people, I graduated from high school and worked for a year overseas as a volunteer. When I came back, to earn money for university, I began to work in a bakery. I started with the 4 a.m. to 12 noon shift. Working for a minimum wage at those hours, I was really motivated to get a quality education and one that would help me be productive.

I cut bread for two hours in the morning and usually ended my day by doing dishes for two hours. I was the baker's assistant. I worked for some people who had been there much longer than I had. They had only planned to be there for a few years and then move on. For me, it was only one year before I started doing what became ultimately a geophysics and economics degree at university.

Again, we were all working for low income wages, minimum wage and as bakers' assistants, which was not much in a small town bakery. It was not a large chain. However, we all paid unemployment insurance. Let us remember not what was deducted from our wages but what our employer paid because as a small business person he was not able to add that onto our wages, that really came from our wages too.

The people working were mostly older ladies in their forties, fifties, and even sixties. They were older to me because at that time I was 18 or 19 years old. They paid into EI but they would never be able to draw money out. We lived in an area of rural farming with low unemployment. As one book on the House of Commons described a federal riding in that area, the riding of Yorkton—Melville was the land of the working poor.

I bring up this story to remind everyone that this money that is paid into EI does not come from somewhere up in the sky, not from a magical pot, but it comes from ordinary working Canadians, people who are paying in by working in minimum wage jobs year after year, going to work every day, secure jobs but not jobs that pay great.

*Private Members' Business*

People who are earning \$6, \$7, \$8, \$9 or \$10 an hour are not getting rich and this is a tax that they will often never receive. That should be remembered every time we talk about increasing benefits or changing the benefits because it is these people who will be paying for it. It is not rich corporations somewhere. It is ordinary working Canadians because it is their money which we must protect.

When I think of those people, I also think of other places where I have worked such as tree planting in the summer as a university student. We cry for the needs of university students to help them out after summer work but all summer long they pay into EI but cannot receive it, so university students whether they work or not, aid does not always make a difference. Those who work often do not get the benefit from EI.

We see this in rural Saskatchewan where farmers are ineligible to receive unemployment benefits. Why? Because they farm during the regular season, but in the winter when they only haul grain and they live off the farm income to try to support the farm during the rest of the year, they are ineligible. They pay in when they work for small manufacturers such as Morris in Yorkton and Bourgault in St. Brieux. They work jobs in the oil patch and they continue to pay in.

Before I begin my speech, let me remind the House that no matter how compassionate the motivations may be, ultimately when we take these benefits and expand them, we are taxing hard-working Canadians. We are taking often from the working poor. It is those people whom we should remember before we get too far into legislation to hand out benefits everywhere.

• (1150)

I will now get into the main body of my speech. The bill seeks to introduce a flat 360 hours of work entrants requirements to qualify for EI benefits regardless of regional unemployment rates.

With respect to having flat entrants requirements across regions, it is important to point out that variable entrants requirements ensure that as unemployment rates increase, entrants requirements are lowered and the duration of benefits increases. Adopting a flat entrants requirement would actually be of more benefit to those living in low, not high, unemployment regions.

That is why to ensure relative consistency across the regions entrants requirements are adjusted as employment varies. This helps areas where there is higher unemployment, parts of Quebec, parts of Newfoundland, etc. For example, if one lived in a region with an unemployment rate of between 13% to 14% and worked 420 hours during the qualifying period then one is entitled to 26 weeks of EI benefits.

With respect to the duration of EI benefits, evidence continues to indicate that the length of these benefits is meeting the needs of most Canadians. On average, individuals use less than two-thirds of the EI entitlement before finding employment. In fact, only a small percentage of claimants entitled to 45 weeks of benefits use them in their entirety. The duration of EI benefits is clearly sufficient for the majority of the claimants.

In this bill it is proposed to increase benefit levels. Again, I remind the House, a 55% benefit level aims to provide a balance between adequate temporary income and maintaining work incentives. It is there to be a help, not a solution for everything.

In addition, measures are in place to ensure that those in low income families with children are provided for by enabling them to receive up to 80% of their insured earnings through the family supplement.

Another feature of the bill proposes to increase the yearly maximum insurable earnings, one of those technical government terms, to \$41,500 from the current \$39,000 by introducing a new indexing formula. I say a new indexing formula because section 4 of the EI act already contains an indexing formula under MIE.

Under this formula, the MIE is linked to average weekly earnings and calculated annually, and since 1996 it has remained at \$39,000 while average industrial wages have increased to an equivalent level.

In October the chief actuary actually reported the average wage had increased and surpassed the MIE. This means that the MIE at \$39,000 is already rising. There is an index formula that is working. It is bringing it up to \$40,000 for 2007 providing Canadians with access to increased insurance and higher benefit rates. It means the system already works.

There are several other aspects of the bill and one I will note which is the two week waiting period that the bill proposes to repeal. First of all, the current two week waiting period allows for efficient verification of claims. It allows for the administrative aspects of the claims to be processed and most importantly it upholds the insurance aspect of the program. While employees bear the cost of the two week period, this is in some ways offset by the fact that they pay lower premium rates, though I remind the House, in an economic sense, all costs come from the worker.

This adjustment would add a \$700 million cost to the program, a cost, as I noted in my early story, that ultimately comes from the working poor.

Canada's government is committed to providing opportunities for all Canadians to participate and succeed in Canada's growing economy. It has done this through many ways, not just to unemployment but to increase the economic activity through policies that build this country, through policies that create wealth.

That is why I will vote in opposition to the bill.

• (1155)

**Mr. Mario Silva (Davenport, Lib.):** Mr. Speaker, I would like to thank my hon. colleague for bringing this issue before the House. Bill C-269, An Act to amend the Employment Insurance Act deals with fundamental questions of fairness in regard to the current Employment Insurance Act.

I believe that the basic principle of any law and the true measure of its success is directly related to, among other things, the actual successful implementation of the legislation. I am of the firm conviction that all government programs must start with a clear goal as well as attainable objectives that allow for the success of the program to be effectively measured.

*Private Members' Business*

Therefore, I would simply ask the member from the Bloc Québécois this question: What is the actual objective of these amendments? Perhaps more specifically the question might be: What exactly is the impact he expects should these changes be adopted?

If we were to pass this bill, how would we measure its successful effectiveness? It has recently been suggested that these types of bills represent patchwork solutions to the challenges faced by Canadians. I disagree.

Let me be very clear, I absolutely support the bill we are discussing here today. I say to my colleague that we must always look for ways to improve our programs, strive for more social equity, and always be willing to overhaul well-intentioned programs that may not meet their fullest potential.

I will be supporting this bill at second reading, so that we might see it reach the committee phase and then we can hear what the logic is behind each change the member is recommending. We will be able to clarify the specific goals and targets the bill hopes to reach.

Do I think that the bill is perfect? No. However, I do want to see if there are ways to make the bill stronger, more effective and more efficient.

To the members of the House, most notably the Conservatives who plan to vote against the bill, I ask this: Why not bring the bill to committee? I ask those members what they find so ideologically unpalatable about employment insurance that they are not even willing to let a committee consider how to improve it?

I would like to turn to the issue of poverty and social justice. One of the oldest and most revered tenets of social justice is the concept many of us have heard growing up and that is the so-called golden rule, "do unto others as you would have them do to you". In other words, take care of those in need. We must ensure that our programs and policies reflect the basic tenet of social justice.

Earlier in this debate it was mentioned that many people who pay into the EI fund never receive a penny from it. If we can ensure that those who truly need help get the assistance they require, then we can be justifiably proud that fellow Canadians are helping each other in their times of need.

We should be proud that those of us that are better off, lucky enough never to need the EI fund, are helping those who are not as fortunate. That goes to the heart of what it means to be a Canadian.

I know that each and every one of us receives countless emails lobbying against poverty. It is sad that such lobbying should even have to take place. Such actions should come naturally to us, without need for lobbying. With the revisions contained in this bill, I believe it will go part of the way to help alleviate poverty in our society. Will it do the whole job? Probably not, but it is a step in the right direction.

Increasing the number of people who benefit from EI will undoubtedly help some of those on the cusp of poverty to indeed be able to help themselves.

Let us also take a moment to discuss the question of election promises. During the last election the Conservatives ran on a commitment to set up an EI program that would be independent of

the government with an autonomous fund. We already see that the Conservatives have abandoned this promise just like the one they shattered on income trusts.

We hear nothing about the health care wait times even though it is supposedly one of the five mystical priorities. Especially upsetting is the government's assertion that it is the opposition that has somehow gridlocked this Parliament. This may come as news to the government, but debates, amendments and committees are all a part of a parliamentary democracy.

• (1200)

**Mrs. Lynne Yelich:** Mr. Speaker, I rise on a point of order. I want to make a correction. I do not believe that we have broken an election promise as the member said. I do not believe that was in our election platform, so I would like to correct the record.

[*Translation*]

**The Acting Speaker (Mr. Royal Galipeau):** Order please. Debate on Bill C-269 has now concluded. All that remains is the right of reply, which belongs to the bill's sponsor, the hon. member for Laurentides—Labelle. She has five minutes for her reply.

**Ms. Johanne Deschamps (Laurentides—Labelle, BQ):** Mr. Speaker, I am honoured to end the debate on the second reading of Bill C-269. I intend to summarize everything we have been hearing for months about unemployment in Canada and the disgraceful way people who lose their jobs are treated.

Canadian governments, whether Liberal or Conservative, have never treated workers' money with respect. It is clear that they see employment insurance not as a kind of group insurance designed to help the unemployed, but as a way to fill their coffers at the expense of the destitute.

It is urgent that the Liberal and Conservative members act responsibly and do their duty by putting an end, once and for all, to the pillaging of the employment insurance fund. Let us not forget that the government took more than \$50 billion right out of the pockets of workers and employers.

Unemployment in Quebec and Canada affects a lot of people. First, it affects workers who lose their jobs and cannot find another in the short or medium term. It also affect families who must cope with the loss of their only available income and the deterioration of their financial situation. Is the Canadian government really proud of the fact that it is forcing its citizens to choose between paying the rent and buying groceries?

Entire regions are affected by unemployment, since a plant closure means direct and indirect losses of revenue. Once laid off, workers have limited buying power, which has a direct impact on the economy of the regions.

The government has been praising itself for months for the constant decrease in unemployment in Canada. The official unemployment rate has absolutely no bearing on reality, because with the changes made to the system, hundreds of thousands of Quebecers and Canadians who lose their employment will never be entitled to the EI to which they have contributed.

*Government Orders*

I am sick of hearing about the Conservatives treating the unemployed in this country as though they are lazy and unambitious. Unemployment is much more destructive than that. Let us talk about the people from the Gaspé Peninsula and the North Shore, for example. Do you honestly believe they take pleasure in doing nothing? Do you not think they would much rather be working?

Today's labour market is far removed from the labour market on which the current employment insurance measures are based. Recent types of employment such as seasonal work, part-time employment or self-employment, prove that the current system does not correspond to reality whatsoever. The textile and softwood lumber crises prove it. How can the government say that the people who lost their employment in five sawmills in Mont-Laurier should just go find another job? This is unrealistic and ridiculous. Mont-Laurier is not Edmonton. A 50 year old with 30 years of experience in sawmills does not get a new job at the snap of his fingers.

The proposed improvements in Bill C-269 are not charity for workers. They are simply fair compensation, a correction of an injustice that has been going on for far too long.

Bill C-269 corresponds to reality and the concerns of the workers, the employers, the unions, the chambers of commerce, the social agencies and the groups defending the interests of the unemployed. That is what all those people told us during consultations held by my colleague from Chambly—Borduas and myself over the past few months. These consultations confirmed the need to improve the system.

This economic crime, which is being perpetrated at the expense of the regions and workers, must stop. It is our duty, as parliamentarians, to give workers back the money that rightfully belongs to them and to provide them with access to insurance to help them during hard times. We must put an end to the lean times that workers and the regions have been going through for too long.

With the Auditor General of Canada, labour federations, chambers of commerce and the Bloc Québécois all pushing in the same direction, the government should understand that there is a problem and that we must find a solution. But support for the proposed amendments does not end there. Even the UN has gotten involved, recommending that:

Canada reassess the Employment Insurance scheme with a view to providing greater access and improved benefit levels to all unemployed workers.

I will conclude by saying that unemployment affects everyone, regardless of political stripe or constituency. As proof, I have some research findings that show that a number of my colleagues from the other parties represent ridings where the unemployment rate is wreaking havoc.

Given that I have little time here in this House, I could provide them with a list—

• (1205)

[*English*]

**The Acting Speaker (Mr. Royal Galipeau):** It being 12:05 p.m. the time provided for debate has expired.

Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Mr. Royal Galipeau):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Mr. Royal Galipeau):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Mr. Royal Galipeau):** In my opinion the nays have it.

*And five or more members having risen:*

**The Acting Speaker (Mr. Royal Galipeau):** Pursuant to Standing Order 93 the division stands deferred until Wednesday, November 8, immediately before the time provided for private members' business.

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## GOVERNMENT ORDERS

### CANADA ELECTIONS ACT

The House proceeded to the consideration of Bill C-16, An Act to amend the Canada Elections Act, as reported (without amendment) from the committee.

[*English*]

#### SPEAKER'S RULING

**The Acting Speaker (Mr. Royal Galipeau):** At this time, I would like to share with the House a ruling by the Speaker.

[*Translation*]

I am referring to the act to amend the Canada Elections Act. There are three motions in amendment standing on the Notice Paper for the report stage of Bill C-16.

[*English*]

Motions Nos. 1 to 3 will not be selected by the Chair as they were defeated in committee. Consequently, the House will proceed to consider the motion to concur in report stage.

**Hon. Rob Nicholson (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC)** moved that the bill be concurred in.

**The Acting Speaker (Mr. Royal Galipeau):** Is it the pleasure of the House to adopt the motion?

**Hon. Rob Nicholson:** Mr. Speaker, I think you would find unanimous consent to move to adopt the motion at report stage and move to third reading of this bill.

**The Acting Speaker (Mr. Royal Galipeau):** Is that agreed?

**Some hon. members:** Agreed.

(Motion agreed to)

**Hon. Rob Nicholson** moved that the bill be read a third time and passed.

*Government Orders*

He said: Mr. Speaker, I am very pleased to begin the third reading debate on Bill C-16, An Act to amend the Canada Elections Act, which would provide for fixed date elections.

First, I take note that the bill was carefully reviewed by the Standing Committee on Procedure and House Affairs. A range of expert witnesses has appeared before the committee and much discussion has taken place. The committee heard from the Chief Electoral Officer, representatives of political parties, academic experts, as well as myself.

While I have been informed that there were lively debates on key issues, I am pleased to note that Bill C-16 carried in committee without amendment.

Moreover, while there were some minor differences on some of the details of the bill, I was struck by the fact that all parties represented in the House of Commons supported the fundamental rationale of the bill.

I believe all parties share the view that elections belong fundamentally to citizens. They belong to the people. All parties agree with the principle that the timing of elections should not be left to the Prime Minister, but should be set in advance so all Canadians know when the next election will occur.

I will begin with the description of the current process for calling general elections and I will discuss some of the difficulties associated with it. This will be followed by a discussion of the many advantages associated with fixed date elections. Finally, I will be very pleased to present the specifics of Bill C-16.

Currently, it is the prerogative of the Prime Minister, whose government has not lost the confidence of the House of Commons, to determine what he or she regards as a propitious time for an election to renew the government's mandate. The Prime Minister then requests dissolution of the House from the Queen's representative and if the Governor General agrees, he or she proclaims the date of the election.

What we have is a situation where the Prime Minister is able to choose the date of the general election, not based necessarily on what is in the best interests of the country, but what is in the best interests of his or her political party. Bill C-16 would address this problem and would produce a number of other benefits.

Before going into details of this bill, allow me to discuss the key advantages of fixed date elections.

Fixed date elections would provide for greater fairness in election campaigns, greater transparency and predictability, improved governance, higher voter turnout rates and help in attracting the best qualified candidates to public life.

First, let me discuss the question of fairness.

Fixed date elections would help level the playing field for those seeking election in a general election. With fixed date elections, the timing of the elections would be known to everyone. Since the date of the next election would be known to all political parties, each party would have an equal opportunity to make preparations for the upcoming general election. Instead of the governing party having the advantage of determining when the next election would take place,

an advantage it may have over the other parties for several months, all parties would be on an equal footing. It is only fair that each party would have equal time to prepare for the next election and to know when it would be.

Another key advantage of fixed date elections is transparency. Rather than decisions about election dates being made behind closed doors, general election dates would be set in advance, as prescribed by this bill. Once the bill is passed, the date of election will be known by all Canadians.

Predictability is also a key advantage of fixed date elections. Canadians and political parties alike would be able to rely on our democratic election system, working in an open and predictable fashion for all general elections. Plans then could be made on a reliable basis to prepare for and respond to fixed date elections.

Fixed date elections would allow us to improve governance. For example, fixed date elections would provide for approved administration of the electoral machinery by Elections Canada. The Chief Electoral Officer, in majority situations, would know, with certainty, when the next election would occur and would be able to plan accordingly. This would almost certainly involve greater efficiency at Elections Canada and, therefore, would very likely save money for the taxpayers. Political parties would also likely save money as they would not have to remain on an election footing for extended periods of time.

• (1210)

Moreover, fixed date elections would allow for better parliamentary planning. For example, members of parliamentary committees would be able to set out their agendas well in advance, which would make the work of committees and Parliament as a whole more efficient.

Yet another reason for adopting fixed date elections is that this measure would likely improve voter turnout because elections would be held in October, except when a government lost the confidence of the House. The weather is generally favourable in most parts of the country. Fewer people are transient; for example, most students would not be in transition between home and school at that time and would be able to vote. Moreover, seniors would not be deterred from voting as they might in some colder months, and of course, citizens would be able to plan in advance to participate in the electoral process, arranging for advanced voting if they planned to be away. An additional benefit is that pre-election campaigns to get out the vote would be able to be well prepared as the organizers would be aware of exactly when the next general election would take place.

Finally, I want to mention an advantage that will resonate with many of those in this chamber. It is a difficulty with the current system that I have witnessed personally and something which I mentioned in interviews when Bill C-16 was first introduced.

*Government Orders*

Fixed date elections would help to attract many of the best qualified Canadians into public life because it would be easier for them to plan their own schedules to enable them to stand for election. For many of our most talented Canadians, unfixed election dates make it difficult to plan to enter public life because they simply do not know when the next election is going to be called. I think fixed date elections can only help to attract the most qualified individuals to public life.

I would like to return to the details of the bill. Legislation providing for fixed date elections must be structured to meet certain constitutional realities of responsible government. They include the requirement that the government have the confidence of the House of Commons and respecting the Governor General's constitutional power to dissolve Parliament. The bill before us was drafted carefully to ensure that these constitutional requirements continued to be respected.

The bill does not in any way change the requirement that the government must maintain the confidence of the House. Moreover, all the conventions regarding loss of confidence remain intact.

In particular, the Prime Minister's prerogative to advise the Governor General on the dissolution of Parliament is retained to allow him or her to advise dissolution in the event of a loss of confidence. The bill states explicitly that the powers of the Governor General remain unchanged, including the power to dissolve Parliament at the Governor General's discretion.

As set out in the government's platform, this bill is modelled after existing provincial fixed date elections legislation. It is similar to the approach taken by British Columbia, Ontario, and Newfoundland and Labrador. It should be noted that the legislation in those provinces is working and I know of no particular problems associated with it.

For example, British Columbia recently had its first fixed date election on May 17, 2005. Ontario and Newfoundland and Labrador will soon have theirs on October 4, 2007 and October 9, 2007, respectively. In British Columbia there was no evidence, as some critics claimed, that what we get with a fixed date election is a lame duck government or any other associated problems.

This government's bill provides that the date for the next general election is Monday, October 19, 2009. Of course, this would be the date only if the government was able to retain the confidence of the vote until that time. For example, if the government were to be defeated tomorrow, a general election would be held according to normal practice. However, the subsequent election would be scheduled for the third Monday in October in the fourth calendar year after that election. That is the normal model that would be established by this bill.

General elections would occur on the third Monday in October in the fourth calendar year following the previous general election. We chose this date very carefully. One of my parliamentary colleagues will provide a full explanation of our choice during this debate. However, in brief, we chose the third Monday in October because it was the date that was likely to maximize voter turnout and to be the least likely to conflict with cultural or religious holidays or with elections in other jurisdictions. This raises an additional feature of

the bill that I want to bring to members' attention, a feature that provides for an alternate election date in the event of a conflict with a date of religious or cultural significance, or an election in another jurisdiction.

● (1215)

In the current system, the date of the general election is chosen by the government, so it is rare that a polling date is chosen that comes into conflict with one of those cultural or religious events or elections in another jurisdiction. However, with the introduction of legislation providing for fixed date elections, there is the possibility that in the future a stipulated election date would occasionally be the same day as an important cultural or religious date or an election in another jurisdiction.

The Ontario fixed date election legislation provides that if there is a conflict with a day of cultural or religious significance, the Chief Election Officer may recommend an alternate polling date to the Lieutenant Governor in council up to seven days following the day that otherwise would be the polling day. Using a variation of the Ontario legislation, our bill empowers the Chief Electoral Officer to recommend an alternate polling day to the governor in council should he or she find that the polling day is not suitable for that purpose. The alternate date would either be the Tuesday or the Monday following the Monday that otherwise would have been the polling day. Allowing alternate polling days to be held on the following Tuesday or Monday is consistent with the current practice of holding federal elections on a Monday or a Tuesday.

Some opposition members had concern that this bill is illusory in that the Prime Minister could call an election at any point up until the fixed date of the election. However, the Prime Minister has to retain his prerogative to advise dissolution to allow for situations when the government loses the confidence of the House. This is a fundamental principle of the British parliamentary system and of responsible government as developed in this country. Moreover, if the bill were to indicate that the Prime Minister could only advise dissolution in the event of a loss of confidence, it would have to define confidence and the dissolution of the House of Commons would then be justiciable in the courts, something I think most people would realize would be a bad idea.

This bill which provides for fixed date elections is long overdue in Canada. In June, Ipsos-Reid released the results of a poll which showed that 78% of Canadians support the government's plan to provide for fixed date elections. The third week in October is already Citizenship Week in this country where we celebrate what it means to be a Canadian citizen. Of course, fundamental to being a Canadian citizen is our civic responsibility, including our duty to vote. It is fitting that the date of the federal general election would be set for the third Monday in October.

This legislation would provide greater fairness, increased transparency and predictability, improved policy planning, increased voter turnout and would help to attract the best qualified Canadians to public life. I hope my colleagues on all sides of the House will join me in supporting it. I look forward to the bill's speedy passage in the Senate.

*Government Orders*

•(1220)

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the government House leader has laid out many of the factors which would come into play. I do not think there is any member in this place that does not support quality in terms of the operation of elections.

As the government House leader mentioned, the Prime Minister is in a position to engineer the fall of a government, particularly in a minority government, by virtue of the fact that the Prime Minister can make any matter before the House a confidence issue. We know that the next election will probably be held next spring after the budget is defeated. I wonder whether or not members are spending more time right now worrying about their election readiness. I have received four pieces of literature from the Prime Minister himself on crime issues in my own riding. Obviously, there is activity going on with regard to an election.

Probably the most compelling matter which people have raised regarding concerns about an election is that because of a date certain there will be pressure for people to start spending money on pre-writ activity, thereby giving sitting members of Parliament a significant advantage over people who are not sitting members and people who have not yet been nominated in their ridings. It would appear that there may be some rift areas with regard to the provisos under the Canada Elections Act and probably some concern about the productivity of Parliament in the months leading up to the fixed date of the election.

I would be interested in the government House leader's comments.

•(1225)

**Hon. Rob Nicholson:** Mr. Speaker, first, let me address one thing that the hon. member said. He said that the budget will be defeated. I would suggest that the hon. member at least wait until it is prepared. Would it not be reasonable at least to see it before hon. members draw their conclusions? The budget could have tax cuts that the hon. member might welcome. It could be stimuli to business, industry and job creation. It could be a work of art. It could be the greatest budget, and probably will be, ever tabled in the House. I have no doubt about that. I would hope that when the hon. member saw it, he would be one of the first on his feet to congratulate the government, saying that it is good for Canada and it is what we need. I know the hon. member is a reasonable individual and he would want to see that budget before he drew any conclusions.

He touched on a couple of other matters. He said there could be pre-writ spending. Good heavens, if the election could be called any time up to five years, imagine how much pre-writ spending we might get. It seems to me that in 1997 and 2000 the elections were called earlier than the four year period of time. Parties were probably gearing up. His political party was probably gearing up six, eight, ten months prior to that and the election was called before the four years were up and certainly before five years. When Mr. Trudeau's government was doing terribly in the late 1970s, the Liberals waited just about the whole five years in the hope that some miracle might turn things around. It underscores how important it is to have some certainty as to when elections are called.

I do not know if any members in the chamber are from British Columbia, but I think they will confirm what I am saying, that the

election in British Columbia went very well. The one in Ontario will be in another 11 months. That will give us some guidance, it seems to me. I think they will all be conducted in a reasonable manner. Members of Parliament, governments and opposition parties will want to get their message out to their constituents, and it seems to me that is only proper.

As far as productivity, it seems to me there could be some challenges to productivity when committees do not know when the election will be called, whether it will be called after three and a half years or five years. They are trying to plan their work. If they knew that the election would be in October, there would be a great impetus in the spring for committees to get their work done so that it could be presented to the Canadian people.

There are many selling points to the bill. I think all members would agree that it is a great step forward.

**Hon. Wayne Easter (Malpeque, Lib.):** Mr. Speaker, I listened closely to the member's discussion. In theory it sounds like the Conservatives are really interested in improving democracy. They certainly support democracy, but what we have seen from the new government so far is that it does not practise it. We have seen that in quite a number of areas, the Canadian Wheat Board and others.

My question is similar to that of my colleague, the problem in a pre-writ period. What is the impact going to be on third party advertising? Although the member in promoting the bill talked about there being productivity in the House, is it not true that election campaigns, rather than being 38 or 40 days long, would be 365 days long? A year in advance of an election, some people would be out there, nominated, running in the riding and current members would have to leave the House to defend themselves in their ridings. That could impact on the productivity of the House.

Has the government considered all those factors, or is it just moving ahead with a popular ploy, like it has done so often since it has been elected?

•(1230)

**Hon. Rob Nicholson:** Mr. Speaker, I am not sure exactly what the hon. member's election strategy is. He said we should just start electioneering 30 or 40 days before the election. It seems to me that all hon. members have an obligation to get their message out to their constituents and out to Canadians on a regular basis. Certainly, the tools are available to members of Parliament through their householders so that their constituents know. I would suggest to hon. members, if they leave that communication to the last 30 days before an election campaign, that is not a recipe for success.

Certainly it is open in every riding to have individuals who may want to challenge the sitting members of Parliament or they look after their nomination. Quite frankly, by providing some certainty, it would shorten up the period of time. Members would be able to rely on when an election would take place. Surely, that is a step forward in the right direction.

*Government Orders*

**Mr. Paul Dewar (Ottawa Centre, NDP):** Mr. Speaker, in terms of the previous process, I could not agree with him more that it was flawed. We had the government of the day taking advantage of the public purse and putting the interests of a political party ahead of those of everyday Canadians. We certainly saw that around the election of 2000.

Four years seems to make sense. Our party was on the record before the last election when my predecessor, Mr. Broadbent, put forward the idea of fixed date elections as opposed to fixed election dates. When we speak to the changes in the bill we should understand that this is a flexible fixed date election piece of legislation because in a minority government the will of the House will override.

If the government, quite rightly, took on this issue, as we proposed before the last election, will it deal with the other area of electoral reform that needs addressing, which is to have a citizens' assembly on an electoral reform parallel committee of Parliament as was agreed to in the last Parliament?

**Hon. Rob Nicholson:** Mr. Speaker, the hon. member raises a number of interesting points. This is one of our pieces of democratic reform agenda and, of course, we are looking at others. However, we will need the cooperation of everyone, not just in this chamber but in the other chamber as well.

I can tell him, for instance, that the Senate tenure bill that reduces the maximum length of service for a senator from 45 years to 8 years has been in the Senate since May 2006. I am a reasonable individual but it seems to be that six months—

**The Acting Speaker (Mr. Royal Galipeau):** Resuming debate. The hon. chief opposition whip.

**Hon. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, I am pleased to have the opportunity to speak to Bill C-16, An Act to amend the Canada Elections Act.

The government would have us believe that fixed election days will provide greater fairness, increased transparency, increased voter turnout and improved policy planning. While I support the concept of a fixed election date in principle, I do not believe Bill C-16 is a panacea for electoral reform.

In fact, I see this legislation, quite frankly, as more of window dressing than meaningful reform. From my perspective, we would need to have a constitutional amendment to actually affect the process in such a way that this would have real teeth.

However, that is not the case with this legislation today. This legislation presents flexible fixed election dates because the Governor General's authority and the discretion to take the advice of the Prime Minister at any time preceding the fixed election date could see Canadians into a general election.

This legislation is modelled on the British Columbia and Ontario laws requiring a fixed election date every four years, except when the government loses confidence in the House.

There is convincing research to suggest that fixed election dates can be an important element in a comprehensive strategy to address the democratic deficit. In theory, they can help remove seasonal

obstacles to voting, especially when we live in a country with such diverse geography and such extremes in the climatic factors.

In theory, it can reduce voter cynicism. As we have heard in some of the questioning already, there is a bit of cynicism around the manipulation of election dates for partisan ends. It could also attract more representative candidates. I would be very interested in this because women represent 52% to 53% of the Canadian population and yet we sit at about 20% representation in the House. A fixed election date may help them plan well in advance when they want to seek the nomination and run for public office.

A fixed term election also offers a greater predictability for Canadians and for Elections Canada which currently has to be at the ready at all times. I would point out that this is especially exacerbated in this minority government and in the previous minority government. Governments and political parties would have greater certainty if we went to a fixed election date.

In theory, there would not be a constant cloud of impending elections. Therefore, Parliament could focus on governing and making Parliament work for people. It would also mean that Elections Canada would not need to spend public dollars to be in a constant state of election readiness. It could plan more effectively with its staff and be able to rent the appropriate locations needed for the task it must fulfill during elections.

Beyond those advantages, fixed election dates could enhance the effectiveness of a variety of measures designed to actively boost voter turnout. The planning and staging of public events, such as seminars, adult education activities and public information campaigns, would help raise interest and involve people in public affairs. We would see benefits by having a fixed election date when we look at this aspect of engaging the citizenry.

During committee deliberations on this issue, convincing arguments were presented suggesting that one of the great advantages of the fixed election date would be to capture the attention, engagement and participation of students. We need Canadians to take advantage of their first opportunity to vote in order to establish this as part of their everyday life and their habits.

Voter turnout for young people is something I find disturbing. We need to look at all measures in order to counter this trend of fewer and fewer young people under the age of 30 voting. With young people voting less, civics education could be a key measure in engaging them.

A fixed election date in October would provide an opportunity to structure the curriculum to include electoral awareness and maybe mock elections and information presentations to engage students to become more interested in national issues and more active at election time.

● (1235)

However, I would hate to see fixed term elections as a reason to discontinue initiatives designed to promote voter awareness in the future.



*Government Orders*

Fixed election dates are a relatively new concept in most Westminster parliamentary systems. However, fixed elections at the municipal level in Ontario have been in place for many decades and these fixed election dates have not achieved a higher voter turnout. In my province of Ontario, it has not achieved increased voter participation. We have yet to see the results of fixed election dates increase voter participation.

Much of the work that needs to be done on electoral reform is not being accomplished by the bill before us. While this legislation does tweak the current system, I see no compelling reason not to support Bill C-16, An Act to amend the Canada Elections Act, but much more needs to be done.

**Mr. Dean Del Mastro (Peterborough, CPC):** Mr. Speaker, it would seem that in principle the hon. member is very much behind the bill.

I think we recognize that the bill is about leveling the playing field for all parties in the House, not to give the government an advantage to call a snap election when perhaps another party is not ready. It would allow for a better debate on policy and on principle so that all parties could go into an election prepared and our voters could make the best decisions. In that regard, I can expect that the hon. member would concur with Bill C-16.

• (1240)

**Hon. Karen Redman:** Mr. Speaker, I will be very clear. I will be supporting Bill C-16 but I see this as a beginning and not an ending.

We had a very productive debate in the Standing Committee on Procedure and House Affairs when we dealt with this. However, I did not see a compelling, empirical argument for a lot of the assumptions that have been made around this flexible fixed election date.

I will support the bill but I do not see it as having particular teeth. I do not see it as dramatically changing the status quo because the House still has the opportunity to present a non-confidence motion and, therefore, we could be into a snap election. It is incremental but I hope we continue to look at other democratic reforms.

**Mr. Paul Dewar (Ottawa Centre, NDP):** Mr. Speaker, I agree and concur with my colleague's comments on the language, as we served on the committee together. I mentioned at committee and elsewhere that it is about flexible fixed date elections. We can look at the experiences that she references in other jurisdictions. It is something new in terms of our experience but other jurisdictions have used it and it has been successful.

I agree with the member's point that we need to go beyond this legislation in terms of real democratic reform. I would like her comment on the fact that in the last Parliament, my predecessor Mr. Broadbent, had the agreement of all parties at committee to do just that, which was to engage with Parliament and with Canadians to have a citizens' assembly format, as well as a parliamentary committee, and that they would converge and intersect after they had done their work so we could go ahead. I wonder if she could comment on that process and on whether she believes that is the way to go.

**Hon. Karen Redman:** Mr. Speaker, my colleague hit on two very important things with which I agree. If we are going to look at

electoral reform, we must also look at the process and the substance. As we go forward with the process, we must engage Canadians.

As I said in my speech, I am very disappointed to see the lack of participation in young Canadians. I have four children and I know that many of their friends think it is far more productive to join a non-government organization like Greenpeace or some environmental group rather than join in formalized politics. We need to do everything we can to continue to be meaningful to Canadians.

**Hon. Wayne Easter (Malpeque, Lib.):** Mr. Speaker, one of the key points raised by the government is that this would improve voter turnout. We see fixed elections of four years in the United States and that is where voter turnout is among the lowest, so I really do not believe it has merit. I think it has more to do with cynicism about broken promises. We have seen that just recently on the income trust issue.

On the issue of Elections Canada, on this point I have heard some fairly serious allegations about electoral lists, not in my own riding but elsewhere in the country. There are concerns about election day, when people can show a piece of ID and vote, the concern being whether or not they really do live in the riding.

Does the member see changes in this bill which will ensure that there cannot be a manipulation of the voters list during the last days of an election campaign? That is a serious issue. I personally see no reason why the list cannot be firmed up five or six days prior to the election so that parties have time to double-check the list. Is there anything in this bill which would ensure that there is no way there can be election fraud based on the electoral lists themselves?

**Hon. Karen Redman:** Mr. Speaker, this is a very serious issue. These actual aspects of the Canada Elections Act are being looked at by the procedure and House affairs committee and are not contained in this piece of legislation, so I again would reiterate that this is a very small step, in my view, and is more window dressing than it is substantive.

There is the issue of the permanent voters list and the accuracy of it. There is the issue of whether or not we demand photo ID and whether we allow people to be vouched for, which means someone saying that this person lives down the street, he is who he says he is, and yes, he lives in this neighbourhood. They are all very serious issues.

When we look at these issues, I think it is very important to underscore that Elections Canada employees do an absolutely outstanding job and what we need to do is make sure they have the tools in hand to be accurate. I share my colleague's concern.

• (1245)

**Mr. Laurie Hawn (Edmonton Centre, CPC):** Mr. Speaker, the previous question, although it is very important and I can speak with considerable insight into that issue from my own past experience, is not part of this bill.

My hon. colleague commented earlier that she thinks a constitutional amendment would be required for this bill to work. I am curious about what leads her to draw that conclusion.

*Government Orders*

**Hon. Karen Redman:** Mr. Speaker, if we were going to decouple the Governor General acting on the advice of the Prime Minister, we would need a constitutional amendment to do it. That would be the only substantive way in which we could be locked into this four year, predictable election, very much like the Republican model that exists in the United States. I often lament that when Canadians talk about electoral reform we look at cherry-picking from one system to the other. Clearly we are the Westminster model. It is a parliamentary party system. As such, I do not think we can do these one-offs. This, I think, looks very much like what the United States has.

Again, I do not believe that confidence should be defined anywhere. I believe it is the prerogative of the government to define it. It always has been. We ought not to lightly change traditions that have served this country very well democratically for our entire history.

**Mr. Scott Reid (Lanark—Frontenac—Lennox and Addington, CPC):** Mr. Speaker, I sat on the committee with the hon. chief opposition whip. I am glad to hear that her comments reflect what I thought was a reasonably high degree of consensus on the goals of this particular piece of legislation.

She made reference in her commentary to our experience in Ontario—and I suspect there are other provinces that are the same—with municipal elections that have fixed dates and low levels of voter turnout, and she suggested that it might mean that a fixed election date will not produce a higher turnout. I would just point out a couple of considerations which I think suggest that is not correct.

One thing is that in Ontario, particularly in a rural area like mine, property owners who own cottages, for example, are on the electors roll. Often they cannot vote because elections are held when they are back in Toronto or wherever and not in the municipality, so that tends to produce a lower overall voter turnout.

However, I am wondering if she will agree with me on this. If the Chief Electoral Officer took the opportunity to focus on extra enumerations, particularly in areas such as student areas around universities where we find there is lower turnout, would that not help produce a higher voter turnout? And would he not be aided in that process by the fact that he would know when these enumerations could occur?

**Hon. Karen Redman:** Mr. Speaker, I do not know that it is just a problem of better accounting, but I thank my hon. colleague for those suggestions. Perhaps that is something which will reflect a more accurate accounting.

I was actually reflecting on my riding of Kitchener Centre, which is totally urban. It has some student population, but not as much as there is around the University of Waterloo and Wilfrid Laurier University.

A week from today, Ontario will have municipal elections. I spent six years as a public school trustee. I spent a term sitting as a regional councillor. I will say emphatically that trustees and councillors deal with issues that are absolutely key to the quality of life and the character of communities, yet the voter turnout is very low.

I made the comment based on the fact that I do not think one can assume that if we fix election dates there will be higher voter turnout.

If we fix flexible election dates, educate students and have a full court press in trying to get people out, I think that might help, but I do not think that this in and of itself is necessarily going to raise voter turnout.

We looked at very interesting models in New Zealand and Australia. In Australia, it is mandatory to vote. I do not know of a modern democracy that has gone that route in the last 100 years, but I wonder if we would start talking about substantive issues, instead of just trying to get our vote out, if we knew that every Canadian of voting age would be fined if they did not come out to vote.

• (1250)

[*Translation*]

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Mr. Speaker, as vice-chair of the Standing Committee on Procedure and House Affairs, I am pleased to rise today to speak to Bill C-16, which amends the Canada Elections Act, primarily to establish fixed election dates.

Just as I did at the previous stage, I would like to make it clear, from the outset, that the Bloc Québécois is in favour of Bill C-16, despite the fact that it does have certain flaws and of course requires some improvement. Accordingly, we, the Bloc Québécois, proposed certain changes in committee. Unfortunately, they were defeated by the majority of the committee members. The Bloc Québécois believes that, with this bill, Canada joins other democratic countries around the world that have adopted such a principle, particularly, Sweden, Finland, Norway, Switzerland, Luxembourg and the United States.

Within Canada, three provinces already have fixed election dates, namely, Ontario, Newfoundland and British Columbia. I believe British Columbia is the province with the greatest expertise, since it has been conducting elections this way the longest. During a committee meeting, via video conferencing, we had the opportunity to hear from the Assistant Chief Electoral Officer in British Columbia, who told us about that province's experiences in that regard.

In Quebec, elections have been held on fixed dates at the municipal level for a number of years and this principle has not reduced either the accountability of elected officials or democracy itself. Although some questions remain regarding the actual wording of the bill, its main advantage is to eliminate the prerogative of the party in power to call an election at the most politically opportune time.

Thus, to some degree, no matter the prevailing situation, the economy, the strength of the party in power or of the party in opposition, the internal dissension in a party—no matter the external circumstances—elections will now be held on fixed dates.

This will prevent the reoccurrence of what happened with the 1997, 2000 and 2004 elections, when the Liberals were in power—the Liberals of Jean Chrétien as well as of the current member for LaSalle—Émard, who I will not name as he has not yet quit his seat, but you know who I am referring to—and the prime minister exercised this prerogative in order to call an election in what I could call a meanspirited act, as I will explain.

*Government Orders*

On March 15, 1997, the member for Laurier—Sainte-Marie, the current Bloc Québécois leader, was elected leader of the party; former Prime Minister Jean Chrétien called the elections on June 2, 1997.

On July 8, 2000, the current Minister of Public Safety was elected as the leader of the Canadian Alliance, as it was known at the time. We know that this party had an identity crisis and changed names a few times. There was the Reform Party and the Canadian Alliance. The ideology of the party was somewhat fuzzy making it difficult to know the name of the party.

●(1255)

A certain split occurred under the leadership of that member, the current Minister of Public Security. A dozen members left the ranks of the Canadian Alliance to rejoin the Progressive Conservative Party led by former prime minister Joe Clark.

Ideologically speaking, there was some fuzziness. That atmosphere of internal division and tension prompted then Prime Minister Jean Chrétien to call an election for November 27, 2000. Later, on March 20, 2004, the current Prime Minister was elected leader of the Conservative Party of Canada. Another election took place June 28, 2004.

Thanks to fixed date elections, whoever is prime minister will no longer be able to take advantage of divisions or disorganization in the ranks of opposition parties. That would give him an unfair, if not unjust, advantage over the other parties. We will see what happens in practice.

In committee, my colleagues from other parties and I had some questions about whether this bill, as it is written, would not open the door to some type of prerogative, despite a fixed election date.

The bill indicates that in exceptional circumstances or in extraordinary circumstances, the prime minister could decide to call an election. The notion of exceptional or extraordinary circumstances is necessarily subjective. Indeed, what is exceptional to me could be quite normal for someone else. What is extraordinary for one person could be out of the ordinary, but not necessarily extraordinary, for another. Although this does not lessen our support for this bill, we must be prudent and consider some modification.

In future, elections will be predictable. That will enable more rational governance. Members of parliamentary committees will henceforth be able to set their agendas in advance, which will make the work of committees and of Parliament more efficient; at least, we dare to hope so.

In terms of predictable elections, this bill offers a clear benefit. Elections Canada will be in a better position to prepare its work. That will also make it possible to reduce the length of election campaigns. Elections Canada will be able to begin its preparations by counting backwards. Since the Chief Electoral Officer of Canada, Mr. Kingsley, will know the date of the election, he will be able to carry out all the preparatory steps necessary for holding the general election.

As part of my duties within the Bloc Québécois, I gathered reports of all the problems that arose in the last election and even those in the 2004 vote. In certain ridings, totally incompetent and

unprepared returning officers provided us with some horror stories that would make the hair on your head stand up.

With all due respect, Mr. Speaker, the hair may stand up on your head, but not for long and not so high as on my head, I admit. I say that to you as a friend, since you have a little hair, but it will not necessarily be the hair on top of your head that will stand up; it will be mainly the hair on the sides of your head.

These horror stories damage the credibility of the electoral process by which we democratically choose who will represent us.

●(1300)

From now on Elections Canada can prepare itself accordingly.

We also hope, with this bill, that there will be better voter turnout, that advertising around a fixed date election may foster improved turnout. I am talking about all advertising coordinated by the Chief Electoral Officer among certain target groups, such as young people, who do not vote much in any elections and who, in some instances, have no interest in politics.

Speaking of voter turnout, I must recall the point of the amendment that the Bloc Québécois tabled concerning the date.

We know that Bill C-16 provides for elections on the third Monday of October. Right from the start I am sure that the cabinet of the parliamentary leader of the government carefully examined all the calendars. Apparently that date does not conflict with any religious holidays or other holidays that might lower the participation rate. That is all right, but there is an event in Canada and Quebec, Thanksgiving, which is always on the second Monday of October—until the end of time. It is statutory. Let us look at a calendar.

I came close to selecting the year 2050 so as to have a date as far away as possible, but that is exactly the same year the government plans to begin dealing with greenhouse gas emissions. Imagine how far away that is. So this shows that the government's green plan is totally unrealistic and ill-adapted, but you could invoke the irrelevance of my remarks, Mr. Speaker, and before you get ready to do so, I will get back to the point.

If we consult the calendar for 2050, we see that the Thanksgiving holiday will be on the second Monday in October. But, in a vote held the third Monday of October, the previous weekend is reserved for the advance poll.

We, the Bloc Québécois, have suggested that the Thanksgiving weekend is one of the last nice weekends of the year, which is why people often plan to close up the cottage then. It is one of the last long weekends before winter, and people who have family in the regions can take advantage of it to celebrate Thanksgiving with the family, go eat turkey and so on, because there is still no snow on the ground in most parts of Canada. Of course, we sometimes get storms in mid-October, but typically the weather is still pretty nice. This is why we think that holding an advance poll during the Thanksgiving weekend does not encourage a very high turnout. I do not think elections have ever been held that particular weekend.

*Government Orders*

This is why we, the Bloc Québécois, have given the matter some thought and have suggested that the first Monday in May would be a more appropriate date.

I would not want to cause any doubt by saying this. We support Bill C-16 as written, but I still want to explain why the Bloc Québécois prefers the date it does. Unlike Thanksgiving, Easter does not occur on a set date. It sometimes happens at the end of March, and sometimes in April—even as late as the end of April. We only checked for the next 15 years, but 11 years from now, that is, once in the next 15 years, the advance poll would take place during the Easter weekend.

In all honesty, I must clarify what I said earlier about Thanksgiving.

● (1305)

Contrary to Thanksgiving, which is always the second Monday in October, Easter has only been the same time once in the last 15 years.

That is why we were in favour of May, although my colleagues democratically defeated the amendments that the Bloc proposed in the Standing Committee on Procedure and House Affairs.

For all these reasons and many others that I cannot mention for lack of time, I am announcing to the House that we are in favour of this bill and dare to hope that the participation rate will be higher in the next election. It has become apparent in previous elections, at least according to the participation rate curve over the last 20 years, that fewer and fewer of our fellow citizens take an interest in parliamentary democracy and fewer and fewer are willing to go and vote. That is very unfortunate in a democratic system like ours.

[*English*]

**Mr. John Cannis (Scarborough Centre, Lib.):** Mr. Speaker, I listened very carefully to the member from the Bloc on Bill C-16 and I have a couple of questions.

First, this is a new proposal for federal elections as we well know. We also know that there are two provinces that are working with fixed election dates, British Columbia and Ontario.

Generally, in the pharmaceutical industry for example, when a new product comes out, it has to go through various trials and testings and then it is released to the general public. Even at that we sometimes hear years down the road that it has to pull it off the shelf because some things were unforeseen et cetera.

I could use another example. When the same sex marriage issue was unfolding across the country, it was not until after various provincial superior courts ruled that it came to us on the federal side and we then asked the Supreme Court of Canada for an opinion and followed it accordingly.

On Bill C-16, fixed elections dates, would it not be wise to see how it unfolds with the other provinces and as it unfolds see if there are any glitches and fine tuning that needs to be done before we just implement? As the pharmaceutical industry, for example, we may find that there are some problems and we have to backtrack.

They taught us in physics in school that we test first and then we implement. Would the member not consider waiting for the outcome

of other provincial elections before we move forward on the federal side?

[*Translation*]

**Mr. Michel Guimond:** Mr. Speaker, I would just like to mention something to my hon. colleague. I think that a third province has also passed legislation on fixed date elections. My colleague mentioned two provinces, Ontario and British Columbia, but I think that Newfoundland passed similar legislation. I am not very good at mathematics, but by my count, that makes three provinces. Maybe my hon. colleague should keep this question for a government member.

I think that the government has the power to legislate in these matters and, according to our internal research, no constitutional changes are necessary. The government has decided to act for certain reasons. We will see what actually comes of this. In principle, though, Parliament speaks through its motions and its votes on various bills. Bills can, by definition, be amended. If problems arise, things can be improved and changed. If improvements are necessary, the government of the day can decide to make them.

● (1310)

[*English*]

**Mr. Brian Fitzpatrick (Prince Albert, CPC):** Mr. Speaker, I would like to focus on one issue about terms of elections. One of my complaints, and it is a complaint of constituents, is that premiers and prime ministers in the past have timed the market. They have the flexibility to pick the date that is most convenient for the government side.

A case in point is what happened back in the early 1990s when the Peterson government was in power for a little more than two years. It decided to call a snap election because the polls indicated it had a landslide. Fortunately, the people of Ontario saw through the game he was playing, punished him and elected an NDP government led by a person by the name of Bob Rae, who brought much pain and suffering to Ontario.

One of the parties opposite sees that person as maybe the guy to salvage its operation, which is going down. It is loaded up with lead, the boat is sinking and members think that guy might be the captain to bring the boat back up.

My real point is that it avoids the ability of the government in power to try to time the election. Does he not see a lot of merit in having something in place, which makes it fair to the opposition parties and all concerned, by having fixed election dates and avoiding this unsavoury side of parliamentary democracy?

[*Translation*]

**Mr. Michel Guimond:** Mr. Speaker, the people who were listening to what my hon. colleague had to say probably noticed that the question he asked me was likely more just an excuse for pillorying the possible future leader of the Liberal Party, Mr. Bob Rae. However, I am not a card carrying member of the Liberal Party of Canada and have no intention of becoming one.

I can agree with my hon. colleague when he says that we would be taking away some of the Prime Minister's ability to play little games. I come from Lac-Saint-Jean, and there people would say pull a fast one on the opposition. I can agree with my colleague on that.

The rules are the same now for everyone. For example, apart from the uncertainties of minority government, we know that there will be an election on October 18, 2009, if the government does not fall beforehand because of the realities of minority government. The rules of the game are clear to everyone, both the government and the opposition.

[English]

**Mr. Paul Dewar (Ottawa Centre, NDP):** Mr. Speaker, I am pleased to rise in the House today to speak in support of Bill C-16. As has been noted by my colleagues, this was part of the ethics package put forward by my predecessor Ed Broadbent before the last election. We embraced his ethics package in our election campaign because of the deep cynicism felt by citizens around the manipulation of election dates. Fixed date elections was part of Mr. Broadbent's ethics package.

Floor crossing was also included in his package. I for one will be glad to see the day when the government sees the wisdom of ensuring that we do not have another fiasco like we had just after the last election when a member crossed the floor and vaulted into cabinet, or for that matter, when someone vaulted into the Senate and then to cabinet.

All these things cumulatively deepen the cynicism of citizens in the democratic process.

Much has been said about the lack of participation of young people in the election process. I am happy to say that my riding had the third highest voter turnout in the whole country due in part to the number of young people who participated in the voting process. I fundamentally believe it was because they had a reason to vote. Hopefully, we have brought them in on the conversation so to speak. They wanted to see change. One of the reasons they participated in my election campaign was they wanted to see real democratic reform. They did not want floor crossing to continue. They did not want to see senators vaulted in one day and thrown into cabinet the next, which is fundamentally undemocratic.

The legislation is something we obviously embrace because it was taken from our platform. We are delighted to see the government acknowledge it. Hopefully, it will continue to rob our agenda on democratic reform because it is so fundamental. If our citizenry is cynical about the democratic franchise, then it is pretty obvious what will happen. There are examples all around the world where citizens have decided they do not have faith in their democratic institutions.

Worth of mention is what we attempted to do as a party. I sat on the committee and put forward amendments, but sadly they were not embraced. However, I think they are worthy of mentioning today.

One important amendment, which was acknowledged by the government, was the fact that this legislation would not change the Constitution. I noted in committee that we accepted the fact. It was a pragmatic approach and there was nothing wrong with it. The Constitution is a reference point for all Canadians and it certainly should be a reference point for Parliament. We cannot always do the end run around the Constitution. At some point we have to acknowledge that the Constitution is there for a purpose. It sets out the rules of engagement for our democracy.

### *Government Orders*

We accepted the pragmatism of the bill and its importance. We agreed that we did not want to open up the Constitution. I put forward an amendment that would have clearly set out what would happen with respect to issues of confidence. It stated:

If the House of Commons adopts a motion of non-confidence in the government and the Prime Minister does not resign despite the adoption of that motion, the Prime Minister shall advise the Governor General to dissolve the House of Commons on the day the motion is adopted and to command that a general election be held on a Monday selected by the Prime Minister that is not later than 180 days following the day on which the motion is adopted.

The reason I put that forward was we had discussed flexible fixed date elections in debate in the House and in committee. Why? Because in times of minority Parliaments if confidence in the government is lost, then it will fall and an election will ensue. I thought it very important for Canadians to see that in the bill. This is why I proposed the amendment. Sadly, it was not seen as being in order. I simply want to put that on the record as something we had prescribed, not to undermine the bill but to strengthen it. The other suggestions we made were minor, but we felt they would strengthen the bill as well.

● (1315)

The New Democratic Party took the bill seriously. We put forward amendments, as did our colleagues from the Bloc, to ensure that it would be the best it could be. For that, we need to understand the nature of the bill is and what we can do with it.

The bill will not change the other facets of the democratic deficit. I have already talked about floor crossing as the major gaping wound in terms of the rules of engagement in this place. I know my colleagues in Manitoba are putting forward an anti-floor crossing bill. We look forward to them embracing democracy there. We wish this place would as well.

We need to do so much more. In the last Parliament, a committee on government rules took a look at what could be done to strengthen our democracy by way of going to the people of Canada. In fact, if I may read from the committee, it recommended:

That the government launch a process of democratic and electoral reform to begin no later than October 1, 2005 and to be completed by February 28, 2006; and

That the process involve a special committee of the House of Commons, and a citizens' consultation group;

That was agreed to by every party within the House of Commons in the last House.

What happened to this? Sadly, like many things that are important, particularly around democratic reform, it was put off to the side by the previous government. It was not embraced. We got excuses about hiring facilitators, et cetera. I might point out that it did not take the previous government long to put together the Gomery inquiry and it found consultants within a minute to fulfill the complement of resources needed for that.

*Government Orders*

For the consultation of citizens on democratic reform, the excuse was that the government did not have time. That is not good enough. What the House has to do, and it is incumbent to build from the fixed date elections, is to ensure that we go back to what Parliament agreed to do, through its committee structure, and start a process to go beyond just the fixed date elections. That, after all, is only the beginning. We need to have a committee of the House work on the concerns people have around democratic reform, look at other models and ensure it is congruent with where people are at and do this by way of citizenry consultation.

Canadians can look for more on that from the NDP. This party has not lost sight of the fact that Bill C-16 is not the end of ensuring we have real democracy in our country. In fact, it is the beginning.

If we were to look back to a place in history that is similar to where we are right now, we might find ourselves looking at the whole notion of responsible government and the situation of what was occurring in the 1840s, following the rebellions in 1837. We would find that the focus of the country at that time was how to reform our institutions to bring in real responsible government. I believe we are at a similar point in our history.

People have lost confidence in government institutions. They have lost confidence in the way we elect members of Parliament. They have lost confidence in some of the players, and we saw that in the most recent history. It is incumbent, as it was in the 1840s, to restore the confidence in our democratic institutions.

Quite frankly, we have to do what LaFontaine and Baldwin did at the time. That is not to throw away good ideas, but to embrace them. The only way that will happen is if we go to the Canadian people, through a citizens consultation, and use this place in the best way we can, by having a committee to come up with smart, sensible, democratic reforms. If we do not do that, we will be in a similar situation as we were in the 1840s, save for the fact that people stood up, proposed and made sensible changes to the structures of the democracy at the time.

We know the outcome of the rebellions of 1837 into responsible government in the 1840s was the beginnings of what we see today and eventually Confederation. If that had not happened in the 1840s, and many historians concur, we would not have had Confederation. We need to strengthen responsible government. We need to do that by going to the Canadian people by way of a consultation and by way of this place having a committee.

• (1320)

Why is that necessary? I want to confirm that there is a problem in our democracy simply by looking at the turnout from the last election, not in the numbers of people but the distribution of proportionality of the vote.

If we look to the last election, the governing party received 36% of the vote; however, it received 40% of the seats. That is actually not so bad compared to the election before when we look at the government of the day, the Liberal Party, receiving 36% of the vote and 43% of the seats. There is a problem here. It is a fundamental structural problem. It is about proportionality.

We have a model presented by the Law Commission not too long ago that showed that there is a way to embrace both first past the

post and proportionality. Canadians are not satisfied when their votes do not count. We know that fixed date elections are simply one point. It is about what Canadians do when they get to the ballot box. They have to know that their vote will count and that is what we have to fundamentally change.

In summary, the New Democratic Party supports the bill because in essence it is our policy and we are glad that the government took it. We want to see real democratic reform and building on this democratic reform, we want an engagement with citizens to ensure that all of us have confidence in this place and the democratic structures of our country.

• (1325)

**Mr. Brian Fitzpatrick (Prince Albert, CPC):** Mr. Speaker, I do not want to be totally dismissive of the NDP's position about floor crossing, but I want to point out a few facts.

Probably one of the greatest leaders of any time was Sir Winston Churchill and he crossed the floor I believe at least two times. We would be a lot worse off if we had not had Sir Winston Churchill and his impact on history.

I want to turn to Saskatchewan. The Saskatchewan Party was formed in the late nineties with eight MLAs. Four members from the Conservative side and four from the Liberal side left their parties to create the Saskatchewan Party. It was my point at that stage that the people in the constituencies would decide that issue and in 1999 they overwhelmingly put these eight MLAs back in office with large majorities.

However, lo and behold the Romanow government, which barely won that election, brought in three Liberals. There was Mr. Melenchuk, who became the finance minister, another fellow who became the speaker of the House and one other member. He needed the Liberals to maintain the balance of power. In the next provincial election after that, and Mr. Romanow was leader of the NDP government, all three of these Liberals were trashed at the polls. They lost their seats.

The voters in my opinion are the ultimate judge of these matters. They did not seem to think it was a big deal with the Saskatchewan Party. They give it a big endorsement. However, they gave Sir Winston Churchill obviously a big endorsement in British history. Obviously, in the NDP case in Saskatchewan, they were rather ticked off because they threw all three of these people out.

It is up to the voters in the final analysis. That would be my comment. If the member wants to react to it, that is fine.

**Mr. Paul Dewar:** Mr. Speaker, with respect to the member's comment, we need to look at examples in history to give us some guidance in terms of how to improve things.

I hope the member is not arguing that if there had been floor crossing legislation at the time of Sir Winston Churchill that we would not have had Sir Winston Churchill. He was elected based on the merits of his leadership, clearly.

*Government Orders*

However, let us be clear about what we are talking about. We are talking about ensuring that the citizens, who we are here to serve, have confidence in their government. Let us be honest, their confidence wanes when they see parties wooing people over, crossing the floor simply for the purpose of vaulting them into cabinet and for reasons of power.

That is what this is about. We have to stop that. If we can improve that and make the rules clearer, we will all be better off. What we have seen most recently with the previous Liberal government and the floor crossing, and certainly with this government, is that it undermines the confidence and deepens the cynicism of citizens.

**Mr. John Cannis (Scarborough Centre, Lib.):** Mr. Speaker, the member for Ottawa Centre continuously touched upon cynicism and citizens losing confidence. I agree with that. However, we have to get to the source.

I want to ask him if he would consider doing one thing. I read the member's literature, living here in Ottawa sometimes, that he sends around. I think we cause that. Would he consider, in his literature, being more transparent and less cynical because we are turning off the constituents.?

For example, in the last election, it is no wonder there was a lot of cynicism and people did not show up because your party reneged on commitments.

• (1330)

**The Deputy Speaker:** I think the member means "his" party.

The hon. member for Ottawa Centre.

**Mr. Paul Dewar:** Mr. Speaker, I am glad the member has taken my literature seriously. If he read it, he would note that there were simply propositions and there was no negative campaigning, certainly. It was good information, such as what we are going to do to clean up the environment and what we have done to propose ideas to clean up the sorry mess we had in ethics in politics.

Simply put, if the member wants to change the rules of this place to ensure that accountability is bar none, then moving things from the Senate over to this place would be a start and, second, looking at real democratic reform because it has been sadly lacking not only in terms of floor crossing, as I mentioned, but also in changing the democratic system and structure.

**Mr. Alan Tonks (York South—Weston, Lib.):** Mr. Speaker, I would like a clarification from the opposite side with respect to proportional representation. I do respect the opinion that, in the member's view, it would lead to better governance in our federal institution.

However, I wonder if he would elaborate briefly on whether he thinks that might lead to the creation of many different political parties and whether that, in turn, rather than bringing better governance, and we have great respect for our party system of course, would lead to less consensus and a machinery of government that would not bring people together, thus making them feel that they were not able to influence the direction of government through the institutions that presently exist. The plethora of political parties gives me some concern. I think it would give this House some concern

I wonder if the member would apply himself to elaborating a bit on that.

**Mr. Paul Dewar:** Mr. Speaker, there is more to come on this issue because this is something we have taken on as important change in our democracy. Simply put, what we could do, and what has been suggested by the Law Commission and other jurisdictions, is have a threshold before a party is recognized.

I might add that we are not talking about having full-blown proportional representation on this side as a model. We would look at having two-thirds of the members according to first past the post, in other words the way it is now, and one-third according to a proportional list. When we had elections like in 2000 where 40% of the vote was given to the government of the day, yet it received 60% of the seats, we would change that. Clearly, no one wants that. That is not proportional. When a party like ours receives two million votes and the party across the way receives one million votes, but the other party receives twice as many seats, that is clearly not democratic.

We are saying that we need to change that. There are ways of doing it and certainly making sure that we do not have the kind of pizza Parliament, as it has been called, as a model that no one wants. The way we would do that is to have a threshold, 5% perhaps, before a party is recognized with seats proportionally. In fact, it has been done in every other jurisdiction save Canada. It has been done in New Zealand, the United States, Great Britain and Scotland. We are clearly behind the times. It is time to look at it seriously and to move forward on this issue.

**Hon. Jay Hill (Prince George—Peace River, CPC):** Mr. Speaker, it is indeed a pleasure to rise today to join the debate on Bill C-16.

I wish to indicate at the outset of my remarks that I will be splitting my time with my colleague from Regina—Lumsden—Lake Centre, the parliamentary secretary to the hon. government House leader.

I have had the privilege of serving as the chief government whip in Parliament and the honour, as well, of serving on the procedure and House affairs committee which was the committee to which Bill C-16 was sent for further deliberation following second reading in the chamber.

I was pleased with the work that the procedure and House affairs committee did on this piece of legislation. I commend members from all four of the political parties, not just from the government side but from the three opposition parties, which dealt quite expeditiously with the legislation and I think quite thoroughly. They looked at it, called witnesses, and debated it at some length, as my colleague from the New Democratic Party just alluded to. Amendments were brought forward that provoked further debate and some great comments, I felt, from colleagues from all four parties as we worked through this piece of legislation.

Indeed, it exemplified the way Parliament should work. There was a need identified on the part of the government, but as colleagues from other parties have said, not just on the part of the government. It is something that many people have worked on over the years and have highlighted that there should be further change to our democratic process and institutions.

*Government Orders*

It reminds me, if I needed any reminding, that I started out in this political business as a Reform Party of Canada member of Parliament. Really, when I was first attracted to the Reform Party back in the late eighties, I was attracted on three big platform issues. I was a farmer at that time raising three young children. I was trying to look forward to what life would be for my children. My children are now all in their mid-twenties. I was concerned then as I am today, as are many Canadians, about what kind of world and what kind of country we will be leaving the next generation.

I focused in on three issues. The first was the need for fiscal reform because I was concerned about the debt load that we would be passing to future generations. That is one of the reasons I am very proud of the steps that the government has taken already in the recent announcement of reducing our national debt by some \$13.2 billion. That money was assigned out of the surplus to better enable our country to tackle the issue of our national debt and to ensure as much as possible that we do not see this intergenerational transfer of wealth that could result in reduced services and reduced opportunities for the next generation. Any parent, and indeed any grandparent, is concerned about that type of thing.

The second issue, moving on from fiscal reform for which I was attracted to public life, was the need for judicial reform. Here again, I am very encouraged by steps that the justice minister and the new Conservative government have taken. We have brought in 11 bills already thus far in this Parliament since it got under way in April. I am very proud of that fact. Even if they do not all pass, it has prompted further debate about the need to restore not only justice but the perception that justice is done in our country and that criminals will be held accountable for their actions.

As I travel throughout the beautiful riding of Prince George—Peace River and indeed across Canada, I hear this all the time from Canadians from all walks of life. They are very concerned with what they perceive to be an inherent injustice in our judicial system.

● (1335)

It is important to try to do what we can as parliamentarians to restore that faith in the justice system and, to give one example, in the fact that the most violent and most vicious of criminals will be held accountable and will serve their proper time in jail, not under house arrest.

The third area of interest for me is democratic reform. Here we come to the bill that we are debating. As part and parcel of the need for democratic reform—and the member from the New Democratic Party has just put forward thoughts about proportional representation—we have already taken some steps in this regard. We have legislation in the other place that deals with limiting Senate tenure, because Canadians have expressed concern that under the present system senators are appointed sometimes early in life and serve until the age of 75. Canadians feel that perhaps should be changed, so we brought forward legislation to deal with it.

We also have a bill before the House which I hope we will be debating later this week, Bill C-31. Again, it is on something that was raised at the procedure and House affairs committee by colleagues in all parties. There seems to be a general consensus that something further needs to be done with our electoral system to ensure that, as much as possible, voter fraud is eliminated. I noticed

while watching television last night that there is concern about the voter fraud issue in the election that will be taking place tomorrow in the United States. As much as possible, we want to improve our system to ensure that it best serves the needs of Canadians.

On Bill C-16, certainly it has been indicated that we do have general agreement among the parties on wanting to eliminate the potential for abuse, either by prime ministers or, in the case of provincial legislation, which we already have in some provinces, by premiers, by having fixed dates for elections. We all need to be very careful when we refer to this that we do not talk about fixed elections. During the last debate in the House, a few people misspoke. We in the government are certainly not interested in fixing elections, but we are very much interested in fixing the dates of elections.

Already during the debate, we have heard about the fact that if the government were to be sustained until then and in actual fact did not lose the confidence of this place, under our electoral system the next election would not take place until Monday, October 19, 2009. I think that type of clarity is very welcome. I know it is welcomed by the constituents I represent, the people of Prince George—Peace River.

Why do I say that? Because British Columbia does have fixed election dates. It was the first province to do so, in 2001. Indeed, like other countries around the world, it was very quick to see the value in having a fixed election date that brought clarity and certainty to all political parties. It levels the playing field for all participants and indeed for all voters, because it is known well in advance when that election will take place.

In 2001, British Columbia brought this forward and we had our first fixed election date on May 17, 2005. A lot has been said about the possibility that if we have fixed election dates, they somehow will produce lame duck governments, but that has not been the experience, not only in British Columbia but also in other jurisdictions and countries around the world. That has not been the case. I think a strong argument can be made that, with this type of certainty, governments, whether they are majority or minority, will keep governing and working right up to the day of the election. Indeed, far from being a lame duck government, it will be a very effective government and will work in the best interests of its people.

● (1340)

I am almost out of time, but I will note the other argument we have heard, which is that by having a fixed election date the legislative agenda of the government somehow will be held hostage, or that somehow the government could fall suddenly, especially in a minority government situation. That is true, certainly in a minority government situation. We recognize that.



*Government Orders*

There has been some criticism that under our system the premier of British Columbia and the Prime Minister of the country still will have the power to call an election. That is true, because we have to build that into the system, especially in the present situation because of the minority government. Indeed, it might come about that the government could fall, but I do not think, and I made this point in the last debate, that a prime minister would dare call an election before that date unless he had a very good reason for it. He would be held accountable by the people, because their expectation, through the legislation itself, would be that the date was off into the future.

I of course welcome any comments or questions from my colleagues on this important piece of legislation.

● (1345)

**Hon. Robert Thibault (West Nova, Lib.):** Mr. Speaker, I was quite interested to hear the speaker's comments about why he became a member of Parliament and what attracted him to the Reform Party, which were the questions of democratic reform and fiscal constraint.

I wonder how he now views the floor crossing of the Minister of International Trade prior to Parliament even having opened, or the appointment of an unelected senator, which is contrary to the Conservatives' beliefs, as the minister who is responsible for one of the largest spending departments of government but who is not able to come into the House to answer questions. His parliamentary secretary is in the House, but he is not a privy councillor and does not have access to the information. How does that square with the member?

He talked about the deficit reduction of \$13.5 billion. I thank him for it because the deficit reduction was done by the Liberal Party and the \$13.5 billion was from last year's financial exercise, which is completely the responsibility of the Liberals.

On the question of ethics and accountability to Canadians, I ask him how he squares the question of promising not to touch income trusts and then reversing that decision, encouraging Canadians to invest more in income trusts. I do not question the decision, but I question the promise.

Finally, I would ask him if his party would be willing to forgo deciding which bill is a matter of confidence and which is not, leaving only the budget implementation bill and the Speech from the Throne as matters of confidence, and let the House decide what is a matter of confidence.

**Hon. Jay Hill:** Mr. Speaker, could you indicate to me how much time I have?

**The Deputy Speaker:** Probably not as much as you would like.

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

**Hon. Jay Hill:** That is very true, Mr. Speaker. It is probably not as much as I would like, but with all due respect I welcome the comments of my colleague from the Liberal Party, who rattled off about five questions, any one of which I could spend considerable time trying to address adequately. He talked about floor crossing, the appointment of Senator Fortier, the issue of the Minister of International Trade, income trusts, and confidence motions. I do not know which of those I can pick to try to address in a few

minutes, but let us deal for a moment with the issue of confidence, because it pertains to the bill we are discussing today.

During earlier debate on Bill C-16 when it was before the House, we spoke quite extensively about this whole issue, because an interest was expressed by members of the Liberal Party and others that under this bill we should somehow restrict what would or would not result in confidence and thus could result in the minority government falling, in the minority government losing the confidence of this chamber and the Prime Minister being required under our system to go to the Governor General and request that an election be held.

At that time, I pointed out that in addition to the traditional or historical confidence motions dealing with the budget, as the member mentioned, or motions dealing with money matters, whether it is the supplementary estimates procedure in the House, the budget itself or the business of supply, the view is that if the government loses those particular votes, that does, by extension, express a non-confidence in the government and the government falls. I will grant that right at the outset.

In addition, though, I raised the issue that from time to time there are very important issues that come up, and to my knowledge the Prime Minister has indicated only one other issue thus far in this Parliament that would be a confidence measure, and that is the softwood lumber agreement. I think that is appropriate, because that particular agreement is so inherent to the economic well-being of the nation that individual members of Parliament should be required to state very clearly how they are going to represent their constituents on that issue. If the government cannot carry the day on an issue of such importance, then indeed we should go to the people and let them decide how important that is.

There are always going to be special issues, whether it is to extend our mission to Afghanistan or whether it is international defence treaties or those types of issues, special issues that we believe will constitute confidence in the government, and we must carry those votes if we are going to stay in office.

● (1350)

**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 would like to thank all hon. members for what I am sure will be their rapt attention over the next 10 minutes. I look forward to their comments and questions at the end of my presentation.

Let me say a couple of things at the outset about why I believe this is a very good bill, not that government bills are not good when they are presented in this House, frankly, but I think that some are better than others in their formulation. I say that because, as we know, this bill came back from committee without amendment.

*Government Orders*

Let me just dwell on that for a few moments and, for those Canadians who may be watching this debate, try to explain the distinction to them and why this is a very important distinction. Many bills referred to committee are amended significantly at the committee level. In fact, we have seen an example of that in this House with some of our justice bills. The committee has gutted them almost beyond recognition, to the detriment, in my opinion, of the bills themselves, before sending them back to this place for further discussion and further debate. That is not the case with Bill C-16.

Bill C-16 was a wonderfully crafted bill when it was sent to committee following second reading. In fact, that was exemplified by the fact that after extensive discussion in committee, the bill was referred back to the House without amendment. We are now discussing it and debating it. It will pass, I am sure, after third reading, but again, this speaks to the fact that when this bill was first crafted, when the government decided to bring this bill forward in one of our first attempts at democratic reform for all Canadians, it was a shining example of the type of attitude that this government has when it comes to democratic reform, because it was a bill that required no amendment.

Yes, there was a lengthy discussion and there was a lengthy analysis of the bill, but at the end of the day, the bill in its entirety, without exception, without amendment, was sent back to this place for the approval of all members of this place. Why is that? What makes this bill so strong that it could withstand the scrutiny of all members of the committee, who represent all political parties in this place? Quite frankly, it is so strong because it deals with four very specific issues.

It deals with fairness. It talks about the need for no political party to have an undue advantage when setting the date for the next election. That is extremely important, because time and time again in this place we have seen examples of it by various political parties, and we have seen examples throughout Canada at the provincial level by various political parties, examples where the party of the day had the ability to call an election to fit its own political purposes and, I would suggest, abused that ability.

In this place on more than one occasion we have seen the governing party of the day call a federal election in the middle of, or shortly thereafter, a leadership race of a competing political party. In my opinion, not only is that politically amoral, but it really fuels this level of cynicism about the entire democratic process, of which other members in this place have spoken.

What I believe all Canadians want to see in the conduct of all their parliamentarians is a set of rules and a set of procedures that are inherently fair and balanced. I believe that this bill, by setting a fixed date for every federal election, has that inherent fairness, whereby no political party that happens to be in power would have an undue advantage in the ability to call an election when the polls seem to be prime for that particular party.

This, above all other attributes of this bill, will set a level of fairness that I think all Canadians not only will appreciate but have demanded for oh so many years. It is this fairness that will bring some degree of predictability to when elections are held. I think that is extremely important. When we were discussing this bill at the committee level, we brought in many expert witnesses who talked to

this very fact, that in setting a date every of four years for an election, predictability not only helps the government of the day but improves things like voter turnout.

• (1355)

Quite frankly, the longer we are into this process of fixed dates for elections on the third Monday in October of each fourth calendar year, we will find that the voter turnout will increase. People will become more used to the date for the election. If we asked people south of the border, the average citizen of the United States of America would be able to tell us when the presidential elections are held and when mid-term elections are held, because they are set into a routine and they know when election day occurs. That will be the case here in Canada once we are into this process a few elections down the road. Canadians will understand that every fourth year on the third Monday in October there will be a federal election. That will absolutely help in terms of voter turnout.

One of the great tragedies of Canadian politics is that over the course of the last decade or two, we have seen voter turnout steadily decrease. I think we can attribute a number of factors to that decrease. Cynicism certainly is part of it, but if we get into a routine and Canadians know when they will be going to the polls, they will start looking forward to an election. I suggest that they will take more time to examine the issues and pay closer attention to the level of scrutiny that all politicians from time to time seem to abuse. Ultimately I think Canadians in increasing numbers will get out to vote.

In the last two or three federal elections we have seen voter turnout down as low as 62% to 64%. More alarming than that, we have seen a disproportionate number of young voters refusing to exercise their franchise. This bill will be the first step in reversing that trend.

Although some colleagues had opposite views, one of the things the bill will do is it will actually improve the level of governance in this party.

**Hon. Wayne Easter:** It needs it. It needs it.

**Mr. Tom Lukiwski:** Mr. Speaker, I am glad to hear my colleagues opposite agree with that statement. Right now we have a minority government situation and one never knows when the government may fall; one never knows how long this government will last.

In particular, if the bureaucrats, those wonderful dedicated men and women who work for the government, completely understand the timelines in which they have to do their jobs, that can do nothing but improve the governance of this place on behalf of all Canadians. One of the problems we have seen too many times before in a precarious situation politically is that many civil servants are afraid to go out on a limb and make suggestions to their ministers because they are not sure how they will be received politically. I do not think Canadians want that situation to happen.

*Statements by Members*

We have to have confidence not only in the government of the day but also in the civil servants who actually produce with parliamentarians the level of government that all Canadians expect.

I will conclude by saying—

**The Deputy Speaker:** Order. Statements by members.

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## STATEMENTS BY MEMBERS

[*English*]

### REMEMBRANCE DAY

**Mr. Norman Doyle (St. John's East, CPC):** Mr. Speaker, this coming Saturday is November 11, when Canada will once again honour those who have died fighting for our country.

The parliamentary democracy we enjoy today has evolved over the last 100 years. However, that evolution has only been possible because at critical times in our history, men and women of courage have been willing to stand up for freedom and have been willing to fight and die for it. The Newfoundlanders who died at Beaumont-Hamel were all volunteers, free people all.

The same can be said for those Canadian troops who have paid the supreme sacrifice during the current UN mission in Afghanistan. These courageous men and women have left home and family to travel to a foreign land, fighting in an effort to provide a peaceful way of life for a country living in turmoil.

On November 11 we honour them all. “At the going down of the sun, and in the morning, we shall remember them”.

\* \* \*

● (1400)

### CANADIAN FORCES

**Hon. Joe McGuire (Egmont, Lib.):** Mr. Speaker, this is an appropriate day and week to talk about the tremendous job our armed forces are doing for Canadians. They are serving us with honour and pride under very serious conditions in many theatres around the world.

I and other members of the House of Commons defence committee recently visited CFB Petawawa to meet the personnel who are responsible for training most of our present contingent of soldiers serving in Afghanistan, ably led by Colonel Denis Thompson, Commander, 2 Canadian Mechanized Brigade Group. We met with Base Commander Lieutenant-Colonel David Rundle. We met with some of the returned wounded. We met with spouses of our soldiers presently serving in Afghanistan. We met with doctors and caregivers, padres, nurses and counsellors who help with the readjustment required on the soldiers' return.

What we found was a highly professional, dedicated and uncomplaining group of Canadians training for a life and death struggle with the forces of the Taliban. They are putting their lives on the line for us and for the Afghan people and they are doing so with inferior infrastructure and training facilities and understaffed rehabilitation personnel.

There are—

**The Deputy Speaker:** Order. The hon. member for Montcalm.

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[*Translation*]

### AGRICULTURE

**Mr. Roger Gaudet (Montcalm, BQ):** Mr. Speaker, Quebec agriculture is going through tough times and grain producers are the hardest hit at present. Grain prices are now artificially low because of American subsidies and, currently, the cost of growing grain for our farmers is higher than the price paid for their crops.

The federal program established to assist farmers is not working and the all too real losses continue to accumulate. This is a serious threat to agriculture because these problems are in addition to those often posed by the climate and the cost of transportation.

Canadian agriculture is being subsidized less and less. Amounts of subsidies per capita are lower than in the United States, the European Union and Japan. If no one takes action, if this government refuses to provide adequate support to grain producers, many farms will disappear, particularly in outlying regions.

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[*English*]

### FISHERIES AND OCEANS

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, the other day yet another report came out telling us how dangerous it is for all the species that inhabit our oceans, and what does the Conservative government do? It is cutting habitat enforcement officers on the west coast over the next two years. It cut enforcement officers in the central and Arctic region. It will not even support a UN call to stop dragging on the international high seas.

It is incomprehensible that the government can react in such a callous way to report after report after report that tell us very clearly there is something going on in our oceans and the species that inhabit those oceans are under serious risk.

Every year for the nine years that I have been here I have asked for a judicial inquiry into the practices and policies of DFO. On the domestic level it allows trust agreements to happen to allow the massive corporatization of a public resource. It lays off good scientists from the Bedford Institute of Oceanography and other departments across this country. It does not matter if it was a Liberal government or the Conservative—

**The Deputy Speaker:** Order. The hon. member for Elgin—Middlesex—London.

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### LEGION LORD ELGIN BRANCH 41

**Mr. Joe Preston (Elgin—Middlesex—London, CPC):** Mr. Speaker, this week of remembrance is a special time and there is no more special place to gather than at our legions.

*Statements by Members*

The Royal Canadian Legion Lord Elgin Branch 41 in St. Thomas has even more reason for pride this year. It is its 80th anniversary, a milestone that should be celebrated.

Like most legions, Lord Elgin Branch 41 is more than a building. It is more than a location for dinners and luncheons. Although many meetings have been held there, it is not just a meeting hall. Lord Elgin Branch 41 is a community. It is a group of people who contribute greatly to St. Thomas not just as legion members, but as some of its most vibrant citizens. The work that the legion members have done over the years and continue to do is what has made this branch successful.

As was said at the anniversary dinner, it will be recognized for its 80 years as an organization, but it will be remembered for its contributions to St. Thomas. We salute Branch 41.

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• (1405)

**VIOLENCE AGAINST WOMEN**

**Ms. Ruby Dhalla (Brampton—Springdale, Lib.):** Mr. Speaker, unfortunately, over the past few weeks the issue of domestic violence against women especially in the Indo-Canadian community has come to light with the tragic deaths of innocent young women in B.C. and in Toronto.

Violence against women is an important issue that impacts all women in Canada. Many gathered at a recent forum in British Columbia to discuss the issue within the South Asian community. Women shared their personal stories of how they were violently beaten in their own homes and treated as property, how they were scared and secluded and felt that they had nowhere to turn.

However, these stories which were told by South Asian women can actually be told by women from all cultures and all socio-economic backgrounds as the story of violence against women really knows no barriers.

It is important that all communities come together to provide local programs and solutions to be able to reach out and to help these women. We as parliamentarians have a responsibility to support programs.

Unfortunately, the recent cuts by the Conservatives to the Status of Women and to other programs is going to close the door to many of the women that need—

**The Deputy Speaker:** Order. The hon. member for Kootenay—Columbia.

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**GEMINI AWARDS**

**Mr. Jim Abbott (Kootenay—Columbia, CPC):** Mr. Speaker, the Gemini Awards were held on Friday, November 4. These high profile awards celebrate excellence in English language television in 87 award categories.

In 1979 the Canadian film and television industry created the Academy of Canadian Cinema and Television. The association's mandate is to honour outstanding achievements, heighten public awareness, increase audience attendance and appreciation of

Canadian film and television, and provide critically needed high quality professional development programs, conferences and publications.

Many of the Gemini nominees have received federal support through the Canadian Television Fund and/or the Canadian film or video production tax credit. Telefilm Canada and the Canadian Television Fund are major corporate sponsors of the Gemini Awards.

This was the first time the award program was staged outside of Toronto and what a success it was. Congratulations to the western organizers. They did all us westerners proud.

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[*Translation*]

**THE ENVIRONMENT**

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Mr. Speaker, in 2001, the Commissioner of the Environment tabled a troubling report informing us of the state of national wildlife areas and migratory bird sanctuaries. More than five years later, the federal government has not implemented even one of the commissioner's recommendations.

I would like to remind the Minister of the Environment that these areas are seriously underfunded and that the situation must be remedied quickly.

There is no need to mention that to preserve abundant populations and diverse wildlife species in Quebec and in Canada, we must ensure that there are appropriate habitats. To this end, the minister must announce adequate funding for wildlife areas such as the Cap Tourmente wildlife preserve in Saint-Joachim in my riding.

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[*English*]

**UNIVERSITY OF ALBERTA**

**Mr. Rahim Jaffer (Edmonton—Strathcona, CPC):** Mr. Speaker, *Maclean's* recently released its annual university rankings and for the first time put the University of Alberta on top as the best overall university in Canada. The annual survey also ranked the U. of A. as the top leader for tomorrow.

The results are recognition of the outstanding research and education happening on campus in my riding of Edmonton—Strathcona.

Canadians everywhere understand what Edmontonians have been saying for years: we are home to the best university in Canada and are leading the way with ideas and research that will shape the future.

University President Indira Samarasekera has worked tirelessly to build and expand the vision established by Past President Roderick Fraser to create one of the world's great universities.

The University of Alberta has fostered leading edge synergies between medicine, engineering and the life sciences and is well positioned to make Edmonton home to one of North America's prime knowledge based centres for generations to come.

*Statements by Members*

On behalf of our government, I offer my congratulations to the University of Alberta on this tremendous achievement.

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**SIKH COMMUNITY**

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Mr. Speaker, this past week marked two important dates in the history of Canadian Sikhs.

November 5 marked the 537th birthday of Guru Nanak, the founder of Sikhism, who preached a gospel of peace, humanity and tolerance. This was celebrated throughout Canada with special prayers.

The tragic events of November 1984 must not be forgotten. We must remember and mourn the thousands of Sikhs who were massacred in the three day pogrom in New Delhi and several parts of India. Numerous judicial commissions have failed to provide justice to the victims.

In 1999 the Sikh nation, led by Canadian Sikhs, began a massive blood donor campaign to commemorate the tragedy. Since this time thousands have been saved due to this effort.

Guru Nanak guides the Sikh nation in stating, “Truth is the highest virtue, but higher still is truthful living”.

\* \* \*

• (1410)

[Translation]

**HIGHWAY INFRASTRUCTURE**

**Mr. Steven Blaney (Lévis—Bellechasse, CPC):** Mr. Speaker, we have once again witnessed another example of the fruitful partnership between the new Government of Canada and the Government of Quebec.

Yesterday, the Prime Minister of Canada and the Premier of Quebec joined together to announce plans for the completion of Highway 30. This new south bypass will provide greater access to markets and reduce congestion in the greater Montreal area. It will improve air quality by reducing CO<sub>2</sub> emissions from cars stuck in traffic jams.

The Bloc Québécois has called for the completion of Highway 30 many times over the past 16 years, but never took any concrete action to advance this file. Unlike the Bloc, who do little more than wave their arms in the air, our government and the Conservative members from Quebec are not only defending the interests of Quebecers, but are also achieving real results.

The Bloc Québécois is stuck like glue to the opposition benches in this House, and its powerlessness is obvious. After 16 years in Ottawa, what highway completions have the Bloc announced?

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[English]

**ABORIGINAL AFFAIRS**

**Ms. Chris Charlton (Hamilton Mountain, NDP):** Mr. Speaker, I rise today to speak to the ongoing land claim dispute in Caledonia.

Members may ask why I wish to speak to that issue when the affected community is not within my riding of Hamilton Mountain. I do so by default because the local MP refuses to stand up for her constituents. I do so because it is a dispute that has pitted neighbour against neighbour, customer against small business owner and citizen against the police. The impact of these deteriorating relationships is being felt not just in Caledonia but throughout our entire region.

Last May, I wrote to the Minister of Indian Affairs urging him not to continue the tradition of his Liberal predecessors who believed that prolonged fruitless discussions were cheaper than meaningful negotiations.

Yes, the minister is right that the disputed land was originally sold by the provincial government and, yes, it is also true that the McQuinty Liberals must accept responsibility for the actions of the OPP, but the federal government has the sole constitutional responsibility for dealing with land claims.

In our community, we no longer have patience for political finger pointing. We need the government to step up to the plate and resolve all the issues raised by the Six Nations land claim so that Caledonia and our region can heal.

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**NORMAN CRAWFORD**

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Speaker, last Friday was a special day in Dartmouth, a day to remember and honour our past.

In the morning, at HMCS *Sackville*, now docked in Dartmouth to coincide with the play *Corvette Crossing*, I attended a multi-denominational prayer service held to honour the many Canadians who served on our corvettes in the icy North Atlantic during World War II.

This event, the inspiration of Neil Black, brought together veterans and community and religious leaders from many faiths and will become an annual event.

That afternoon I attended, with many others, the funeral of Norman Crawford. Norman was a larger than life figure in Dartmouth, a 22 year veteran of the RCMP, an entrepreneur and a well-known and well-loved city councillor.

Norman was one of the best dressed and most big hearted citizens. Everybody loved to be in his presence. I will miss him as will our community. His wife, Barbara, my friend, Colin and Ashleigh will miss him the most.

The history of Dartmouth—Cole Harbour is rich with individuals who have served others. I am proud of all those who have served and continue to serve our community. They, like Neil and Norman, make a big difference.

*Oral Questions*

[Translation]

**THE ENVIRONMENT**

**Ms. Diane Bourgeois (Terrebonne—Blainville, BQ):** Mr. Speaker, what grandstanding. One would think we were on the eve of an election campaign.

The Minister of the Environment now tells us that a carbon credit trading market will open in Montreal. She also announces that Ottawa will be a part of Kyoto. Yet, on October 5, 2006, she said that Canada will not be a catalyst in implementing a system for the exchange of greenhouse gas credits, stating that such a market may exist under current legislation, but that she would not create one.

What a flip-flop. Did the government only make this announcement in order to put off and diminish the grumblings of Canadians? This appears to be merely a scheme to soften the blow of the anti-Kyoto position taken so far by this government.

The minister today says that she would agree with a second Kyoto protocol. It is difficult to understand why she would be in favour of a second Kyoto protocol after denouncing the first one.

The minister should explain herself to the House of Commons before she leaves for Nairobi.

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[English]

**BREAST CANCER**

**Hon. Ralph Goodale (Wascana, Lib.):** Mr. Speaker, it was an honour to participate in this year's Run for the Cure in Regina, sponsored by the CIBC and the Breast Cancer Foundation.

Another participant, Verna Karalynn Tushkewich, asked me to read into the record an excerpt from the Canadian Breast Cancer Patient Charter. I am pleased to do so. It states:

The Canadian Breast Cancer Patient Charter was created to serve as a personal roadmap for the more than 22,000 Canadians who will be diagnosed with breast cancer this year.

This Canadian Breast Cancer Charter is intended to give patients the knowledge and courage needed to get the best possible care and support, and a better understanding of what to expect and what to ask for throughout the breast cancer experience. It echoes the spirit of the Canada Health Act: the best possible care must be universal across Canada, and not be denied for financial, economic, social or geographic reasons.

We salute those who work to find a cure for this cruel disease and to care for its victims. We praise the courage of all cancer patients and we fondly remember those who have not survived.

\* \* \*

● (1415)

**THE ENVIRONMENT**

**Mr. Jeff Watson (Essex, CPC):** Mr. Speaker, only a month ago, the Liberal member for Honoré-Mercier partly fell in line behind his Liberal leadership wannabe by finally admitting that the Liberals did not do enough on Kyoto.

Now the member wants his Liberals to do even less with his private member's bill recklessly committing the new government to the failed Liberal approach on climate change.

His colleague from Kings—Hants said that the Liberals' Kyoto position was "written on the back of an airplane vomit bag on the way to Kyoto". That being the case, the Liberal member for Honoré-Mercier should have been able to figure out what his Kyoto bill is.

It gets worse, though. At committee last week, that Liberal admitted that he did not care about having an action plan or the cost for his bill. It sounds like when the Liberals were in government: three so-called action plans that lacked climate change action for 13 years, no plan to reduce pollution and billions proposed to clean up Kazakhstan rather than downtown Toronto.

Canadians deserve and expect better. Rather than the Liberals' bill on a failed Kyoto approach, the Liberals need to clear up their act, work with us and pass the clean air act now.

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**ORAL QUESTIONS**

[English]

**CANADA-EU SUMMIT**

**Hon. Bill Graham (Leader of the Opposition, Lib.):** Mr. Speaker, the European Union is made up of 25 countries with a population of half a billion people. Today it is the largest global, economic entity and represents 20% of world trade.

Canada has very important trade and investment links at stake in Europe. Our close ties are historical and millions of Canadians have origins and family there, which is why Canada worked so hard to establish a privileged relationship with the European Union involving twice yearly summits, once in Europe and once in Canada.

How can the Prime Minister pull out of the Canada-EU summit? How can he justify this decision when he will already be in Europe for a meeting of NATO anyway?

**Mr. Jason Kenney (Parliamentary Secretary to the Prime Minister, CPC):** First, Mr. Speaker, I would note that the last Liberal prime minister cancelled two EU-Canada summits.

This Prime Minister has asserted Canada's leadership role in the world, of which we are all tremendously proud. This month, among other things, he will be attending both the NATO heads of government summit and the APEC heads of government summit, a very busy travel schedule during a very busy parliamentary period.

The Prime Minister simply could not maintain the trip to Finland in his schedule but we continue to work closely with the European Union on our shared objectives.

*Oral Questions*

**Hon. Bill Graham (Leader of the Opposition, Lib.):** Mr. Speaker, we all know why the Prime Minister has cut and run from this meeting. He is afraid to defend his policy on climate change before European leaders. We all know the Prime Minister does not like criticism and will not tolerate dissent very well.

However, our relationship with Europe is far too important to risk just because of the Prime Minister's thin skin. He should go to Finland. The official opposition is prepared to enter into a House order ensuring that the government will be in no danger of defeat while the Prime Minister is away.

Will the Prime Minister accept this guarantee and put the interests of Canada ahead of his unwillingness to deal with criticisms over his indefensible environmental policies?

**Mr. Jason Kenney (Parliamentary Secretary to the Prime Minister, CPC):** Mr. Speaker, perhaps the Leader of the Opposition is not aware that the Prime Minister did meet with the presidency of the European Union this summer at the margins of the G-8 summit in St. Petersburg. He is looking forward to, hopefully, a very productive result-oriented summit with the European Union next spring. He will, of course, be meeting many European heads of government later this month at the NATO heads of government summit in Europe as well. We continue to work closely with our European partners to achieve our shared objectives.

[*Translation*]

**Hon. Bill Graham (Leader of the Opposition, Lib.):** Mr. Speaker, with this decision, the Prime Minister is turning up his nose at France, England, Italy, Greece, Spain and 20 other European countries. These special meetings give Canada a unique relationship with Europe and an outstanding economic advantage. The Prime Minister is scared to death of meeting his counterparts, only because they have a different vision of our planet and our environmental responsibility.

But since the official opposition is willing to assure the Prime Minister that his government will be in no danger of falling, what legitimate reasons does the Prime Minister have for his absence—not pretexts, as we have heard in this House, but legitimate reasons?

• (1420)

**Mr. Jason Kenney (Parliamentary Secretary to the Prime Minister, CPC):** Mr. Speaker, I would remind the Leader of the Opposition that his former leader, the member for LaSalle—Émard, missed and cancelled two Canada-EU summits.

However, the current Prime Minister met with his European counterparts at the G-8 summit this summer in St. Petersburg. He had bilateral talks with the President of France and the Prime Minister of the United Kingdom, and he will soon be meeting with several European heads of state at the NATO summit.

**Hon. Lucienne Robillard (Westmount—Ville-Marie, Lib.):** Mr. Speaker, since the election of the Conservative minority government, Canada's international reputation on climate change has gone out the window. Today is no exception. The Minister of the Environment was not at the opening of the conference in Nairobi to submit Canada's plan.

Canada's international leadership was previously recognized by everyone. Does the Prime Minister realize that he is currently

bringing shame on Canadians and that he is an embarrassment on the world stage?

**Mr. Jason Kenney (Parliamentary Secretary to the Prime Minister, CPC):** Mr. Speaker, it seems that the hon. member has forgotten that the former Liberal prime minister cancelled two summits with leaders of the European Union. He also cancelled his trip to a Commonwealth summit last year.

The current Prime Minister has already met with his European counterparts. He will soon meet with a number of leaders of European states at the NATO summit. And he has already held bilateral meetings with France, the United Kingdom and many other European countries.

**Hon. Lucienne Robillard (Westmount—Ville-Marie, Lib.):** Mr. Speaker, Europe is not Africa. Some provinces do not agree with the Conservative government's approach to the environment, which, as we know, is a shared jurisdiction. We have learned that Minister Béchard will go to Kenya and we know that, as Quebec's environment minister, he is concerned about Quebec's plan.

Will the minister allow those who believe in the Kyoto protocol to speak in Nairobi or will she try to muzzle the minister from Quebec? Does the Conservatives' new federalism of openness mean just being present—

**The Speaker:** The hon. Parliamentary Secretary to the Prime Minister.

**Mr. Jason Kenney (Parliamentary Secretary to the Prime Minister, CPC):** Mr. Speaker, it is totally ridiculous. The Minister of the Environment will meet with her Quebec counterpart today to plan their trip to the international conference in Nairobi. I would like to remind the hon. member that Canada is a signatory to the Kyoto protocol. It is therefore the responsibility and duty of our Minister of the Environment to represent Canada. Quebec's environment minister will be there and they will work together in the interest of Quebecers and Canadians.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, since it was elected, the Conservative government has repeatedly criticized the Kyoto protocol targets, which it considers unattainable. Yet we learned this morning that the Minister of the Environment agrees with the binding targets for phase two of the Kyoto protocol.

How can the Prime Minister agree to phase two of the Kyoto protocol when he denounced phase one, deeming the targets too difficult to attain?

**Mr. Jason Kenney (Parliamentary Secretary to the Prime Minister, CPC):** Mr. Speaker, he did not denounce the Kyoto protocol, he recognized that it was impossible for Canada to reach the phase I targets because of the Liberal government's inaction. Under the previous government, greenhouse gas emissions in Canada rose by nearly 30%. That is a fact. That is why we are going to carry on with the clean air act to implement real regulations in order to reduce greenhouse gas emissions in Canada.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, some countries have attained the phase one targets or are on their way to attaining them. I fail to see how we could attain the phase two targets without attaining the phase one targets. Ordinarily, phase two comes after phase one.

*Oral Questions*

I would therefore like the hon. member to explain this to me. Their position is completely muddled. Could we not have a debate here in this House so that the Minister of the Environment could explain what she is going to say in Nairobi and how she can attain phase two by skipping phase one? We do not understand.

• (1425)

**Mr. Jason Kenney (Parliamentary Secretary to the Prime Minister, CPC):** Mr. Speaker, phase I runs from 1997 to 2012. That time was nearly entirely under Liberal responsibility. Perhaps the Bloc leader can ask the Liberals why they did not attain the targets for the first phase of the Kyoto protocol. We are carrying on and assuming responsibility for reducing greenhouse gas emissions by bringing in, for the first time, binding regulations to reduce greenhouse gas emissions, something the Liberals never did.

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, I do not want to hurt the parliamentary secretary's feelings, but the Conservatives are in government now. It is up to them to make decisions. We would like to know more about this because the Kyoto protocol file is total chaos.

As the Minister of the Environment prepares to represent Canada in Nairobi, does the Prime Minister not think it is his duty to remove any doubt about the position Canada intends to take in Nairobi? After all, do we not have the right to know what she will be talking about on our behalf?

[English]

**Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC):** Mr. Speaker, over the next two weeks in Nairobi, at the UN conference on climate change, countries will be discussing how we can review the Kyoto protocol. That is an important agenda. We truly need to have a global response to see what worked and what did not.

We obviously know the Liberals did not work for the environment. Why would the Bloc support a nil plan?

[Translation]

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, like everyone who read the paper this morning, the Bloc Québécois finds it disturbing that, since the government was elected, it has had an anti-Kyoto protocol agenda, has refused to comply with it and has denounced its goals.

Today, on the eve of her departure for Nairobi, the minister announced in Quebec that she supports phase two of the Kyoto protocol and that a carbon exchange will be set up in Montreal.

When are we supposed to believe the government? When it is against the Kyoto protocol or when it is for it, on the eve of the international conference in Nairobi?

[English]

**Mr. Mark Warawa (Parliamentary Secretary to the Minister of the Environment, CPC):** Mr. Speaker, we have made it very clear that we are part of the Kyoto protocol. Canada is participating in a dialogue with the international community on how to address climate change after the first commitment period when the Kyoto protocol expires in 2012.

It is only prudent for all countries to take this opportunity to discuss what is working well or what is not. I encourage the hon.

member to stop obstructing the government. We need a clean air act and we need participation.

[Translation]

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, the Prime Minister has shown once again that he does not have his priorities straight. He cancelled a meeting in Helsinki, where he was to discuss climate change with the European Union, but decided to attend a NATO meeting not far from Helsinki, probably to try to drum up support for the unbalanced mission in Afghanistan.

Why is the Prime Minister willing to talk to European leaders about war, but not about climate change?

**Mr. Jason Kenney (Parliamentary Secretary to the Prime Minister, CPC):** Mr. Speaker, this is completely ridiculous.

It appears that the leader of the NDP has seen the agenda for the summit meeting with the European Union. We, on the other hand, have not seen it. I therefore do not know if climate change is even on the agenda.

However, the Prime Minister will attend the NATO meeting and the APEC summit.

He met with leaders from the European Union in St. Petersburg this summer and will attend another summit next spring.

[English]

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, of course the issue of climate change is going to come up. The European leaders understand that we have a climate change pollution crisis in this world, and they are going to put it on the agenda. Not only that, they are on track to achieve the Kyoto objectives. In fact, the European Union is going to surpass the Kyoto objectives.

Given that the pairing of votes will ensure nothing will happen to the government while he is gone, why will the Prime Minister not go and talk about climate change with the world leaders, who feel it is a real priority? What is he afraid of?

• (1430)

**Mr. Jason Kenney (Parliamentary Secretary to the Prime Minister, CPC):** Mr. Speaker, he is afraid of absolutely nothing, which is precisely why he has brought forward the most meaningful legislative framework for the quality of our environment in Canadian history.

The clean air act is the first act that would impose mandatory regulations on all industry sectors for both carbon emissions and pollutants and toxins. It is an act that would, for the first time, impose real regulations for, among other things, auto emissions, which has always been opposed by the NDP. It is an act that would, for the first time, give the power for the government to regulate the quality of indoor air. We are acting for the environment and we would like to have the NDP's support.



*Oral Questions**[Translation]*

**Mr. Pablo Rodriguez (Honoré-Mercier, Lib.):** Mr. Speaker, last week the Minister of Industry appointed Dr. Christopher Essex to the Natural Sciences and Engineering Research Council of Canada.

Last April, Mr. Essex sent a letter to the Prime Minister to tell him that allocating funding to research on climate change would be senseless. He will now sit on the council of an agency that distributes nearly \$900 million to Canadian university researchers.

Can the Prime Minister assure us that Mr. Essex will not use his new position to eliminate subsidies for researchers who do not think the way he does?

**Hon. Maxime Bernier (Minister of Industry, CPC):** Mr. Speaker, I am very proud of and very pleased with Mr. Essex's appointment. He is a competent, informed man, and an educator, professor and doctor unlike any other in Canada.

His contribution to the council will be excellent. This is a good move for Canada.

**Mr. Pablo Rodriguez (Honoré-Mercier, Lib.):** Mr. Speaker, not only are the Conservatives determined to destroy the Kyoto protocol at international summits, but they are also finding a way to attack research being done here in Canada. By appointing Dr. Christopher Essex, who denies the existence of global warming, the Conservatives are trying to sabotage research done on this phenomenon.

The Prime Minister's new strategy for resolving climate change problems is to eliminate subsidies to those who do not think the way he does.

Is that what he calls addressing the source of the problem?

**Hon. Maxime Bernier (Minister of Industry, CPC):** Mr. Speaker, once again we are dealing with Liberal misinformation. It is very disappointing.

Our policy is to promote science and technology throughout Canada and we will ensure that science and technology are a priority for all Canadians. Furthermore, we have nothing against varying points of view.

\* \* \*

*[English]***INCOME TRUSTS**

**Hon. Dominic LeBlanc (Beauséjour, Lib.):** Mr. Speaker, the minority Conservative government has pulled out all the stops to muzzle high profile critics of its income trust fiasco.

Hours before the income trust announcement was made, Margaret Lefebvre, executive director of the Canadian Association of Income Funds, was sent to her new post at the Natural Sciences and Engineering Research Council of Canada. From there she can make little noise about this disastrous policy of the Conservatives.

How are Canadians supposed to believe that this was a coincidence and not just another muzzle job?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, what is confusing is the position of the Liberal Party on this matter. This is a file that it bungled last year. This is a matter that it failed to address. It has now been addressed and addressed clearly.

If the member opposite is interested in what corporations, business leaders and economic columnists in Canada think about this, he can read the press from coast to coast that is almost uniformly recognizing that this was the right thing to do, people like Domenic D'Alessandro, the CEO of Manulife, who said, "I think it's the right thing. I agree with the—"

**The Speaker:** The hon. member for Beauséjour.

**Hon. Dominic LeBlanc (Beauséjour, Lib.):** Mr. Speaker, since the minister did not answer the question, I will give him another chance.

Peter Brown, the chief executive of the investment firm Canaccord and no fan of the Conservative income trust flip-flop, has been sent to a new position with the Vancouver Olympic committee. This is a committee that relies on strong federal cooperation, so it will tolerate no criticism of the Conservatives.

Another critic has been muzzled, but the Conservatives cannot silence Canadians who have seen their investments go up in smoke. Who is the next income trust critic to be muzzled by the Conservatives?

● (1435)

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, the member opposite talks about muzzling a critic. Here is another view, "It was absolutely the right thing and we had started on this track to protect the tax base, to ensure tax fairness and to work for the productivity of the nation". That was the member from Markham yesterday afternoon on television. Perhaps the member opposite would like to muzzle his own critic.

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*[Translation]***NATIONAL DEFENCE**

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, a British officer responsible for training the Afghan army said that it would be at least 10 years before that army could take on its responsibilities without help from other countries.

Can the Minister of National Defence tell us whether he agrees with this statement, and especially whether this assessment corresponds to those of Canada's defence staff?

*[English]*

**Mr. Russ Hiebert (Parliamentary Secretary to the Minister of National Defence, CPC):** Mr. Speaker, I can assure the hon. member that the Canadian Forces is making great progress in training the Afghanistan national army and the Afghanistan national police. So far we have trained over 7,000 and our goal is to create many more members of its military and police force to provide the security that it needs in its country. Over time I would trust that the member would support this effort.

*Oral Questions*

[Translation]

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, the Parliamentary Secretary to the Minister of National Defence was not at all clear. I will rephrase my question. I am asking him whether it is true that the Afghan army might not be prepared to take on its responsibility within a reasonable period of time. If so, will NATO, and, by extension, the Canadian Forces, have to stay in Afghanistan for another 10 years?

[English]

**Mr. Russ Hiebert (Parliamentary Secretary to the Minister of National Defence, CPC):** Mr. Speaker, the member asks how long we are going to be in Afghanistan. There is all kinds of speculation as to what it is going to take. I can assure him that when the appropriate time has arrived, we will make the appropriate decision.

However, in the meantime, with Remembrance Day being this week, I trust he and all members of this chamber would stand with me to support our men and women in uniform, past and present, for the sacrifices they have made on behalf of our nation.

\* \* \*

[Translation]

**CITIZENSHIP AND IMMIGRATION**

**Ms. Johanne Deschamps (Laurentides—Labelle, BQ):** Mr. Speaker, last week we learned that Immigration Canada was aware of the practice by immigrants who do not hesitate to resort to marriage between brothers and sisters in order to get around the sponsorship rules. Immigration Canada is aware of this practice but does nothing.

Does the Minister of Citizenship and Immigration not find it unusual that this type of deceit is tolerated and, in particular, that his department has not taken steps to put a stop to it?

[English]

**Hon. Monte Solberg (Minister of Citizenship and Immigration, CPC):** Mr. Speaker, I thank the member for her question on this serious matter. We are aware that the issue of sham marriages is a very big problem and many people of course will try all kinds of things to get into Canada. However, we are vigilant.

Last year we turned down about 13% of all the applications from people who were coming here under the guise of sponsoring a spouse. That is because we felt that there were no grounds to believe that these people were truly married.

[Translation]

**Ms. Johanne Deschamps (Laurentides—Labelle, BQ):** Mr. Speaker, in 50% of cases, families of individuals who obtain permanent residency must wait 13 months or longer before receiving permission to join their relatives in Canada. These delays are much too long.

Has the Minister of Citizenship and Immigration thought of ways to accelerate the family reunification process or does he intend to take no action to improve the situation of these families?

[English]

**Hon. Monte Solberg (Minister of Citizenship and Immigration, CPC):** Mr. Speaker, one of the issues that we have to deal with

is taking the time to ensure that we do not allow people into Canada under fraudulent means. It does take some time and that seems to be contrary to what she was just arguing a moment ago.

It is also true that when we took office, we inherited a backlog of 800,000 people trying to get into this country. We are working on reducing that backlog, but we cannot turn it around overnight. Once we have a chance to sit down and address this with my colleagues, we are going to make some serious progress on this and reverse the trend that we inherited from the previous government.

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**INCOME TRUSTS**

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Mr. Speaker, the Conservative election platform stated that “A Conservative government will...preserve income trusts by not imposing any new taxes on them”. Will the Prime Minister admit that his decision to tax trusts is a direct violation of his explicit campaign promise?

● (1440)

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, the intention was always to provide income security for seniors which we are doing through the splitting of pension income. For pensioners with \$40,000 worth of income, instead of paying at the current \$40,000 marginal rate, they will now pay at a \$20,000 marginal rate each which would be a saving for them of \$2,500. At the \$60,000 level the savings would be about \$2,700. These are direct savings for pensioners in Canada commencing January 1, 2007. I am surprised the Liberals are not going to vote in favour of the bill.

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Mr. Speaker, with that response I guess he agrees that the Conservatives did break their campaign promise.

Does the Prime Minister understand that his promise directly led Canadians to put their money into income trusts, that he is personally responsible for the increase in activity in the income trust sector, and that Canadians are paying a heavy financial burden for believing in him?

When will the Prime Minister apologize for blatantly breaking his promises?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, let me try to understand the position of the Liberal Party on this matter.

Two weeks ago, on October 18, the critic for finance, the member from Markham said that we had no definite position on this issue. Then the other day, with the leader I gather, they decided in some kind of knee-jerk reaction that they would vote against seniors and vote against pensioners on this bill. The reason seemed to be that it was absolutely the right thing. It went something like “We had started on this track to protect the tax base, to ensure tax fairness, and to work for the productivity of the—

**The Speaker:** Order. The time has expired for the minister. The hon. member for Mississauga South.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the normally talkative Minister of Citizenship and Immigration has been noticeably muzzled when it comes to the multi-billion dollar betrayal of trusts of Canadians.

*Oral Questions*

Last year as finance critic he regularly told the House that a Conservative government would never tax income trusts, but last week Senator LeBreton, the leader of the government in the Senate, suggested that he was not given the finance portfolio because he just was not up to the job.

Is that the reason or was it because he refused to go along with the devastating double-cross of hard-working Canadians?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, I know that the Liberal Party thinks that large corporations should not pay taxes in Canada. I know that the Liberals apparently plan to vote in favour of the position that this economy should increasingly put the burden for health care, education and infrastructure that we need on individuals and families in Canada.

We do not share that view. We do not share the view that is apparently the view of the party opposite. We think all Canadians, including corporations, should pay their fair share of taxes.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the finance minister has got it wrong. I do not believe in seniors getting screwed, that is what I do not believe in.

The government had options which would not have fleeced Canadians of billions of dollars of their hard-earned savings. The Conservatives recently assured Canadians that they would not tax income trusts, ever, and Canadians invested on the strength of that promise.

Was the Minister of Citizenship and Immigration passed over for the finance portfolio because he was opposed to taxing income trusts, or was it because he was just no match for the current Minister of Finance in the art of breaking promises?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, if it is the position of the Liberal Party, then I say to the member for Mississauga South that I gather it is the official position of his party, which is as follows:

It was absolutely the right thing, and we had started on this track to protect the tax base, to ensure tax fairness and to work for the productivity of the nation.

The member for Mississauga South is wrong. He should turn around and say it to the author of that statement, the official critic who is sitting behind him, the member for Markham—Unionville.

\* \* \*

●(1445)

**VETERANS AFFAIRS**

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Mr. Speaker, as we celebrate Veterans Week, it is time to reflect on the sacrifices that our brave men and women have made in the name of freedom. Can the Minister of Veterans Affairs tell the House what the government is doing to assist veterans and to improve services for veterans and their families?

**Mrs. Betty Hinton (Parliamentary Secretary to the Minister of Veterans Affairs, CPC):** Mr. Speaker, I would like to thank the hon. member for Lambton—Kent—Middlesex for all his hard work on the veterans affairs committee.

In the past eight months we have implemented the new veterans charter and we have a health care review under way as we speak. The new government continues to be committed to veterans by

examining the implementation of an ombudsman, the veterans independence program, and the veterans bill of rights. The new government takes the time for our veterans, and we hold each and every one of them dear.

\* \* \*

**AFGHANISTAN**

**Ms. Dawn Black (New Westminster—Coquitlam, NDP):** Mr. Speaker, military officials are scrambling to find enough troops to maintain the Liberal-Conservative mission in Afghanistan. Again, today, the chief of defence staff has contradicted the Minister of National Defence.

The CDS says he will “use every single man and woman that is necessary in the Canadian Forces to do the job, and that’s exactly what we’re going to do”. Not so, said the minister, “There is no intention of employing sailors, airmen or airwomen—”.

Which is it? Who is really in charge over there? Who is calling the shots?

**Mr. Russ Hiebert (Parliamentary Secretary to the Minister of National Defence, CPC):** Mr. Speaker, we have the well-being of our men and women in uniform at heart. We want to limit their deployment to Afghanistan as much as possible, hopefully to one term. We have considered using sailors and airmen in administrative responsibilities like cooks or truck drivers, that sort of thing.

I want to remind all members in the chamber that we would not even be looking at these options if it were not for the fact that the Liberals put us in this situation after 13 years of neglecting the military.

**Ms. Dawn Black (New Westminster—Coquitlam, NDP):** Mr. Speaker, a CIA report on the situation on the ground in Afghanistan is not encouraging and the UN reports that its food program is only operating at 30% of capacity.

One U.S. official said that there is no transmission belt that goes between Kabul and the local government. He said that we lost a whole generation of bureaucrats and people that can take a government plan and make it real.

Only 10% of our contribution in Afghanistan is spent on aid and reconstruction. In light of both of these reports, does the minister not think it is time that we rebalance this mission in Afghanistan—

**The Speaker:** The hon. Parliamentary Secretary to the Minister of National Defence.

**Mr. Russ Hiebert (Parliamentary Secretary to the Minister of National Defence, CPC):** Mr. Speaker, the member talks about our spending money in Afghanistan. I want to be the first to announce to the House that the commander’s contingency fund, which in the past was used for small projects, one-offs, to provide ambulances or wells for schools and that sort of thing, has been increased by 50% to \$3.4 million this past week. I hope all members will support the efforts that we are making to win over the hearts and minds of the men and women of Afghanistan.

*Oral Questions***INCOME TRUSTS**

**Mr. Mark Holland (Ajax—Pickering, Lib.):** Mr. Speaker, the letters from betrayed Canadians on income trusts are pouring in. Ed and Judy Bohnet write: “After the Prime Minister’s campaign assurance of ‘no change in tax structure for income trusts’, we felt confident in our decision to put our savings into this investment vehicle. We were thoroughly taken in by the rhetoric of honour and openness put out by the Conservative Party, what a disappointment. We feel completely blindsided”.

Will the Minister of Finance apologize to the Bohnets and the thousands of other Canadians whose votes they stole based on a deception and whose savings they annihilated by allowing value to build falsely on a betrayal?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, if we look back one year and see how this issue was not addressed and then was attempted to be addressed, we would see that it was bungled by the party opposite. I do not expect the party opposite to understand that a government, albeit a minority government, is obliged to look after the best interests of the country.

As commentators from coast to coast have said, what is in the best interests of Canadians? What is in the long term interest of Canada and the next generation? What is in the interests of our Canadian economy? Do we want to become a sleepy economy? The answer has—

•(1450)

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

**Mr. Mark Holland (Ajax—Pickering, Lib.):** Mr. Speaker, if that is true, then why did the Conservatives campaign against the best interests of Canadians? Why did that party make a promise that it broke? It is a pure deception.

Robert Horner writes: “It is inconceivable to me that your party during the last election gave comfort to this most vulnerable class of our society to continue to enjoy the returns from their investments and then within a year break that trust with the people. Shame on you. Your Machiavellian approach to this situation has left me feeling betrayed, and that my government is deceitful, careful and as such, dangerous”.

When can Mr. Horner and thousands of other Canadians who feel cheated and betrayed expect a direct and unequivocal apology?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, Canadians, and I am sure even some of the members opposite, saw what was happening in 2006. We saw the income trust sector increase by some \$70 billion. We saw the telecommunications sector, first one and then another company, decide in a capital intensive section of the economy that it felt obliged to go the income trust route.

We were going to see more. There were more that were being talked about. If members opposite and the member for Wascana truly believe that an income trust economy is in Canada’s best interests, then go ahead and—

**The Speaker:** The hon. member for Hull—Aylmer.

[*Translation*]

**Mr. Marcel Proulx (Hull—Aylmer, Lib.):** Mr. Speaker, a good way to cause a traffic accident is to signal right, then turn left. By

renegeing on its promise not to impose new taxes on income trusts, the government is directly responsible for the catastrophe affecting small investors.

What does this government have to say to Robert Vallée? He wrote, “Like a lot of retired small investors, my financial security took a big hit... After reassuring investors by making an explicit promise not to touch income trusts, the government dealt them a direct blow—”

**The Speaker:** The hon. Minister of Finance.

[*English*]

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, what can I say? Many sources in Canada disagree terribly with what the member opposite has just said. For example, the *Toronto Star* editorial board said:

But the [Finance Minister] nevertheless deserves much credit for doing the right thing by plugging a tax-avoidance loophole that he rightly described as “a very bad thing for Canada”.

I invite the members opposite, if they truly believe it is the right thing for Canada to have an income trust economy, to go ahead and vote against the motion. Those members know and I know that when—

[*Translation*]

**The Speaker:** The hon. member for Hull—Aylmer.

I hope that the hon. Minister of Finance will address his remarks to the Speaker instead of to his other colleagues.

**Mr. Marcel Proulx (Hull—Aylmer, Lib.):** Mr. Speaker, retired people are not the only ones who invested in income trusts.

What does this government have to say to students who, like Étienne Bernier, put their scholarship money in income trusts? Mr. Bernier lost \$3,000 in one day. For a student, losing \$3,000 is a big deal.

Does the government not fear that, by renegeing on its promise, it is contributing to the people’s cynical attitude about politics?

[*English*]

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, I would remind the member opposite that the provisions with respect to changing the tax rules for income trusts do not come into force for some four years for trusts that were trading on October 31, 2006. This is a long period of time. There will be time for context and perspective. It was done similarly to what was done in other places because other places, including the United States, the United Kingdom and Australia, have made it clear that this type of economic instrument was not in the best interests of a competitive, productive economy going forward. That is in the best interests of all Canadians.

\* \* \*

[*Translation*]

**TAXATION**

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, in April, the Government of Quebec stated that \$3.8 billion annually was needed in order to correct the fiscal imbalance.

Has the Minister of Finance received a request for such an amount from his counterpart in Quebec, and has he begun negotiations with him on that basis?

• (1455)

[English]

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, the information we used with respect to decision making on the income trust issue was the information that was available about the growth of income trusts, about the reality that we were seeing income trusts being chosen as an instrument of conversion by companies in the telecommunications business, that there were many more to come, and the kind of economy that we would end up having in Canada, not to mention the tax fairness issue where large telecommunications companies could avoid taxes in excess of \$1 billion.

[Translation]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, the minister unfortunately did not understand the first question. I was not talking about income trusts, but about the fiscal imbalance, which the Government of Quebec puts at \$3.8 billion annually.

I would remind him that the Quebec finance minister gave this figure publicly in the National Assembly on April 12. He concluded, "That is what we have asked for".

Has the Minister of Finance heard of this request from the Government of Quebec for \$3.8 billion annually to correct the fiscal imbalance, and has he begun negotiations with the Government of Quebec on that basis?

[English]

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, yes, I have heard that figure and I have heard other figures from various provinces. I have heard figures from Quebec with respect to the issue of fiscal imbalances. We are on track. We are continuing the discussions vigorously with the various provinces on the fiscal balance issues. We said that we would continue these discussions into the autumn and we are. The finance ministers intend to meet, probably in December, and then moving toward a resolution in budget 2007.

\* \* \*

#### ABORIGINAL AFFAIRS

**Hon. Anita Neville (Winnipeg South Centre, Lib.):** Mr. Speaker, the law and the Constitution is clear. Despite this, the Minister of Indian Affairs is trying to abdicate his government's responsibility by stating that pre-Confederation land claims are not a federal responsibility. Caught in the middle of this are the people of Caledonia and Six Nations who simply want a resolution to this dispute.

Will the Prime Minister tell his minister to stop dealing in semantics and instead focus on reaching a settlement agreement?

**Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC):** Mr. Speaker, I am not focused on semantics. I have simply pointed out and have had a public discussion about the fact that both Ontario and the Government of Canada have parallel responsibilities that impact on Caledonia.

#### Oral Questions

With respect to the Government of Ontario, there is the question of policing and there is the question of property civil rights under the Constitution. I do not hear anyone from Ontario suggesting that they wish to surrender that constitutional jurisdiction.

The Government of Canada clearly has a role with respect to land claims and we will continue to work together to resolve the issue.

\* \* \*

#### SPORTS

**Mr. Ron Cannan (Kelowna—Lake Country, CPC):** Mr. Speaker, from August 2 to August 10, 2008, the fine folks in the community of Cowichan in beautiful British Columbia will host the 2008 North American Indigenous Games.

To celebrate aboriginal sport and culture, these games will bring together 2,000 cultural performers, more than 3,000 volunteers, over 5,000 junior athletes competing in 16 sports, and generate more than \$26 million for the local economy.

Could the Minister for Sport please share with the House what our government is doing to support these games?

**Hon. Michael Chong (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister for Sport, CPC):** Mr. Speaker, aboriginal Canadians have had a long proud tradition in sport in this country. We have Canadians like Tom Longboat who won the Boston Marathon in 1907 and set a world record in doing so. We have Canadians like Jordin Tootoo who plays for the Nashville Predators.

As the Minister for Sport, I am pleased to announce that we will be building on this tradition by contributing \$3.5 million to the North American Indigenous Games to be held by the Cowichan Tribes in the beautiful province of British Columbia.

Our government's contribution to these games demonstrates our commitment to aboriginal Canadians' participation and excellence in sport.

\* \* \*

#### ABORIGINAL AFFAIRS

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Mr. Speaker, Pikangikum is in crisis. It is the Kashechewan of the northwest. This fly in community still depends on buckets to collect drinking water from lakes and the kids in high school shop classes are busy making outhouses because there is no sewage system.

The chief and council have asked the province to intervene because the health situation is so dire. The people in Pikangikum feel abandoned by the government.

Will the minister meet personally with chief and council to explain the government's plan to improve the health situation in Pikangikum?

*Oral Questions*

• (1500)

**Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC):** Mr. Speaker, I am certainly prepared to meet with the chief or any other chief at any time.

On a day when we have been focused on Liberal files which were bungled, botched and backlogged, it is not a surprise that first nation water would be of concern to the House.

The Pikangikum community is one of close to 200 communities which the government inherited where the drinking water system is at high risk or worse. We are working on it. We have invested \$1 million this year, \$1.1 million is scheduled for investment next year and, in the years beyond that, an additional \$9 million is scheduled to deal with the water and infrastructure issues.

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Mr. Speaker, finger pointing is not helpful. In this community, 780 students in Pikangikum go to school in a building intended for 250.

Overcrowding in homes is just as bad, with up to 18 people living in buildings intended for a family of four.

Pikangikum has had six suicides in the last year.

When will the government reveal its intentions for this particular community? When will the minister actually meet with chief and council and tell them his plans for safe drinking water on this reserve?

**Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC):** Mr. Speaker, as I said, in addition to the \$11.1 million investment to which I referred for drinking water and infrastructure in the community, the annual budget for the community from the Government of Canada is \$12 million.

We are meeting with the chief and council on a regular basis through our officials. Certainly I am prepared to meet at any time to discuss the way forward. There are critical infrastructure issues in the community, such as electrification, water and a new school, and we need to move forward on those issues.

We have inherited a situation that is not a good situation and we are working diligently on it.

**Hon. Anita Neville (Winnipeg South Centre, Lib.):** Mr. Speaker, the reserve of Pikangikum is in major crisis. It has no clean drinking water, overcrowded housing and substandard education facilities.

At one point in time the Minister of Indian Affairs said that ensuring access to clean drinking water was a priority of his. Now the minister's spokesperson says that these are issues that cannot be resolved in nine months.

In his own words, will the minister tell us why he is missing in action as it relates to Pikangikum? When will he stand up and prevent our citizens from living in third world squalor?

**Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC):** Mr. Speaker, let there be no doubt that if there are

Canadian citizens living in their world squalor, that is the party that governed this country for 12 years and allowed it to happen.

Whether it is with respect to education or water, it is deplorable. Those members should be embarrassed and humiliated to stand up and ask that kind of question.

\* \* \*

**FEDERAL ACCOUNTABILITY ACT**

**Mr. James Bezan (Selkirk—Interlake, CPC):** Mr. Speaker, the federal accountability act has been stuck in the Senate for almost twice as long as it took for the House to pass it.

While unelected Liberal senators delay the accountability act, the leadership candidates for the Liberal Party have had absolutely nothing to say on accountability. As well, not one of those Liberal MPs who refused to vote against the accountability act has done a thing to get the act out of the Liberal Senate.

Could the President of the Treasury Board tell the House what he thinks the real reason is for the Liberal foot-dragging in the Senate?

**Hon. John Baird (President of the Treasury Board, CPC):** Mr. Speaker, the cloud of the sponsorship scandal is still hanging over the Liberal Party. Not one Liberal leadership candidate has come forward with any ideas, any suggestions or any proposals on how to clean up the ethical mess that is the Liberal Party of Canada.

The reason for that foot dragging is that the Liberals are ashamed that they have no plan to clean up politics and no plan to bring in more accountable government. Liberal members of Parliament and Liberal leadership candidates need to come clean and tell Canadians why they will not pass the federal accountability act.

\* \* \*

**PRESENCE IN GALLERY**

**The Speaker:** I would like to draw to the attention of hon. members the presence in the gallery of His Excellency France Cukjati, President of the National Assembly of the Republic of Slovenia.

**Some hon. members:** Hear, hear!

**The Speaker:** I would also like to draw to the attention of hon. members the presence in the gallery of the Hon. Paul Shelley, Minister of Human Resources, Labour and Employment for the Government of Newfoundland and Labrador.

**Some hon. members:** Hear, hear!

• (1505)

**The Speaker:** The hon. member for Wascana is rising on a point of order.

*Points of Order***POINTS OF ORDER**

## BUSINESS OF THE HOUSE

**Hon. Ralph Goodale (Wascana, Lib.):** Mr. Speaker, given the discussion that took place across the floor during question period about the fundamental importance of a dialogue on Kyoto with the European Union, I wonder if there would be unanimous consent now for the following motion: That while the Prime Minister is travelling to, attending and returning from the Canada-EU summit in Helsinki, the chief government whip or his representative may request the deferral of any division, whereupon the Speaker shall defer the said division to an appropriate time after the Prime Minister has returned from Helsinki.

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Speaker:** There is no consent.

The hon. member for Winnipeg North is rising on a point of order.

## RESPONSE TO ORAL QUESTION

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Speaker, during question period, in response to a question by the NDP leader, the Parliamentary Secretary to the Prime Minister said that the NDP does not support mandatory emission standards.

Given the fact that on February 17, 2005, the NDP actually presented an opposition day motion to the House requesting support for a motion legislating mandatory improvements to vehicle emissions efficiency, I am wondering if the member would actually apologize to the House. As well as the nice note that I want to acknowledge he sent, personally apologizing to our leader, I wonder if he would put on record his apology.

**The Speaker:** I do not see anyone rising, so I believe that ends the matter. The hon. member for Winnipeg North is very experienced and knows that really what she is arguing is a matter of debate rather than a point of order, but I am sure all hon. members appreciated hearing her submissions.

The hon. member for Burnaby—New Westminster is rising on a point of order.

## STANDING COMMITTEE ON INTERNATIONAL TRADE

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Mr. Speaker, I am rising on a point of order that stems from a meeting of the Standing Committee on International Trade held last Thursday, November 2.

Subject to the interpretation of the Speaker, I know that he cited, in relation to a question that was asked by my colleague, the hon. member for Burnaby—Douglas, in a point of order that was raised on October 6, that in relation to legislation before the House in relation to committee members, the *House of Commons Procedure and Practice* indicates that the Chair will become involved if the question at issue is whether a committee has exceeded its powers in its clause by clause review of a bill.

Mr. Speaker, as you know, Bill C-24, the softwood lumber bill, is before that committee.

Last Thursday, the committee adopted a motion that reads as follows: “That the total number of minutes of debate per amendment per member be limited up to a maximum of three minutes; that three minutes per member also be allotted to the clause, amended or not; that the committee finish clause-by-clause consideration for Bill C-24 by the end of the day on Tuesday, November 7, 2006; that all clauses that have no proposals for amendment be voted on together in one vote at the start of the meeting on Tuesday, November 7, 2006; that Bill C-24 be reported back to the House on Thursday, November 9 or as soon as possible; that the clause-by-clause consideration of Bill C-24 be completed before considering any other committee business; and that any debate on motions related to Bill C-24 be limited to three minutes per person, per motion”.

Considering that two clauses certainly go beyond the mandate that was given by the House to the Standing Committee on International Trade, that is, limiting the total number of minutes of debate per amendment to a maximum of three minutes, which is unprecedented, as you know, Mr. Speaker, in parliamentary history, and also that all clauses that have no proposals for amendment be voted on together in one vote at the start of the meeting on Tuesday, November 7, 2006, it gives rise to my point of order.

It is unbelievable that this might happen, but my point of order consists of the fact that the mandate that was given by the House to the committee was to consider, clause by clause, the extensive number of clauses of Bill C-24. There are over 110 clauses of that particular bill, and we now have, in a very real sense, an inability to consider it clause by clause and an inability to propose the amendments. As we know very well, Marleau and Montpetit, at page 874, state, “Motions to amend a clause of a bill do not require notice”.

To this extent, there were no instructions from the House that actually provided that guideline to the committee, and we now have no opportunity for amendments on all of the clauses that might be pushed forward tomorrow morning. We also have a very strict limitation on the ability to improve what is, in my opinion, an extremely flawed bill.

Mr. Speaker, as I mentioned earlier, on October 6, you said that when we talk about clause by clause review of a particular bill, you have the right and the ability to intervene as far as a committee is concerned.

Going back to precedents, I cite from Marleau and Montpetit, footnote 400, which references the minutes of the Standing Committee on Industry, March 23, 1999, meeting 104:

In 1990, following a lengthy examination of Bill C-62, An Act to amend the Excise Tax Act, the Criminal Code, the Customs Act, the Customs Tariff, the Excise Act, the Income Tax Act, the Statistics Act, and the Tax Court of Canada Act, the Chair of the Finance Committee unilaterally terminated debate on a motion to limit further debate and set out a schedule allotting time for the remainder of the Committee’s consideration of the Bill. The Chair’s decision was appealed and sustained by the Committee.

Similar action took place last Thursday, November 2 at the Standing Committee on International Trade.

Further to that notice in Marleau and Montpetit, it states:

### *Routine Proceedings*

The Committee subsequently made a report to the House outlining its concerns about the manner in which debate had been limited and asking that the matter be referred to the Standing Committee on Privileges and Elections.

Today that committee is the Standing Committee on Procedure and House Affairs. It continues:

The House concurred in the report... After study, the Privileges and Elections Committee suggested that Standing Order 78 (time allocation) was the appropriate vehicle to use when proposing a limit on committee consideration of a bill.

● (1510)

Standing Order 78(1) states:

When a Minister of the Crown, from his or her place in the House, states that there is agreement among the representatives of all parties to allot a specified number of days or hours to the proceedings at one or more stages of any public bill, the Minister may propose a motion, without notice, setting forth the terms of such agreed allocation; and every such motion shall be decided forthwith, without debate or amendment.

We have a situation whereby a committee has clearly arbitrarily set the most severe limits in Parliament's history on discussion of this bill. The committee has not received those instructions from the House of Commons. Very clearly, precedent shows that when a committee goes beyond what instructions were given to it, the House must provide that direction. So I would ask, Mr. Speaker, that in light of this draconian motion of closure that is being imposed on the Standing Committee on International Trade, you would request of the Chair of the standing committee not to proceed forthwith tomorrow morning, but rather to hold off until you, as Speaker of the House, can make an appropriate ruling in regard to this very draconian abuse of parliamentary privilege.

**Mr. Ted Menzies (Parliamentary Secretary to the Minister of International Cooperation, CPC):** Mr. Speaker, I would like to comment too and maybe help give you some insight into the proceedings that led up to this intervention by the hon. member. The committee adopted the said motion in a recorded vote. I would suggest that this is absolutely parliamentary procedure. If the hon. member had been serious about actually discussing Bill C-24, as the rest of us were trying to do, he might not have spent four and a half hours filibustering committee.

**The Speaker:** The point raised by the hon. member for Burnaby—New Westminster, it seems to me, deals with a matter that was dealt with in the committee, not by a Chair making a unilateral decision to impose a rule, but by the committee adopting a motion that brought about time limitation on members and their activities in the committee.

It seems to me from my experience on committees many years ago that it is in fact not an uncommon practice in committee to have motions of this kind introduced, discussed and sometimes adopted, which result in limits on members' freedom of speech in committee. Time limits are not uncommon. I put in an appearance recently before the procedure and House affairs committee where all the members were under time limitations imposed by the will of the committee itself. On occasion I was not even able to answer some of the comments made, because the member had used up all the time. It does happen. It was not that I was desperate to respond, but members can understand my concern when I hear the hon. member for Burnaby—New Westminster raising this issue.

But I do think that committees are masters of their own procedure. They are entitled to make provisions in adopting orders in the

committee that govern the way they are going to conduct their business. What Mr. Speaker Fraser's ruling, which I have briefly looked at, said was what committees were allowed to do. The committee is allowed to make amendments to the bill. The committee has imposed rules on how those amendments will be dealt with in the committee and how members will be able to address the issues raised by the amendments. It seems to me that is entirely within the jurisdiction of the committee and indeed is some quite normal exercise of its powers.

Accordingly, I do not find the point of order, so far from what I heard from the hon. member, to raise a valid point of order. I do not believe the committee has exceeded its jurisdiction. The ruling I gave recently on this issue, and I am going from memory from the date to which the hon. member referred, dealt with the amendments themselves and whether amendments exceeded the scope of the bill that had been referred to the committee.

There, I agree, the Speaker may have some jurisdiction to make a ruling if the committee has exceeded its jurisdiction, but that is not the issue the hon. member has raised today. It is a procedural matter within the committee and it seems to me the committee is master of its own procedure and is able to decide which rules it wishes to adopt in respect of the business that it has before it.

While the hon. member may disagree with the committee's decision, I do not think it is for the Chair to exercise the jurisdiction of a court of appeal in that respect, and I accordingly decline to do so.

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## ROUTINE PROCEEDINGS

● (1515)

[*English*]

### GOVERNMENT RESPONSE TO PETITIONS

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

\* \* \*

[*Translation*]

### INTERPARLIAMENTARY DELEGATIONS

**Hon. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, pursuant to Standing Order 34(1), I have the honour to present to the House, in both official languages, the report of the Canadian parliamentary delegation of the Canada-Europe Parliamentary Association on the second part of the 2006 ordinary session of the Parliamentary Assembly of the Council of Europe held in Strasbourg, France, from April 10 to 13, 2006.



[English]

## COMMITTEES OF THE HOUSE

### JUSTICE AND HUMAN RIGHTS

**Mr. Art Hanger (Calgary Northeast, CPC):** Mr. Speaker, I have the honour to present, in both official languages, the fourth report of the Standing Committee on Justice and Human Rights.

Pursuant to Standing Order 108(2) and a motion adopted by the committee on Wednesday, November 1 your committee recommends that the government act with diligence and speed in the matter of the late Wilbert Coffin.

### PROCEDURE AND HOUSE AFFAIRS

**Mr. Gary Goodyear (Cambridge, CPC):** Mr. Speaker, I have the honour to present, in both official languages, the 19th report of the Standing Committee on Procedure and House Affairs regarding the membership of committees of the House. If the House gives its consent, I should like to move concurrence at this time.

**The Speaker:** Is there unanimous consent?

**Some hon. members:** Agreed.

(Motion agreed to)

• (1520)

### VETERANS AFFAIRS

**Hon. Jay Hill (Prince George—Peace River, CPC):** Mr. Speaker, there have been discussions among all political parties and I think you would find unanimous consent for the following motion. I move:

That, notwithstanding the order made on Friday, October 27, twelve (12) members of the Standing Committee on Veterans Affairs be authorized to travel to Ottawa on November 8 and to Montreal on November 20 to visit hospital facilities in order to gain better understanding of the service and care provided to Canadian Veterans, and that the necessary staff do accompany the committee.

**The Speaker:** Is there unanimous consent?

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

[Translation]

## PETITIONS

### NATIONAL HOMELESSNESS INITIATIVE

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Mr. Speaker, I would like to table a petition on behalf of the Association pour le Travail de rue D'Autray, in the municipality of Lavaltrie, in the riding of Repentigny.

One hundred and thirteen people signed this petition and truly hope that the government will immediately reinstate the national homelessness initiative, including the SCPI and RHF programs, and that this initiative will be made permanent and receive increased funding.

The Association pour le Travail de rue D'Autray has been subsidized under SCPI since 2001, enabling it to hire a street worker in Lavaltrie.

S. O. 52

The young people whose needs are addressed by the association's outreach are directly affected by the loss of services. The problem is worsening, and an increasing number of youth are becoming vulnerable.

\* \* \*

[English]

## QUESTIONS PASSED AS ORDERS FOR RETURNS

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, if Question No. 92 could be made an order for return, this return would be tabled immediately.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

[Text]

Question No. 92—**Ms. Jean Crowder:**

With regards to band council elections: (a) for each calendar year since the Corbière Decision came into effect, how many bands have had an election and what were the costs of those elections; (b) what plans does the Minister of Indian Affairs and Northern Development have to request an extension of the financial authority from the Treasury Board to continue funding these additional costs for band elections; (c) what is the average cost of a band council election relative to the overall Band Support Funding for First Nations; (d) how many elections have been disputed since 1999 and what were the costs for each of those elections; (e) for those disputed elections, what was the percentage cost of the election as a portion of Band Support Funding and as a portion of own source revenue for the First Nation involved; (f) what studies or audits have been conducted to see how much of the annual two percent funding cap on Indian and Northern Affairs Canada program spending since 1995 has gone to pay for the increased costs of band council elections; (g) how much would Band Support Funding need to increase to cover the increased costs of the Corbière Decision without impacting other program spending; (h) how will the government live up to its fiduciary responsibility for First Nations if the two percent spending cap remains in place; and (i) how will the Honour of the Crown be protected in this matter?

(Return tabled)

[English]

**Mr. Tom Lukiwski:** Mr. Speaker, I ask that all remaining questions be allowed to stand.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

\* \* \*

## REQUEST FOR EMERGENCY DEBATE

### FISHERIES AND OCEANS

**The Speaker:** The Chair has a notice of a request for an emergency debate from the hon. member for Scarborough—Rouge River. I will hear the hon. member now.

*Government Orders*

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, I want to move for an emergency debate under Standing Order 52. The matter of the emergency requiring debate is the report from credible Canadian and other scientists in the journal *Science* that all the fish species in our planet's oceans will be dead, or collapsed or extirpated within some 41 years. Not since the last ice ages or the meteor strike, which we believe extinguished the dinosaurs, has this planet faced a threat, but this threat is wholly man-made and we know it is impossible to stop our man-made degradations on a dime.

No one is the owner or custodian of our oceans. If we do not begin to act now, right now, the rate of species collapse will accelerate and may be unstoppable, like a row of collapsing dominoes.

It took us a decade to develop the Kyoto protocol, and we are not finished with it yet. If one is a Canadian 20 years of age, this eventuality, predicted by these scientists, will change the world as we know it. There is no justification for delay in responding.

This is an emergency. We must talk now. We must act now. If we do not, here in this place, then where else on this planet? In our country, with coasts on three oceans, this is the place and this is the time. We must begin to act now.

• (1525)

SPEAKER'S RULING

**The Speaker:** I thank the hon. member for Scarborough—Rouge River for his submissions on this important matter. He has also sent me some information in respect of the application.

While I have no doubt the matter is of considerable importance, I am not sure that it meets the exigencies of the Standing Order at this time. Accordingly I am going to decline his request for an emergency debate, despite his capable arguments.

\* \* \*

**POINTS OF ORDER**

BILL C-303—EARLY LEARNING AND CHILD CARE ACT—SPEAKER'S RULING

**The Speaker:** I am now prepared to rule on the point of order raised by the hon. Parliamentary Secretary to the government House leader and Minister for Democratic Reform concerning the requirement for a royal recommendation for Bill C-303, the early learning and child care act, standing in the name of the hon. member for Victoria.

[*Translation*]

I would like to thank the hon. parliamentary secretary for raising this matter as well as the hon. member for Montmorency—Charlevoix—Haute-Côte-Nord and the hon. member for Windsor—Tecumseh for their comments.

[*English*]

In his remarks, the parliamentary secretary pointed out that clause 5 of the bill gave the Minister of Finance the authority to make transfer payments to the provinces, provided that the criteria and conditions set out in clauses 5 and 6 had been met. He asserted that the making of transfer payments in this way would require the

expenditure of public funds in a manner and for a purpose not currently authorized.

As hon. members know, funds may only be appropriated by Parliament for purposes covered by a royal recommendation, as explicitly stated in Standing Order 79(1). Proposed legislation seeking either authority for new spending or for the use of approved funds for distinctly new purposes must be accompanied by a new royal recommendation.

Having reviewed Bill C-303, I am in agreement that the provisions in clauses 5 and 6 of the bill, which relate to the making of transfer payments according to the specified criteria and conditions, require a royal recommendation.

[*Translation*]

The hon. parliamentary secretary also raised the question of whether Bill C-303 breaches the rules of the House because it is dealing with an issue that has already been decided. He made reference to provisions of the Budget Implementation Act, 2006 by which, in his view, this House had dealt with the issue of funding for early learning and child care.

The principle that the same question cannot be raised twice during the same session is a well-established part of our practice. I refer hon. members to *House of Commons Procedure and Practice*, pages 476 and 477.

[*English*]

However, the fact that the House cannot consider the same question or two very similar questions in a single session should not be interpreted to mean that the same general policy area cannot form the basis of more than one debate. Provided that separate and distinct proposals are put to the House, the issue of funding for early learning and child care may be debated again in the House.

In conclusion, I concur with the hon. Parliamentary Secretary to the government House leader that Bill C-303 provides for the making of transfer payments by the minister in a manner not currently approved. The bill, therefore, infringes upon the financial initiatives of the Crown.

In its present form, I will decline to put the question on third reading of this bill unless a royal recommendation is received. The debate is currently on the motion for second reading. This motion shall be put to a vote at the close of the second reading debate.

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**GOVERNMENT ORDERS**

[*English*]

**CANADA ELECTIONS ACT**

The House resumed consideration of the motion that Bill C-16, An Act to amend the Canada Elections Act, be read the third time and passed.

**The Speaker:** The hon. Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform has five minutes left in the time allotted for questions and comments consequent on his speech.

*Government Orders*

The hon. President of the Queen's Privy Council for Canada.

**Hon. Michael Chong (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister for Sport, CPC):** Mr. Speaker, I wish to ask a question of my colleague from Regina about some of the timings of the elections in the last number of years. As the House knows, there were a number of elections that were called on very short order. The one I remember most fondly is the 2000 election, where only three years into a five year term the government of the day called a snap election and at a time when many of the other parties were not prepared or ready to have an election.

Could the member tell us how Bill C-16 addresses some of the concerns that were generated from that snap election call?

• (1530)

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, at the outset of my presentation, I said I knew all members would listen with rapt attention to my comments, but I did not realize the questions would be gift wrapped like that.

The hon. member is absolutely correct. There have been several occasions, not only the one in 2000, to which my hon. colleague refers, over the past two decades where incumbent governments, whether they be federal or provincial, have called elections well before the traditional four year election cycle. Why? They have done it for purely political partisan reasons. Perhaps the polls seemed to indicate that they would be in a better position to win an election if an election were called at that particular point in time.

This is the reason why we have introduced Bill C-16, to put an end to the practices of previous governments that used their ability to call an election for their own purposes. In other words, for their own competitive advantages.

Canadians do not want to see that. It is not fair. It is certainly not transparent. It impedes both the business of government and the ability of the democratic electorate to fairly judge elections at a four year cycle.

I would suggest that not only will this bill put an end to those unsavoury practices. It will finally, after over one century of doing things the wrong way, correct the record and will finally put our country on an even keel with some of the more progressive countries that have already adopted fixed election dates.

**Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC):** Mr. Speaker, would the hon. member elaborate a little on his answer? He has that some other countries have fixed election dates. The Liberals used to believe in fixed elections, but that was a different thing.

Fixed election dates are important and not only in other countries. My home province of British Columbia has a fixed election date. We have already had the first election. No one lit his or her hair on fire and it was not the end of the British parliamentary system. There was no chaos in the street. It was, however, something that all parties could plan on, that the population could work around and municipalities could tell what was coming. All in all, it worked very well. I know some other provinces have fixed election dates.

Perhaps the member would like to talk about some examples of where it has worked and worked well.

**Mr. Tom Lukiwski:** Mr. Speaker, very briefly, the Minister of Agriculture is quite correct. The province of British Columbia as well as the province of Ontario have enacted fixed date election practices in their provinces.

When we were examining this bill, we called, as a witness, the deputy chief electoral officer from British Columbia to give her experiences and whether she felt that this was a practice the province of British Columbia would continue.

I am here to testify that she absolutely had nothing bad to say about fixed election dates and how they reacted or how they performed in British Columbia. She felt that most citizens approved of it. In her opinion, election turnout went up because of it. All the election processes with which her department had to comply, in other words finding office space, finding DROs and all the other election officials, were so much easier to do under a fixed election date process.

There was absolutely nothing bad in the opinion of the deputy chief electoral officer of British Columbia. I think we will find the same reaction across Canada when we finally enact this legislation.

**Mr. Kevin Sorenson (Crowfoot, CPC):** Mr. Speaker, it is a pleasure to stand in the House once again and support a bill that has been a long time coming, a bill for which I think the Canadian public has generally been asking.

Canada's new government has brought forward this legislation today to set election dates at the federal level in Canada. This would mean that Canadians would know the date of the next federal election. It would be scheduled four years from the previous election date.

With Bill C-16, the Conservative Party is taking action and implementing another one of its promises, another one of the planks of the last general election.

We promised to change the way government does business. We promised to bring accountability to the ways we govern ourselves. We pledged to improve on our democratic system wherever possible. Bill C-16 would do exactly that.

This bill is in the third reading stage, the final stage of debate in the House at this time. All parties have spoken in favour of the bill. It has not been amended since being introduced by the Leader of the Government in the House of Commons and Minister for Democratic Reform. He spoke eloquently about the bill at second reading and has told us what it would do. He brought the House up to speed earlier today on the progress and on what this bill would accomplish.

Why does Canada need Bill C-16?

*Government Orders*

Over the past six years, since I was first elected, I have been a member of the official opposition and I have seen elections, and how they were called or not called, at the convenience of two Liberal prime ministers. We have seen the power to call elections abused in provincial jurisdictions, as well. It is frustrating for elected officials and for voters.

Bill C-16 proposes to improve our democracy by addressing the downside of our parliamentary system that allows the prime minister the exclusive authority to call an election, sometimes a snap election.

What would Bill C-16 do and what are its attributes?

Bill C-16 is modelled on British Columbia and Ontario laws requiring fixed election dates every four years, except when a government loses the confidence of the House, in which case, an election would be held immediately and the subsequent election would follow four years after that. This would improve governance as I believe it would result in higher voter turnout rates and it would assist in attracting qualified candidates to public life because Bill C-16 would bring some predictability and stability to our electoral process.

Voters would get excited and they would gear up for the election date knowing that it was coming at a certain time. New candidates would be able to decide whether or not to throw their hat in the ring because they could decide if they are able to prepare for a certain date in the future.

With this bill, Elections Canada would no longer need to be election ready every year all year long. It would not need to be prepared to go at the whim of a prime minister who decides to call a snap election. Taxpayers would save money because they would not need to pay to keep Elections Canada at the ready all the time.

Fixed election dates would help all political parties. It is not that it would only help the government or just help the opposition. It would help all parties as they would have equal opportunities to make preparation for the upcoming election campaign.

Today we have a situation where the governing party has a remarkable advantage of knowing when the next election will take place. In fact, it may know several months in advance. It may have plans that would be well before the time that we would normally see an election call but it will have looked at the polls and it will be able to make, as the parliamentary secretary mentioned, a decision based on what would be to its advantage. This is not fair.

Bill C-16 says that the next election will be on Monday, October 19, 2009. That is the date unless, in this minority Parliament, the opposition would decide that the government has lost the confidence of the House.

• (1535)

I think an October election would be the best possible time here in Canada. The weather in October is optimal for an election. We could prevent having an election over Christmastime like the last election. We would not be abandoning our holidays in the prime of the summer months to engage in campaign activities, to work those long hours pounding the pavement and knocking on doors to find that most people are not at home.

This would give the candidates and the parties the opportunity to ensure the public was informed of the policies and that they knew the people and the parties that were running in their local constituencies. I believe voters would appreciate that.

Bill C-16 would ensure that constitutional requirements are respected. The bill does not in any way change the requirement that the government must maintain the confidence of the House. Monday, October 19 is the date that is most likely to maximize voter turnout and it is least likely to conflict with cultural or religious holidays or with elections in other jurisdictions.

Bill C-16 even offers an alternative election date in the event of a conflict with a date of religious or cultural significance, or an election being held in another province. This would allow a bit of flexibility. Bill C-16 would empower the Chief Electoral Officer to recommend an alternate polling day to the governor in council should he or she find that a polling day was not suitable for that purpose. The alternate day would be either the Tuesday or the Monday following the election date as stipulated in the bill.

How does Bill C-16 work? Under Bill C-16, the prime minister would retain the prerogative to advise dissolution to allow for situations when the government has lost the confidence of the House of Commons. This is a fundamental principle in a democracy. Currently, it is the prerogative of the prime minister, having lost the confidence of the House, to select what he or she regards as an opportune time for an election to renew the government's mandate and to advise the Governor General to dissolve the House in time for that election.

Under the new system proposed in the bill, federal elections would be held on a fixed date. This would not affect the right of the prime minister to advise dissolution at any time prior to the stipulated date. In a case like what we have right now, in a minority government, that would not mean that the House would sit right up until 2009. If the opposition were to decide that it was time, the Governor General would be called and the election would take place. Canadians would have the right to choose.

Let us look again at the key advantages of a fixed election date.

The first advantage would be fairness. I think it is unfair that the governing party should be permitted to time an election to exploit conditions favourable to only its re-election, especially when it is not listening to the people and is not recognizing the people but looking at itself in the polls. It realizes what it wants to bring somewhere down the road as far as policy and it has an advantage over every other party. This bill would bring fairness back to this democratic system.

The other point I would like to make relates to transparency and predictability. Fixed election dates would provide transparency as to when general elections would be held. Rather than decisions about election dates being made behind closed doors just with the cabinet and the prime minister, general election dates would be public knowledge.

*Government Orders*

●(1540)

On October 19 everyone would have the opportunity to build on that minority government or to work for their local candidate. It would allow more people to get involved in the electoral process. I think this is something that has been frustrating all members of Parliament. They realize that we are seeing a detach, especially among our younger Canadians. When we look at the statistics and voter turnout, we recognize that one of the demographics that is quite often very low in voter turnout is our young, eligible voters.

I really believe that this would give a sense of certainty so that we could engage people, university students, high school students, college students, to get involved in the process.

I look around this House of Commons and see, especially on this Conservative side, many young Canadians, and even our Speaker sitting in the chair. I am not certain how old he was when the good people of his constituency elected him, but with this type of election date, we will see young people come forward knowing the election date, knowing the policies they want brought forward, being able to get in touch with their member of Parliament or even deciding to run themselves. We would applaud having the issues of young Canadians brought forward.

I commend you, Mr. Speaker, in your youth, for the great degree of experience that you have shown and also for the way you represent your constituents.

Transparency and predictability would also mean improved governance. A fixed election date would allow for better policy planning. Knowing that it would be facing an election four years down the road, the government may decide to have long term policies and to build on those policies so that Canadians could have a sense of stability and of knowing exactly in which direction the government is going.

For example, members of Parliament would also be able to work their committee structure. They could set out their own agendas well in advance, which would make the work of committees and Parliament as a whole more efficient.

As the chair of the foreign affairs and international development committee, one of the frustrations that we had was that there were a number of reports where the committee in the past Parliament did an amazing amount of work on different issues and then we had an election call, a snap election, an early election, and those reports were not finished.

We now have a new Parliament. As a new committee, we come back to this place and we see all the work that the previous committee had done, but we have new committee members. They say that they are not ready to sign on to a report until they have heard from the witnesses who were before the former committee and until they have done their due diligence. They want to go back over all this. We see so much duplication. We see this in all committees as we come up to speed on what the past Parliament did and then decide whether or not we want to sign on to this report, engage in another study or perhaps even scrap a report.

A lot of the business that is done at committees and in Parliament sits on a shelf because snap elections were called and policy was not

completed. The ideas were never put to the government or laid on the table here in the House of Commons. Having fixed election dates certainly would improve governance.

I believe this legislation would bring about higher voter turnout rates. We have looked at a number of countries around the world. We have been encouraged when we have seen new struggling states and new countries go into a democracy. We have had a tremendous election in Afghanistan, an election in Iraq and elections in other places where perhaps democracy has been tried for the first time. We are amazed when in some of those jurisdictions the voter turnout is higher than it is here in Canada.

●(1545)

I think a lot of people are not attached to the system any longer, and they are pushing back and asking, "What is the use?" Holding elections in October, other than when a government loses the confidence of the House, I believe would improve voter turnout.

Bill C-16 takes the element of political manipulation out of our federal electoral system. In my view, only the natural governing party, as the Liberal Party of Canada likes to think of itself, could object to Bill C-16.

●(1550)

**Hon. Robert Thibault (West Nova, Lib.):** Mr. Speaker, I would agree with the member that Canadians would generally like fixed term elections. Throughout the last election I heard a lot of people in my riding say that they would like fixed term elections.

A problem could arise because of the type of democracy we have where there can be a minority government and there can be a vote of non-confidence and there can be circumstances beyond anybody's control, but perhaps with goodwill we could limit the times that that happened. It could even be enacted that there would be very limited circumstances where a motion or a bill could be declared to be one of confidence, and the confidence would be limited to a specific vote of non-confidence of the House. That would limit the ability of the governing side to force an unwanted election if it wanted to go to an election prior to the fixed date. That is something we should consider and work on for the long term.

My other concern is that we end up with a system that is a bit like the U.S. system and others where there are protracted electoral campaigns. One of the beauties of the Canadian system is that the election campaign is of a rather short period, with the exception of the last one because it straddled the Christmas and New Year's holiday period which created a rather long campaign. Canadians noticed and commented on it.

A 36 or 40 day campaign seems to be what we like in Canada. If we get to a period where we know what the date is, and we get into an extended one year unofficial campaign and a 36 day official campaign, that could be a risk.

I wonder if the member would care to comment on those points.

**Mr. Kevin Sorenson:** Mr. Speaker, I have news for the House. I am already campaigning and I am sure the member is as well. As members of Parliament even this past weekend we were around our constituencies trying to do as much as we could.

*Government Orders*

When we talk about prolonged campaigns, in some ways we would still be set to that period of time of 36 days or however many days it would be before the election date, because we have caps for financing elections. We have caps on what we are allowed to spend. Regarding some of the questions he asked about a prolonged campaign for months on end, we would not be able to do that if it meant we were going to be running campaign material. All that would have to be accounted for in what we submit to Elections Canada as the dollars spent.

Many members of Parliament are door knocking on weekends right now. That is positive. That type of prolonged campaign is good, to be out where the people can hear and see us, and they can come up and talk to us.

This weekend, for example, one of the events that I was at was in Donalda. There is a tremendous museum in Donalda and a fundraiser was held there. As we went around, it felt like campaign time again. People were coming up. They were excited about what was going on. Some were concerned about some of the things that were happening around the country. Many of them were asking questions about the leadership race in Alberta. It felt like a campaign. As members of Parliament we always have to keep that in the back of our minds, that we are always in a campaign.

As far as the other point on prolonged campaigns is concerned, there are a number of countries that have a degree of flexibility with it. They have set election dates, but they also have some flexibility. We could come up with ideas that if this House were to lose confidence in the government, we would go to the polls.

**Hon. Robert Thibault:** Mr. Speaker, what the member fails to recognize is that it is possible, before the writ is dropped, that campaign-type activities and financing be done by riding associations.

While he is right that as members of Parliament we should always be out consulting, and we are, there are people who would wish to challenge us. I do not think I am going to get in by acclamation. It could create a situation where spending is done outside of the regular election period spending that is overseen by the Chief Electoral Officer, by people who are challenging or by incumbents, through their riding associations that would be officious, not quite official, not part of a campaign, but that looked very much like a campaign.

We see that a lot south of the border. We see political action groups and all those other things that, while we do not permit them in Canada, they could be disguised and they could be leading to year-long or multi-year campaigns, preparing the way for the day that the writ is dropped.

• (1555)

**Mr. Kevin Sorenson:** Mr. Speaker, with all due respect to my colleague, I do not foresee that as a major problem. I understand what he is saying and I think it could lead to problems where there would be an extraordinary amount of money being spent, but certainly, when different groups come forward, we call that freedom of the press, they could be pushing governments or members of Parliament with policy ideas, encouraging them to accept this.

Doing a campaign, I think, is very much a positive. Engaging Canadians, making sure that they are more aware of the frustrations

of all groups around, those campaigns are going on right now even as we speak. I see that as a positive.

**The Acting Speaker (Mr. Andrew Scheer):** Is the House ready for the question?

**Some hon. members:** Question.

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

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. Andrew Scheer):** I declare the motion carried.

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

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**CRIMINAL CODE**

The House resumed from October 24, consideration of the motion that Bill C-26, An Act to amend the Criminal Code (criminal interest rate), be read the second time and referred to a committee.

**Mr. Colin Carrie (Parliamentary Secretary to the Minister of Industry, CPC):** Mr. Speaker, today we are debating Bill C-26, An Act to amend the Criminal Code (criminal interest rate). Canada's new government has brought forward this legislation for one basic reason, to protect Canadian consumers. Bill C-26 will provide much needed flexibility to the provinces and territories in the area of consumer protection, flexibility to enable them to address various problems posed by the alternative consumer credit market, specifically the practice known as payday lending.

I would like to compliment my colleague, the hon. Minister of Justice, on his excellent work on this important issue. Let me state that the consultations carried out over several years by a group of senior federal, provincial and territorial consumer protection officials, known as the consumer measures committee, which led to the development of this bill were instrumental in its creation.

It is not easy being a consumer in today's exceedingly complex, fast moving marketplace. Canada's marketplace has been transformed in recent years by the staggering proliferation in the number of consumer goods and services that are on the market. New technologies, the growth of services and open markets bring both benefits and potential hazards to consumers. The payday lending industry is a good illustration of just how rapidly things are moving on the consumer scene.

Only a few years ago payday loans were virtually unheard of in Canada, yet now street corner loan offices are open in most provinces, in rural communities and in our downtown cores. This burgeoning alternative credit scene certainly does pose significant consumer issues. This is why many non-governmental consumer watchdogs, from the Public Interest Advocacy Centre to Service d'aide au consommateur, and many others as well have addressed this very important issue.

*Government Orders*

Last year Industry Canada's Office of Consumer Affairs established an extremely informative and timely document which I highly recommend as reading to my hon. colleagues. The "Consumer Trends Report" highlights the rapid and fundamental changes that have transpired in the consumer marketplace over the last 20 years. While many of these changes have been very beneficial, new challenges have also arisen. In many ways consumers today need more expertise because products and services are changing more rapidly and in more fundamental ways than ever before.

In the opinion of many experts it has become more difficult for consumers to determine value and weigh risk in the marketplace and their marketplace transactions. At the same time consumers themselves have also undergone many important social, economic and demographic transformations that can make certain groups particularly vulnerable in this marketplace.

In fact, the payday lending issue we are considering today is a very good example of the way in which the consumer environment is changing rapidly with the potential to have negative effects on consumers. As the "Consumer Trends Report", the CTR, notes, the alternative financing services can be some of the most expensive ways for consumers to borrow, ranging from using payday loans and pawnbrokers to shopping at rent to own operations.

According to the CTR, when stated on an annual basis, the rate of interest paid on a typical payday loan ranges between 390% and 650%. On the other hand, there is genuine consumer demand for this product as seen by the increase in the number of outlets. The CTR states, "a prominent provider of the payday loan and cheque cashing services indicated that its number of franchised and corporate branches increased from 100 in 1994 to 200 in 2000, and was approaching 300 in 2003". This is Money Mart. According to the media, the industry which lends about \$2 billion each year services about two million Canadians annually.

What we have with payday lending is a relatively new product of some financial complexity that Canadian consumers are using in considerable numbers. However, it is also a product that can sometimes be sold in ways that can present hidden pitfalls and can have serious consequences for consumers.

In 2002, a report released by the Public Interest Advocacy Centre, PIAC, with funding from Industry Canada entitled, "Fringe Lending and 'Alternative' Banking: the Consumer Experience" stated that a cursory examination of the fee structures and practices of some payday lenders suggests that they expend little effort to assist the financial literacy of payday loan customers and probably contribute to customer confusion.

• (1600)

Many payday lenders offer no explanation for the fees they charge to their customers and often use ambiguous terms such as verification fee or finance charge among others. Without proper disclosure and explanation of fees, customers could be making financial decisions based on misunderstood and unclear information.

Research conducted by the Public Interest Advocacy Centre, the PIAC in 2002 shows that a relatively high number of payday loan

customers either did not know the cost of their loan or underestimated the cost.

The timeframe of a payday loan is very short and the cost can be very high. Many borrowers have found that they are unable to pay off the loan in full at the time it comes due. Borrowers could however pay a fee for an extension on the original loan called a rollover. By doing this they could enter into a cycle of renewals including possible increased fees, interest or NSF charges added on without reduction of the principal of their loan. This situation may be financially devastating for a borrower but profitable for the lending company.

The legislation before us today is a very good fit with Canada's consumer protection framework. It is built upon the concept of ensuring that the jurisdiction most able to protect consumers in a particular issue have the legal capacity to do so. It would exempt payday lenders from the current provisions of section 347 of the Criminal Code which sets the criminal rate of interest in Canada, but only if those lenders operate in a province or territory that regulates the payday loan sector and if the province or territory sets limits to the cost of borrowing for consumers.

Each province and territory will have the freedom and flexibility to address its own market conditions and to best respond to the interests of its own customers. Bill C-26 typifies an effective and flexible approach to consumer protection. It is based on cooperation with the provinces and territories along with other governmental departments and non-governmental organizations. Bills C-26 helps Canada's markets work well for consumers, for growth and for our economy.

The legislation before us will bring payday lending in from the somewhat sometimes shady world of unregulated financial activity, so that consumers can operate with more confidence and assurance. The process of obtaining a payday loan will become more transparent and more straightforward for consumers. The provinces and the territories are best placed to regulate the payday loan industry. Bill C-26 will give them the power and flexibility to do so.

The bill's approach is typical of the innovative ways that we must approach consumer issues in the contemporary marketplace. All partners, including the federal government, the provinces and territories, non-governmental organizations and educational institutions, must work together to support consumer efforts and make wise choices in markets in Canada and the world.

Bill C-26 is further evidence that Canada's new government fully recognizes the importance of Canadian consumers and is committed to fostering their ability to function in fair and efficient markets.

*Government Orders*

•(1605)

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, I am pleased to take part in this debate on Bill C-26, an act to amend the Criminal code (criminal interest rate), proposed by the Minister of Justice. This bill, which may appear minor and generous, is in fact a good illustration—despite the promises made by the Conservative Party during the election—of the fact that they are once again taking a back-door approach to a very important matter, trying to have veto power over decisions that come under provincial jurisdiction, particularly Quebec.

Although the bill appears very generous on the surface, that is, a way to fight a new form of financial exploitation of the most vulnerable employees, it is nonetheless understandable that the Bloc Québécois opposes this bill due to a number of points that are not clear enough and, as I mentioned, that leave the door open to federal government veto powers over how things are done in Quebec, which already monitors similar activities, for instance, under the consumer protection act.

I will remind the House of some of the content of Bill C-26. Its objective, as stated earlier by my colleague, is to meet the demands of certain provincial and territorial governments, and consumer advocacy groups that feel that greater regulation is needed in the payday loan industry. Provisions already exist in the Criminal Code and the Interest Act, however they do not specifically target this new form of loan, which has developed over the past 15 years or so.

Bill C-26 is the response to those demands, because the payday loan industry is largely unregulated. Furthermore, some very dubious practices employed by such companies have been identified, for example, very high rates for loans against future salary, contractual terms and conditions that are insufficient, unclear, or often absent or completely set aside in contracts between lenders and borrowers, as well as unfair collection practices.

In a moment, I will return to the definition of a payday loan.

Obviously, as I said, this is something that affects a certain number of low-income working men and women and illustrates some hard facts. I would note in passing that it is interesting to see that the Conservative government, which in fact tends to minimize the problems associated with poverty in many regards, has been obliged to recognize those facts by the back door, once again. The fact is that right now, in Canada, as is the case in a number of western countries, it must be noted, a person can work, earn a wage, have a full-time job, and be living in poverty. People can then find it necessary, before the end of the two-week pay period, to take on this kind of debt in order to be able to make ends meet temporarily and to get the money that is necessary to meet their basic needs.

This bill is therefore recognition of the fact that, right now, the face of poverty is quite different from what it might have been in the 30 years after the Second World War, when a full-time job, for an employee on a payroll, was normally a guarantee that while the person might not live in the lap of luxury, he or she would be able to make ends meet and not have to take on these new kinds of debt. This is something new, in that in Canada the industry mainly began to develop in the 1990s, but we must recognize that its growth was by no means uniform.

What we see is that as a result of existing laws governing local commerce, because we have civil law and rules governing contracts, in particular those in the Consumer Protection Act, even though there may be 1,300 outlets identified by the federal government throughout Canada, there are very few in Quebec. An association has even been created: the Canadian Payday Loan Association. It represents 22 companies that operate 850 financial services outlets all across Canada, but none in Quebec.

•(1610)

This certainly tells us something, because with the tools that the Government of Quebec already has available, we have been able to oversee and regulate this industry to the point that people who wanted to use this niche to get rich quick did not think it wise to set up shop in Quebec and went elsewhere in Canada to do it. Obviously, that does not mean that we do not need to be vigilant and constantly careful to modernize, improve and update consumer protection legislation in Quebec.

What is a payday loan? The Canadian Payday Loan Association defines it as follows:

Payday loans are unsecured small-sum short-term loans typically for a few hundred dollars. The average payday loan is around \$280 for a period of 10 days.

To date, as I said, the Criminal Code has not provided a definition of payday loan, so one of the primary objectives of Bill C-26 is to define what it is.

Here is how the government defines a payday loan:

A payday loan is a short-term loan for a relatively small amount, to be repaid at the time of the borrower's next payday. In order to qualify for a payday loan, the borrower must have a steady source of income, usually from employment, but also from pensions or other sources, and a bank account. The lender will typically lend up to a specified percentage of the net pay, for a period of 1 to 14 days, ending on the payday. The borrower provides the lender a cheque, post-dated to the borrower's next expected income payment date, for the total amount of principal, plus interest and other fees.

A payday loan is therefore a loan against future pay. This may give the people who are watching a better understanding of the new reality that is payday loans. Payday loans are also called payday advances. These advances come with all sorts of administrative fees, which are sometimes abusive, and interest rates that, if not usurious, are very high.

Payday loans are therefore an extremely expensive way for consumers to meet their temporary credit needs. The Financial Consumer Agency of Canada, which reports to the Department of Finance, says that the amount of a payday loan is usually limited to 30% of the net amount of the borrower's next pay cheque, that is, the final amount after the various deductions, including income tax.

The agency gives the following example: a person with net pay of \$1,000 every two weeks could usually obtain a payday loan of roughly \$300.



*Government Orders*

As mentioned in the definition I gave previously, to ensure that the loan will be repaid, payday lenders ask their clients to provide a post-dated cheque or authorize a direct withdrawal from their bank account for the amount of the loan, plus applicable fees and interest charges. As I said, there are numerous fees. The interest charged on the principal adds considerably to the amount to be repaid.

This is a new situation that corresponds to the reality that I was describing earlier whereby it is now possible to have a job and live in poverty. Bill C-26 seems to be a response to a growing and worrisome social problem. At first glance this might seem to be an interesting initiative by the federal government.

I will describe the initiative of Bill C-26. This bill essentially contains two measures. First, it enshrines in the Criminal Code the definition of a payday loan and it also adds section 347.1 to the Criminal Code, establishing a mechanism for exemption at the same time.

I will reread the new definition of a payday loan:

An advancement of money in exchange for a post-dated cheque, a preauthorized debit or a future payment of a similar nature but not for any guarantee, suretyship, overdraft protection or security on property and not through a margin loan, pawnbroking, a line of credit or a credit card.

The first measure of the bill is to enshrine this definition in the Criminal Code. And the exemption mechanism has two parts.

• (1615)

The first part is to specify that section 347 of the Criminal Code and section 2 of the Interest Act no longer apply to the payday loan industry of a province when the amount of money advanced is \$1,500 or less and the term of the loan is 62 days or less and the lending company is licensed or otherwise specifically authorized under the laws of a province to provide such loans.

It is therefore the responsibility of the province to regulate this aspect of the industry. The other aspect is that any loan less than \$1,500 with a term of less than 62 days falls under the Criminal Code.

The second part—and this is where we have a problem—involves a political act by the federal government. We could describe it that way since it exempts from the application of section 347 of the Criminal Code and section 2 of the Interest Act provinces designated by the federal government for passing legislation that the federal government considers to be consistent with its objectives for regulating this industry.

The provinces have to apply for such designation, but must also have passed legislative measures that protect payday loan recipients and set a ceiling on the total cost of the loans.

Unfortunately, there are limits to that designation since it can be unilaterally withdrawn when, in the eyes of the federal government, the province concerned no longer meets the conditions, and therein lies the problem; for example, when legislative measures are no longer in force or do not meet the expectations of the federal government.

Clearly, section 347.1 would permit the payday loan industry within a given province, to be exempted from a criminal interest rate if the province in question makes a request to the federal government

and if it complies with a number of conditions established by Ottawa.

It is important to make it clear that these amendments will not apply to financial institutions regulated at the federal level, such as banks. That is understandable because we are not talking about the same industry.

As I have said, that creates very real difficulties for us because, in our view, very clearly, the federal government is giving itself the power to be in a position to say yes or no to legislation, to authorize or not authorize an exemption from section 347 of the Criminal Code and section 2 of the Interest Act.

I remind members that in Quebec there is a Consumer Protection Act that already includes nearly all of these aspects and as a result of that, as I mentioned at the beginning of my remarks, this industry is less common, or at least less flourishing, in Quebec than in other parts of Canada.

We know that payday lenders were once more numerous in Quebec and the Office of Consumer Protection decided to step in. The joint action of the police and the Office of Consumer Protection has meant that this industry is nearly non-existent in Quebec because the Consumer Protection Act contains strict obligations governing all types of lending. Whether it is a payday loan, a pawnbroker or others, the annual interest rate must be stated on loan contracts. In addition, all fees must be included in the interest rate. It is not possible to add fees for opening a file, for forms, for closing a file or other fees.

Finally—and I believe it is extremely important—case law has established that an annual interest rate of over 35% is unconscionable, while under the Criminal Code the rate called “criminal” is set at 60%.

It is very evident in regard to Bill C-26 that Quebec has no need for this legislation. The Government of Quebec is concerned, as is the Bloc Québécois, about the effects that the passage of Bill C-26 could have.

I remind the House of the Government of Quebec’s position.

The Government of Quebec believes that the federal government is imposing on compliance exemptions conditions that infringe on the jurisdictions of the provinces and Quebec.

The proof, as I said, is that Quebec already has rules governing the practices of this industry without being accountable for them to the federal government. Why would we start now being accountable to the federal government when we have managed very well so far to limit the growth of this industry, which often, unfortunately, takes advantage of vulnerable working people who are in temporary financial difficulty?

I repeat: the maximum interest rate in Quebec is set at 35%. This is substantially less than the 60% in the Criminal Code.

*Government Orders*

• (1620)

The designation feature is another point of considerable concern to the Government of Quebec. Through it, the federal government retains veto rights over measures taken by those provinces that request an exemption. That is true of the other provinces and of Quebec as well. All the successive governments of Quebec have been extremely sensitive about federal infringements on areas of jurisdiction that belong to Quebec and the provinces.

Although the mechanism for designating a province is still rather murky—I suppose we will have a chance to clarify this in committee—it seems that ultimately the Prime Minister will determine whether or not he wants to designate a province depending on what he thinks of its legislation. This kind of veto in an area of jurisdiction that belongs to Quebec and the provinces is totally inappropriate and unacceptable as far as we are concerned.

In short, the Bloc Québécois is opposed in principle to Bill C-26. The Bloc realizes that certain provinces and territories wish to manage the payday loan industry themselves. It feels, however, that the federal government, even if it has the authority to set the maximum lending rate beyond which a loan becomes illegal, does not have the jurisdiction required to regulate the commercial practices of industries. Quebec, for instance, with its consumer protection act, already supervises this industry and prohibits unreasonable practices. This is why the Bloc Québécois is criticizing the conditions imposed by Bill C-26 on the provinces—Quebec in particular—that wished to be exempted from section 347 of the Criminal Code.

The government has no business to decide on the implementation of a licensing system or on the merits of supervision of practices in this area of activity by Quebec. This is also true for the other provinces. In the opinion of the Bloc Québécois, the Government of Quebec and all Quebec stakeholders in this file, Quebec is free to supervise the commercial practices of businesses under its jurisdiction. The government has no business using its veto so that the legislation can apply or not through this non-application mechanism, which I have already talked about.

In conclusion, in spite of the open-minded and respectful discourse of the Conservatives during the election campaign, we must conclude that the Conservative government is demonstrating the same determination to encroach on the jurisdictions of the provinces and Quebec as the former government, but packaging things differently.

It is still that same reflex of believing that the federal government knows better what the solutions are to certain real problems and that it must supervise the provinces to make sure they are on the right track. This paternalistic attitude—which characterized the Liberal reign from 1993 to the last election—is the government's trademark. This is very clear in the example of Bill C-26 and in other files.

I will establish a parallel with the Kyoto protocol. The Minister of the Environment took the liberty of judging the validity of the plan put in place by the Government of Quebec. This plan could perhaps stand to be improved, but it is in stark contrast to the denial of global warming by the Conservative government. We took the liberty of

saying, in a play on words, that this plan did not contain any mandatory regulations or conditions, which is true.

When the other provinces, in particular the western provinces, have met the targets that Quebec has already met, then we can have a serious discussion of the whys and wherefores of the Quebec act. Until we have evidence to the contrary, Quebecers, the National Assembly and even the Liberal government of Quebec are in a better position to know what Quebecers need in terms of the environment and of payday loan regulations.

• (1625)

[*English*]

**Mr. Colin Carrie (Parliamentary Secretary to the Minister of Industry, CPC):** Mr. Speaker, I listened quite intently to the member's comments. He may or may not be aware that federal, provincial and territorial governments have long been concerned over unscrupulous and questionable business practices that have characterized segments of the payday lending industry. The federal government is attempting to bring this under the scope of the effective legal regulations under the provinces and territories.

The member has said that the Bloc is against this legislation. He mentioned how it would mostly affect low income and low wage earners. That is the reason why we have to bring the bill forward. We have to protect consumers. If he is against the bill, does he have any amendments that he would like to suggest to improve it?

[*Translation*]

**Mr. Pierre Paquette:** Mr. Speaker, I thank the parliamentary secretary for his question. The federal government already has provisions available in the Criminal Code. For example, we could quite easily lower the criminal interest rate from 60% to 35%, as is already the case in Quebec jurisprudence. This would be within the authority of the federal government. However, regulating the business practices of such sectors as the payday loan industry does not fall under federal jurisdiction. In addition, we find it unacceptable to use Section 347 of the Criminal Code and Section 2 of the Interest Act in order to meddle in regulating business practices.

My suggestion to him is to work on reducing the criminal interest rate. I know that my colleague responsible for this matter will have the opportunity also to make other changes in committee. Without trying to prejudge the outcome, perhaps we will be able to agree on a suitable mechanism that will provide Quebec with complete jurisdiction and that will satisfy the concerns of the provinces and the territories. Perhaps there will be a provision that will exempt Quebec outright from the application of Bill C-26.

I am convinced that my colleague from Hochelaga has all the imagination and creativity required to suggest solutions to the government.

**Mr. Robert Carrier (Alfred-Pellan, BQ):** Mr. Speaker, I would like to thank my colleague from Joliette for his very good presentation on this bill. I represent 80,000 people and I often hear comments about how governments tax people's earnings too heavily. I would add that duplication of responsibilities—when both governments are responsible for the same jurisdictions—is another example of unnecessary expenditure.

*Government Orders*

I understand from my colleague from Joliette's wonderful presentation that in Quebec, the law already provides the kind of protection we are talking about and that the consumer protection bureau is the relevant authority for the types of loans targeted by this bill.

I would like to ask my colleague whether he thinks that the current government is failing to keep its promise to respect the jurisdiction of other levels of government in Canada.

• (1630)

**Mr. Pierre Paquette:** Mr. Speaker, I thank the hon. member for his question.

He is quite correct. Indeed, we have seen absolutely no indication that the Conservative way of governing is in any way different from that of the previous Liberal government. This can be seen in all kinds of files, for instance, concerning the fiscal imbalance. Despite its promise of December 19, despite the fact that it was reiterated in the Speech from the Throne and although they repeated in the recent budget speech their commitment to correct the fiscal imbalance in the next budget in February or March, we sense that the government—especially the Prime Minister—has been trying for weeks to find excuses, claiming that a consensus cannot be reached among the provinces. However, everyone knows that such a consensus will never be reached and that, when he made the promise, he committed to solving the problem once and for all, despite the differences among the provinces. Let us hope that this is the case and that a global resolution to the problem can be found in the next budget.

That said, I go back to the hon. member's question. It was noted that the federal government, even under the Conservatives, had a tendency to increase its operational expenditures much more quickly than its transfer payments. In that sense, things are getting worse, to the detriment of basic services provided to Canadians by the provinces and by Quebec, particularly in health care, education, infrastructure and in terms of the fight against poverty.

Here are some figures off the top of my head. From 1993-94 to 2004-05, federal operational expenditures increased by 50%. During that time, despite the health care agreement and other agreements they have gone on about over the past few months, transfer payments have increased only 29%. This is a sign of the fiscal imbalance. It is a sign of federal spending power and its interference in the jurisdictions of the provinces and of Quebec in particular. In that respect, nothing has changed since the last election.

**Hon. Michael Chong (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister for Sport, CPC):** Mr. Speaker, we have a plan to restore the fiscal balance.

We have done many things in the 2006 budget. We have reduced taxes, respected provincial jurisdiction and given a great deal of money to federal institutions.

We are going to take other measures in the 2007 budget to restore the fiscal balance. We are going to create a new federal infrastructure plan, an equalization plan, a plan for post-secondary education and a plan to spend part of the federal surplus. That is how we propose to restore the fiscal balance.

I would add that the Bloc Québécois can promise the moon, because it will not form the government.

**Mr. Pierre Paquette:** Mr. Speaker, I would remind the hon. member that we voted in favour of the budget for the very reason that in it, the government promised to correct the fiscal imbalance. Otherwise, we would have brought down the government.

I would also remind the hon. member that the Bloc members were the first to talk about the fiscal imbalance in this House. If the Bloc Québécois had not had a massive presence here, the Conservatives never would have made the promise they made on December 19. Now, they have an obligation to produce results. They have to keep their promise and live up to Quebec's expectations. I will repeat what I said during question period today: finance minister Michel Audet said in the National Assembly on April 12 that Quebec expected \$3.8 billion, and not a penny less, to correct the fiscal imbalance.

We will see when the budget is tabled. As we announced, if the promise the Prime Minister made is broken, the Bloc Québécois will vote against the coming budget. Nevertheless, we can always dream and hope that the government will take the sensible course of action and find a lasting, comprehensive solution to this recurring problem.

• (1635)

**The Acting Speaker (Mr. Andrew Scheer):** We have enough time for a short question and an equally short answer.

The hon. member for Sherbrooke.

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, I would like to ask my colleague a question. I would like to return to the matter under consideration.

There have been exchanges concerning the fiscal imbalance, but people who are forced to take out small loans, small as they may be, at an interest rate of 60% also have to deal with a financial imbalance.

Payday lending is almost the equivalent of microcredit. I would like to point out that the 2006 Nobel Peace Prize was awarded to professor Muhammad Yunus of the Grameen bank. At present there are almost 1,200 microcredit branches that employ 12,000. We know very well that banks today make outrageous profits. Most are in the order of billions of dollars. Does my colleague not think that banks could play a social role by providing microcredit at acceptable interest rates?

**Mr. Pierre Paquette:** The concerns of the member for Sherbrooke are quite valid. I remember that it was our concern when we examined the issue of bank mergers in the Standing Committee on Finance a few years ago.

We realize that many of our fellow citizens no longer have access to banking services despite regulations that should oblige banks to allow them to open a bank account. Thus, they find themselves in a parallel market where they are extremely vulnerable. We have some soul searching to do with regard to banking services as public services.

**The Acting Speaker (Mr. Andrew Scheer):** It is my duty pursuant to Standing Order 38 to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Victoria, Literacy.

*Government Orders*

[English]

**Mr. Deepak Obhrai (Parliamentary Secretary to the Minister of Foreign Affairs, CPC):** Mr. Speaker, it is my pleasure to rise today to speak in support of an important bill, Bill C-26, An Act to amend the Criminal Code, which was tabled on October 26 by my colleague the hon. Minister of Justice.

The bill would make changes to the Criminal Code to enable the regulation of the payday lending industry by provinces and territories. This is an important and welcome change.

For years, the payday lending industry has operated in Canada under the radar. The bill would bring this burgeoning industry within the scope of regulations, and in so doing, provide greater protection to millions of Canadians and their families who have come to rely upon the services of the industry.

Indeed, according to the industry's principal lobbying and advocacy organization, the Canadian Payday Loan Association, the industry provides services to nearly two million Canadians each year. This is a substantial figure and demonstrates the importance of ensuring that Canadians are protected against harmful practices in the industry.

Bill C-26 would accomplish the following. It would amend the Criminal Code by adding a new provision, section 347.1, which would provide an exemption scheme for payday lenders from the criminal interest rate where a provincial, territorial consumer protection scheme is in place. It would define payday loans as part of the provincial legislative schemes that are established. It would require the provinces to set a cap on the total cost of borrowing for a payday loan.

Before moving to the discussion of the substance in these amendments, it is important to appreciate two things, first, the history of the payday lending industry in Canada, including the impact it is having on communities across our country; and second, an overview of the questionable practices which have served as a clarion call to action and which forms a basis as to why these specific amendments are proposed.

After learning more about this industry, I believe that all hon. members will agree that the amendments proposed by Bill C-26 are pragmatic, measured and necessary.

The payday lending industry in Canada is relatively new. Storefront operations with catchy names and flashy advertising began popping up in communities throughout Canada around 1994. The payday lending industry began its operations in western Canada. Today, however, the industry is truly national without outlets stretching from coast to coast. In fact, there are an estimated 1,350 payday lending outfits currently operating in every province and city in Canada, except Quebec, and the number continues to rise.

The two million Canadians who use the services of a payday loan company are borrowing nearly \$1.7 billion each year. This is simply a staggering amount when one considers that all of this has occurred in an essentially unregulated market. These numbers illustrate that the payday lending companies are clearly responding to a demand from Canadians for their services.

It is true that there are some who would argue that the payday lending industry should not exist at all in Canada. On the other hand, it is clear that the industry is playing an important role for many Canadians on a daily basis.

There are many reasons why Canadians may come to use the service of their neighbourhood payday lending outlet. It may be for convenience, as many of the stores keep late hours and are open on the weekends. Others have suggested that the reason is due to the fact that many of the major financial institutions in Canada have closed the smaller branches, thereby leaving a void in many communities for fast, convenient locations to access cash. It may be due to the relatively anonymous nature of the service or unforeseen emergencies which come with immediate financial consequences. Regardless of the reason, the industry appears to be filling a niche in Canadian communities.

Given this fact, it is important to ensure that those Canadians who do use the service of a payday lender are provided with necessary protection from exploitive business practices, particularly so among the most vulnerable members of our community.

The government takes its responsibilities to improve the lives of Canadians and their families very seriously, and we are taking many important steps in this regard.

• (1640)

Whether it is through strengthening the Criminal Code to ensure that our streets and communities are safer or lowering taxes to help everyday Canadians, we have committed to make a difference. We will continue to take measures such as those proposed in Bill C-26 to ensure that Canadians can have the very best quality of life.

The proposed amendments contained in Bill C-26 are a thoughtful and effective way to provide for enhanced consumer protection. They respond to the needs expressed by many including the provinces and territories for effective regulation.

There are good reasons to ensure that this industry is regulated. Payday lending is a very expensive way to borrow. In some cases, the costs of borrowing money from a payday lender can range in the 1,000% when annualized. Concerns have been expressed in relation to insufficient disclosure on contractual terms by the lender. In addition, there is a concern with the aggressive debt collection practices and the relatively quick way in which these debts can spiral out of control, as a result of rolling over loans. In some cases payday lenders will even charge an early repayment fee to those who would choose to repay their loan ahead of time.

For all of these reasons it would be abundantly clear to all hon. members that there is a significant need for action in this area. The changes proposed in Bill C-26 will help ensure that action will indeed be taken to provide for the regulation of this industry.

In exploring the most appropriate response to this pressing public policy issue, we worked closely with our provincial and territorial colleagues. Through this work, it became increasingly clear that section 347 of the Criminal Code was a key factor in establishing a new regulatory regime.

*Government Orders*

Section 347 of the Criminal Code provides for an offence for entering into an agreement or arrangement to receive interest at an annual rate of more than 60%. Effectively, this creates the offence of charging interest at a criminal rate. Those who are convicted of this offence can face sentences of up to five years imprisonment.

When section 347 of the Criminal Code was first introduced, it was not intended to serve as a consumer protection measure. Instead, it was meant to provide law enforcement with an additional tool in the fight against organized crime and specifically the practice of loan sharking. Regardless of its original intent, it is applicable to lending arrangements in Canada including payday lending.

Let me be clear though, section 347 of the Criminal Code is not in this government's view the most appropriate or effective way to protect consumers from the unethical and unscrupulous practices which have been connected with segments of the payday lending industry. We are not alone in this assessment. We have heard from many jurisdictions as well as members of civil society who have indicated that section 347 is not a suitable mechanism for consumer protection.

Moreover, these same jurisdictions have noted that in their view the application of section 347 to payday lending companies acts as an obstacle to effective provincial regulations. And so, with these proposed changes we are responding to the needs of the provinces and territories who are much better placed to provide for the necessary consumer protection measures.

We are removing the applicability of section 347 in those instances where provinces choose to act. In instances where the provinces do not act, section 347 will continue to apply. We believe that this is an appropriate solution which will enable those provinces and territories that are ready to regulate the industry to do so.

It is important to briefly point out that Bill C-26 will not apply to federally regulated financial institutions such as banks. Banks are a matter of federal responsibility under Canada's Constitution and there are numerous federal pieces of legislation which regulate these institutions.

In general terms, the amendments would provide an exemption from section 347 of the Criminal Code for payday lenders under very specific and circumscribed instances. These exemptions would be set out under a proposed new section, section 347.1 of the Criminal Code.

• (1645)

The type of loan provided in a typical payday loan situation is generally a small amount, under \$300, according to one study, and the usual terms are short, about 10 days. To qualify, a borrower must establish that he or she has a bank account and provide a post-dated cheque or pre-authorized debit. The borrower must also establish an income source.

Bill C-26 appropriately captures this common understanding of payday lending. It would define a payday loan as:

an advancement of money in exchange for a post-dated cheque, a pre-authorized debit or a future payment of a similar nature but not for any guarantee, suretyship, overdraft protection or security or property and not through a margin loan, pawnbroking, a line of credit or a credit card.

This definition is important, as it clearly sets out the particular type of lending arrangement that will constitute a payday loan.

Our policy objective behind the proposed amendments is targeted. We want to be able to ensure that provinces and territories are able to regulate the practice of payday lending that occurs in their jurisdictions.

We also want to ensure that only those arrangements which are truly payday loans are captured. This is so because the policy considerations in relationship to other forms of credit are quite different. I believe the definition found in Bill C-26 accurately captures the practice of payday lending.

In addition, Bill C-26 would specify that only certain types of payday loans would be eligible for exemption from section 347 of the Criminal Code. Notably, the loan would not exceed \$1,500 and its term would not exceed 62 days. These limits correspond with the upper limits of payday lending described above.

Bill C-26 is not proposing regulation per se, nor is it proposing to set a national limit on the amount of interest that can be charged for payday loans. Rather, in creating an exemption from section 347 of the Criminal Code, Bill C-26 is responding to provincial concerns over the need to remove impediments to the regulation of the industry. This is important because the payday lending industry is most appropriately regulated at the provincial and the territorial level.

The ultimate goal of the proposed change is effective regulation. This can best be achieved by providing the provinces and territories with the flexibility they require to be able to set limits on the cost of borrowing. This approach ensures that the regulation is done in a manner which best reflects the local realities of the jurisdiction. At the same time, it recognizes that should a province or territory choose not to legislate for the purpose of regulating the payday lending industry, section 347 will continue to apply.

If a province or territory has made the determination that it will seek an exemption from section 347 of the Criminal Code for payday lenders operating within its jurisdiction, it will need to obtain a designation from the federal government. In order to succeed, it will need to establish that it has legislative measures in place which afford protection to those who seek payday loans. Those consumer protection measures will be left almost entirely up to the province or territory.

This approach is justifiable, as it recognizes the individual realities of each jurisdiction, including, for example, the practices of the industry in that province, as well as already existing consumer protection legislation enacted under the provincial constitutional authority over property and civil rights.

Bill C-26 would, however, require that as part of its legislation the province or territory must include a limit on the total cost of borrowing. In my opinion, this addresses three fundamentally important considerations: first, it recognizes that the provinces and territories can control the cost of borrowing in their jurisdiction; second, it guarantees that there will be a clearly defined cap on the cost of borrowing; and finally, as has been noted before, it provides a flexible solution to the individual circumstances of each province and territory.

*Government Orders*

The assessment of whether to issue a designation to a province or territory will be made by the governor in council. The province would write to the federal Minister of Justice detailing the cost control measures set out in the legislative scheme. The Minister of Justice would then, on the recommendation of the federal Minister of Industry, ask the governor in council to grant the designation.

• (1650)

Upon the governor in council doing so, the province would then be eligible to exempt, via licence or other legislative means, a payday lender in its jurisdiction from the application of section 347.

In short, I believe that Bill C-26 is an extremely important bill. It will provide greater protection to Canadians by enabling the provinces and territories to regulate an industry that is in desperate need of regulation.

Bill C-26 sets clear limits. It defines payday loans and limits the maximum one can lend under the exemption scheme to \$1,500. It requires provinces to legislate measures to govern payday lending agreements, including limits on the cost of borrowing.

Bill C-26 demonstrates this government's commitment to working collaboratively with provinces and territories on a matter of common concern. The impact of these proposed changes will make a real and significant difference to those Canadians who have come to rely on this service.

I hope that all hon. members will join with me and support the quick passage of this bill into law.

[*Translation*]

**Mr. Robert Carrier (Alfred-Pellan, BQ):** Mr. Speaker, I listened with interest to the presentation by my colleague from Calgary East regarding the bill, which seems to apply, given that the federal government has the necessary jurisdiction to regulate the business practices in question.

The subject was raised earlier, but I want to ask him whether he knows that the provinces are free to legislate or regulate the business practices of the companies under their jurisdiction.

The Government of Quebec, with which I am more familiar, has in fact defined this practice, by the Office of Consumer Protection, which provides very good oversight for the industry and prohibits unreasonable practices. To my knowledge, this industry is well regulated in Quebec at present. I think that other provinces also intend to legislate in this area.

What does he think of the point of this bill? Has everything else the government has to deal with been solved already? Earlier, we were talking about the fiscal imbalance. In the last budget, they promised to solve it, and yet no solution has yet been drafted. Are there no more important bills, that are not under the jurisdiction of the provinces and for which the federal government has full responsibility?

• (1655)

[*English*]

**Mr. Deepak Obhrai:** Mr. Speaker, just before I rose to speak, my colleague, the Minister of Intergovernmental Affairs, answered the

questions that the hon. member is asking regarding fiscal imbalance and all the other issues that he says are more important.

Let me relate for the member a personal experience. In the last federal election, the election of 2006, my campaign office was next door to a payday lending office. I was just flabbergasted and quite sad to see the operation of this payday loan establishment. We could see that the people who were going in there were those who could not get normal lending from other institutions. People were relying on this establishment for quick cash but they were paying a big interest rate. That particular office was open every day until about 10 o'clock at night and we could see people walking in at all hours.

As I have stated in my speech, some of these institutions are using unscrupulous methods to prey on the disadvantaged of our community. I am sure the member does not want that to happen in Canada, to have somebody takes advantage of those who are disadvantaged. It is necessary for the government to look at this.

I am sure that with his help we would, as I have stated in my speech, pass this law very quickly. It would be there to protect the disadvantaged. Then we could move on to the other business of the House that he so wants to do.

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, my colleagues have invited quick passage of this bill in relation to which there seems to be a fair bit of support, and I certainly agree with that. One of the ways we can pass it quickly is not to do too much talking about it, and my remarks are offered today as part of the remarks of the official opposition on this bill.

Colleagues have probably had their attention brought to the recent decision of the Supreme Court of Canada in a case called A OK Payday Loan. That was a circumstance where customers of this particular operation had sued in a class action. At issue was the very high interest rates being charged by this payday loan business. As the court eventually determined, as I understand it, the moneys charged by this operation were at a level that constituted a criminal rate of interest, which is defined in the Criminal Code of Canada. That means an interest rate that exceeds 60%. Most of us will regard that as a pretty exorbitant rate of interest.

The point here is that the two jurisdictional worlds, the criminal on the one hand and commercial law on the other, clashed. As our colleague from the Bloc just mentioned, commercial activities outside of banking are normally regulated and administered jurisdictionally by each of our provinces under the property and civil rights heading in section 92 of the Constitution Act.

How do we draw the line between what is criminal and what is commercial? Our laws attempted to do that many years ago. The big difficulty we faced as a society when section 347 of the Criminal Code was first enacted was that organized crime/loan sharks were showing up in material ways across the country, and it was felt that the type of lending they did, which had no regulation, should be criminalized as being anti-social, so the criminal rate of interest rate was selected in such a way that anyone who lent an amount of money and collected at an interest rate beyond and above 60% was found to be in breach of the Criminal Code.

*Government Orders*

Doubtless that section of the Criminal Code, section 347, has protected many Canadians over the years, but with the growth now, with the proliferation of financial instruments, lending and access to credit and money, there are many ways that consumers now can access credit. One of those ways is this payday loan mechanism, whereby an individual who is employed can obtain a loan or an advance equivalent to some percentage of his or her paycheque and obtain it very quickly and easily from a payday loan business.

People may regard the payday loan business as kind of a bank loan. It is not a bank. It is simply a lending business that will lend money to the individual on the credit of a forthcoming paycheque a week or two weeks down the road. It looks like many Canadians find this a useful device, because the number of payday loan operations in Canada now has mushroomed in the last dozen years or so to the point where we have 1,300 payday loan operations right across the country. It looks like the consumer likes this mechanism.

• (1700)

I point out that it is generally for small amounts and for a very short period of time. It may be filling a niche that credit card companies, banks and credit unions are not. The issue has become, at what price are Canadians required to pay for their payday loan borrowings? In the case I mentioned earlier, equivalent interest rates are in excess of 60% per annum on the amount loaned. I suppose in our society now a knowledgeable consumer should be allowed to spend over 60% in interest if he or she wishes to have the money quickly. However, we are not removing the Criminal Code provision in what we are doing here.

We are going to keep a Criminal Code provision, but we are going to allow an exemption for a lawful business that lends money using this payday loan mechanism. The exemption will be based on the premise that a province or a territory is regulating the commercial operation. The Criminal Code will say that if a province is regulating interest rates and amounts and providing a supervisory regulation of that type of lending mechanism, then the federal jurisdiction will exempt that lending mechanism from our criminal law. We need to do that because under our Constitution, federal jurisdiction has paramountcy over provincial laws except where there is an exclusive provincial jurisdiction. Where there is an overlap, the federal law will normally govern.

Placing this amendment with section 347, will allow the provinces to assume their proper jurisdiction in the regulation of the commercial affairs of their citizens. However, at the same time we maintain the criminal prohibition with the 60% per annum cap where there is no provincial regulation. We are assuming that a province will provide a form of regulation that will essentially keep the same level of protection the consumers have had up to now.

This does not mean that loan sharks will have a field day. This means that genuine lending businesses, which I described as payday loan operations, can carry on with their legitimate lending services in cities and localities across the country, just as they have up until now, without fear that their practices will offend the criminal law. Their practices might offend the provincial regulatory law that has to be in place, but they will not have to deal with the Criminal Code provisions. Usually it is a lot more difficult for a citizen or a business to deal with a Criminal Code provision than it is for them to deal

with a commercial provision. There is no stigma attached to compliance with regulatory requirements as there is to non-compliance with Criminal Code provisions.

The legislation took a number of years to develop. The initial consultations began a few years ago under the previous government and it involved reaching an agreement with the provinces and the territories that would allow them to assume a regulatory role. Those agreements, understandings, consultations and accommodations were all accomplished, and the government now finds itself in the happy position of simply having to introduce the law and getting it passed. I am assuming there will be a fairly high level of support for this. The official opposition will support the bill and we hope it will receive passage soon as well.

• (1705)

[*Translation*]

**Mr. Robert Carrier (Alfred-Pellan, BQ):** Mr. Speaker, I listened with interest to the presentation by my colleague in the official opposition. I note that he supports the bill. It is very clear that the federal government is responsible for setting the maximum interest rate. The law allows it to do that. In principle, however, it does not have the authority or the jurisdiction to regulate business practices, something that the Government of Quebec has done very well. It has met its responsibilities, and in fact, on the question of maximum interest rates, it has even set the rate at 35% rather than 60%.

We therefore have the impression that this is a bill that is being pointlessly superimposed on the jurisdiction of the Government of Quebec. That is why we will not support the bill, because we do not support pointless duplication of all the regulations or jurisdictions of two levels of government. It is important to preserve provincial jurisdictions as they stand. This was in fact a commitment made by the Conservative government, to respect the jurisdictions of the provinces. By introducing this bill, it is not honouring that commitment. I am surprised that my colleague seems to be supporting this.

From his point of view, is the reason that we have this bill really to make up for the incompetence or neglect of certain provinces that have not regulated their business practices as Quebec has properly done? Is this why he would want to support the bill?

[*English*]

**Mr. Derek Lee:** Mr. Speaker, the hon. member should realize that this bill would allow the federal government to vacate an area where it had paramountcy, where it had jurisdiction, and allow the provinces to assume their rightful jurisdiction in regulating commercial transactions.

If the member has any complaint, it may have been that 75 or 100 years ago the federal government did occupy the jurisdictional matter of loansharking. At this point in time, there has been an agreement that the federal government will walk from its criminal jurisdiction involving loansharking if the provinces expressly assume their responsibilities in regulating these commercial transactions. It is a happy ending. It is not a creation of something new. It is the reworking of the federal legislation to precisely allow for provincial jurisdictions to operate.

*Government Orders*

My friend should be happy with the proposed outcome contained in the legislation. It does not at all attempt to regulate in areas of provincial jurisdiction. If that had happened, it happened 75 or 100 years ago. What is happening now is that the federal government is simply proposing a conditional withdrawal from this otherwise provincial area of commercial activity. On that basis, I think he would want to support the bill.

• (1710)

[*Translation*]

**Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ):** Mr. Speaker, if I understand the allegations of our Liberal Party colleague correctly, the federal government is introducing a bill that would allow it to go to the provinces to regulate usurious loans, while admitting that this is a sector in which the federal government has interfered in years past and which it has promised to leave to the provinces to deal with. He is talking about a complementary approach by the federal government for provinces where rules were nonexistent or inadequate.

Could my colleague assure us that, in the committee that considers this bill, he would be prepared to work on limiting the federal government's ability to intervene in provinces that do not have such a bill or such protection legislation?

[*English*]

**Mr. Derek Lee:** Mr. Speaker, first, I sit with the official opposition, not the government. I am not in a position to give much of an undertaking here.

If the member will realize that the structure of the bill involves the federal government withdrawing from its enforcement of loansharking prohibitions in a way that allows the provinces to assume their proper commercial jurisdiction in regulating person to person institutional commercial transactions, then I can say pretty easily there is no need to give an undertaking that the federal government will not respect those other jurisdictions. The whole purpose of the bill is to recognize those other jurisdictions and to allow the federal government to essentially withdraw.

It is clear, however, that the bill retains, not imposes, the existing federal government jurisdiction over what it has always defined as a criminal rate of interest, which is the term that was used. In this place we call it loansharking. The foundational jurisdiction to proscribe and criminalize loansharking remains, but will not be used or applied if the provinces step in and regulate, as I understand the province of Quebec has.

**Mr. Blaine Calkins (Wetaskiwin, CPC):** Mr. Speaker, I am pleased to have this opportunity today to speak in favour of Bill C-26, An Act to amend the Criminal Code regarding criminal interest rates.

What is a payday loan, one might ask. The Library of Parliament explains it this way.

A payday loan is a short-term loan for a relatively small sum of money, provided by a non-traditional lender. Statistics from the Canadian payday loan industry suggest that the average payday loan is valued at \$280 and is extended for a period of 10 days.

In order to qualify for a payday loan, the borrower generally must have identification, a personal chequing account, and a pay stub or alternative proof of a regular income. Payday lenders typically extend credit based on a percentage of the borrower's net pay until his/her next payday (generally within two weeks or less).

The borrower provides the payday lender with a post-dated cheque, or authorizes a direct withdrawal, for the value of the loan plus any interest or fees charged.

Some payday lenders will cash the borrower's post-dated cheque or process the direct withdrawal on the due date of the loan. Others will require that the borrower repay the loan in cash on or before the due date, and may charge an additional fee if the loan is not repaid and they must cash the cheque or process the direct withdrawal subsequent to the loan due date. If there are insufficient funds in the borrower's account, the borrower may also be required to pay a return fee to the payday lender and/or a non-sufficient funds...fee to his/her bank or credit union. In this instance, the borrower may have the option of "rolling over" the loan — that is, taking out another payday loan to pay off the original loan — for an additional fee.

Mr. Speaker, I invite you to read the library's excellent paper on payday loans from which I have just quoted.

With an estimated 1,350 storefront locations and representing annual revenues of approximately \$1.7 billion, payday lending is one of the fastest growing industries in Canada. This industry appears to be filling a gap that exists in the availability of credit from the chartered banks and other traditional lending institutions.

There may be different reasons for this gap. Perhaps it is because such institutions are not willing to offer the type of short term unsecured credit that payday lenders do, or simply because local bank branches have been closed in many population centres, thereby making access to credit for many customers very difficult.

The payday lending industry may also be succeeding because of the relative convenience of their operations and the relatively anonymous nature of the commercial transaction.

The payday lending industry has been operating for just over 10 years now without any effective regulation, resulting in some payday lending companies charging outrageous and often crippling fees that trap many an unwary customer. In light of these questionable business practices, which may also include ineffective disclosure of contractual terms and aggressive debt collection practices, many have been right to criticize the current situation, including provincial and territorial governments, consumer groups and the payday lending industry itself.

For example, consumer groups have argued that consumers who would not otherwise have access to this type of short term credit, sometimes feel they have no alternative but to accept the terms and conditions of the payday lender. This can lead to their becoming vulnerable to unfair practices. Consumer groups want to see this issue brought under control.

On the other hand, lenders who have offered loans on reasonable terms and follow a voluntary code of conduct fear that their conduct is being questioned and thus seek regulations in order to give their industry both legitimacy and long term viability in Canada.

The provinces and territories have expressed concern as well. They, too, wish to ensure that Canadians who live in their communities are protected from unscrupulous practices and have noted that section 347 of the Criminal Code, the criminal interest rate provision, stands in the way of them effectively regulating this industry.



*Government Orders*

The government has heard the criticism and the concerns that have fueled the calls for legislative reform and Bill C-26 is a reflection of our resolve to address them. Our government has been working closely with our provincial and territorial colleagues to examine options for the most effective response to this pressing issue. Indeed, the situation has been the subject of discussion and examination by federal, provincial and territorial ministers responsible for justice and consumer affairs.

• (1715)

Bill C-26 is the result of that collaboration. I believe it would mean enhanced protection for those Canadians who have come to use the services of the payday lending industry.

Who uses payday loans and why? Again I want to go back to the excellent Library of Parliament paper that I quoted from earlier. The library researchers found:

In early 2005, the Financial Consumer Agency of Canada placed questions on the Canadian Ipsos-Reid Express...— a national omnibus poll of Canadian adults—about Canadians' experiences with, and motivations for, using cheque-cashing and payday loan services. The survey found that approximately 7% of survey respondents had used a cheque-cashing or payday loan company. Cheque cashing was the most frequently used service (57%), followed by payday loans (25%) and tax refund anticipation loans (5%). Certain respondents were more likely to have used these services, including: men; those between the ages of 18 and 34 years; urban residents; residents of British Columbia, Alberta, Saskatchewan and Manitoba; those with household incomes less than \$30,000 per year; and those with some post-secondary education

Those are causes for concern. The ongoing and expanding presence of payday loan companies suggest that some Canadians are willing to pay usurious rates of interest in excess of that permitted under the Criminal Code for their payday loans. This situation raises important questions about whether and how issues in the payday loan industry should be addressed, by whom and with what consequences for the industry and its customers.

The drafters of Bill C-26 must have also read the library paper because they found that section 347 of the Criminal Code, often seen as a de facto regulatory provision to limit the maximum lending rates for commercial and consumer loans, had to be considered in any discussion of payday lending. Indeed, section 347 is at the heart of the amendments proposed in Bill C-26.

I will come back to the substance of the proposed amendments a bit later but first I will explain the origins of the section and why, in my opinion, it is not an appropriate tool to use in regulating consumer lending.

Section 347 was not enacted to regulate commercial or consumer lending per se. The policy goal of the section was instead to enhance the ability of our police forces to target the harmful activities of organized crime syndicates. More specifically, the goal was to address the loansharking activities of these syndicates and the related practices of threats and violence that are often used when collecting payments. The adoption of a specific interest rate limit in the Criminal Code immediately next to the provision for extortion was to facilitate proof of extorted loans. This was clearly not about regulating legitimate lending activities.

Section 347 provides serious criminal penalties for entering into an agreement or receiving payments where the interest charged exceeds the defined criminal rate of 60%. When charges proceed

under indictment, the offender is liable for a term of imprisonment of up to five years and, when they proceed summarily, for a fine of up to \$25,000 and a term of imprisonment of up to six months.

This government does not believe that section 347 is the most appropriate way to regulate the payday lending industry and provide consumer protection. Bill C-26 would address the concerns noted by the provinces and territories by creating a narrowly defined exemption from section 347 of the Criminal Code to facilitate provincial and territorial regulation of payday loan agreements. In instances where a jurisdiction has chosen not to enact consumer protection legislation directed at payday lending, section 347 would continue to apply.

The exception created by Bill C-26 removes the application of section 347 of the Criminal Code, as well as section 2 of the Interest Act where a payday loan agreement is for an amount that does not exceed \$1,500 and runs for a maximum term of 62 days and where the province in which the lender operates has been designated as having in place an appropriate regulatory scheme which must include limits on the total cost of borrowing.

It is clear that the exception only applies where the province in which the lender operates has made the appropriate amendments to its legislative scheme that governs consumer protection matters. The province would also have to request the federal cabinet for the necessary designation which allows for the exemption in respect of section 347. The criminal interest rate from section 347 would continue to apply in any province or territory which chooses not to implement qualifying regulations for payday lending agreements.

In Manitoba, bill 25, the consumer protection amendment act regarding payday loans, is now ready for a third reading and provides a good example of the type of complementary consumer protection legislation at the provincial level that would properly leverage the exception.

• (1720)

Manitoba's bill 25 establishes a licensing and inspection scheme for payday lenders, defines limits on certain loan agreement terms and parameters, sets out a lender's information disclosure obligations and defines a borrower's right in terms of cancellation and redress. This cooperative framework of a narrow Criminal Code exception, coupled with suitable provincial regulations specifically addressing the payday lending industry, should meet the goals and objectives of consumers and their advocacy groups, as well as those of legitimate payday lending companies and their industry associations.

In closing, this government believes strongly in protecting consumers from the unscrupulous practices of unregulated payday lenders. Bill C-26 is an important and necessary first step in establishing a fair and equitable regime under which to regulate the activities of payday lending institutions, giving consumers the best possible protection in accessing this type of credit.

*Government Orders*

I urge all hon. members to join me in support of Bill C-26 and ensuring its speedy passage.

• (1725)

[*Translation*]

**Mr. Robert Carrier (Alfred-Pellan, BQ):** Mr. Speaker, I listened attentively to the remarks of my colleague from the Conservative party. First, I want to tell him that the Bloc Québécois will oppose the bill, not because we are against the principle, but because the Government of Quebec has already legislated in this field through the Office of Consumer Protection since this falls within its responsibility.

All types of lenders are subject to strict obligations. For the information of my fellow citizens who are now listening to our debates, the Office of Consumer Protection sets the annual interest rate that must be stated in loan contracts. All fees are calculated in the annual rate and it is thus not possible to add fees for opening a file or for forms. Finally, the jurisprudence has established that an annual interest rate above 35% is excessive. Therefore, Quebec consumers are already well protected by the Office of Consumer Protection set up by the Government of Quebec.

This is a flagrant example of duplication by another level of government, the federal government, that now wants to regulate everything that is already regulated within the province of Quebec, and surely in other provinces that are now considering the subject or that do not regulate it because they do not consider it necessary. It is the responsibility of the provinces to regulate all business practices related to loans.

This is really an example of duplication on the part of a government that promised during the election campaign to respect the jurisdiction of the provinces and to consider the effectiveness of its legislation. In fact, what it is doing is adding a bill that affects provincial jurisdictions.

I would like to know how he feels about what I am saying.

Does he agree that the government is encroaching on the jurisdiction of the provinces and is thinking for them?

Does he believe that the provinces are not intelligent enough to legislate in these areas?

If they have already legislated in this field, does he agree with the fact that they are being exempted from this bill? Other parliamentary procedures will therefore be necessary. That is what constantly involves additional cost, and that is why the public is complaining so much about paying high taxes to all levels of government.

[*English*]

**Mr. Blaine Calkins:** Mr. Speaker, I do not think the hon. member actually understands what the bill is proposing. He has gone on at length talking about how the government of Quebec has already put regulations in place and how this would be seen as a duplicate.

In actual fact, the Criminal Code of Canada applies to all of Canada. Bill C-26 seeks to amend the Criminal Code of Canada and not interfere in any way, shape or form with provincial jurisdiction.

As a matter of fact, the bill is actually meant to exclude certain aspects pertaining to Canadian payday loans from provincial

jurisdiction. In that way, provinces such as Quebec and the western provinces, including Alberta, which is the province I am from, have the ability to protect their consumers in a way that they see fit.

I actually do not understand the nature of the question. It seems a little bit hypocritical, when the member from the Bloc Québécois, who obviously wants this consumer protection and the individual ability of Quebec to regulate this particular industry. He is opposing this bill. He is essentially saying, and is pitting Quebec against the rest of Canada, that if it is good for Quebec then Quebec can have the regulations. If he is opposing it, he is basically denying the ability of these regulations for the other provinces, such as Manitoba, which is already able and willing to proceed.

I reject the premise of his question. This is not a duplication at all. The Criminal Code is being amended here and it applies across Canada. It will actually create an exemption which will allow provincial jurisdictions, such as the provinces of Quebec and Alberta and any of the other provinces or territories in the country, to proceed in a way that they see fit to protect their consumers where the payday loan associations and payday loan institutions are concerned.

• (1730)

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Speaker, I am pleased to speak to Bill C-26 before the House today and to give the unequivocal support of the New Democratic Party for passage of this legislative proposal. In fact, it would be our wish, given the succinct nature of this legislation, to have it approved on short notice at all stages, dealt with on an expedited basis, and prompt action taken in an area that is long overdue.

I want to begin by thanking the Conservative Minister of Justice for actually listening to the concerns of people all across Canada and especially provinces which were ready to act. In particular, I want to highlight the work of the Manitoba NDP government which has long been a champion of action in this area of unregulated payday lending and has led the country with a progressive legislative approach. That legislative approach, however, requires the federal government initiative to set aside the Criminal Code.

As members will now know, the Criminal Code sets an interest rate of 60% as the limit of interest that can be charged on a payday loan. We know from the past decade, that has seen an exponential rise in payday lending all over this country, that this approach does not work. In fact, I would like members to think hard and tell me if they know of any cases where this 60% criminal rate of interest was used in terms of actually charging a payday lender who has taken advantage of an individual in this country.

I can think of one. There was a recent case in Manitoba where charges were laid and a trial is ongoing. There has been one charge, one action after a decade of payday lenders and other fringe financial services flooding our marketplace. That is not a record of which to be proud. It speaks very much to a problem in our whole legislative system. It speaks to an issue that has not been dealt with and it needs a new approach.

*Government Orders*

The desired approach would be to have a national solution. I would much prefer to have one set of standards for this whole country, so that there is a rule that all payday lenders must abide by wherever they live, whatever province they reside in, and that we avoid any possibility of these outfits closing down a shop in one province and moving to another to take advantage of more lax rules or a more lucrative environment.

I would prefer to have seen the provinces and the federal government get together and come up with one plan, but they tried for years and they could not do it. Numerous discussions were held at the federal-provincial level among consumer affairs ministers and officials. Numerous forums were held, dialogues and discussions took place, but there was no solution and no one united position that came out of that prolonged set of discussions. All the while payday lenders and other fringe financial institutions have been popping up everywhere in this country. In the last decade, we have gone from zero to 1,350 such outfits in our society today.

I speak from direct political experience coming from a constituency like Winnipeg North which has, in the space of 10 years, lost all of its banks. The north end of Winnipeg, which covers a significant area from the tracks in the south end to Inkster Boulevard in the north end, from Red River in the east to McPhillips Street on the west, has a huge area of residential neighbourhoods with small, large and medium size businesses. However, there are no bank branches left in that entire area. They have been dropping one by one over the last decade.

• (1735)

What has happened in the interim? What has happened as a result of that kind of negligence on the part of the banks, their decision to abandon an older community like Winnipeg North? I am sure it is not unlike many other communities in this country: inner city, north end, and older neighbourhoods that are not quite as lucrative for banks as suburban outlying areas. They pick up and leave without accountability and consequences, leaving people abandoned, high and dry, and without access to banking services.

In the case of Winnipeg North, we are talking about a community that has a very high proportion of senior citizens, numerous high-rises and senior citizens apartments and, as well, on average, an income distribution that is at the low end. We are talking about people more likely living in poverty or eking out an existence on a day-to-day basis more so than in other parts of the country. It is an area that has a significant number of people with disabilities, a high number of people who made the transition from living on reserve to an urban environment. And there are no banks. There is nowhere for people to do banking; nowhere to cash a cheque without being ripped off; nowhere to set up a banking account, a savings account; and nowhere to learn how to budget and how to plan for their families. All the banks have left.

At this point, if it is all right with you, Mr. Speaker, I would like to split my time with the member for Surrey North.

**The Deputy Speaker:** Given the lateness of the request, I would have to seek the unanimous consent of the House. Is there unanimous consent for the hon. member to split her time with the hon. member for Surrey North?

**Some hon. members:** Agreed.

**The Deputy Speaker:** The member does have two minutes and 34 seconds left in her 10 minutes.

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, payday lenders and other financial institutions have risen up in a community like Winnipeg North to fill the gap. This is an area that is not regulated. Consumers are left in a very vulnerable position, without regulations, without accountability, and many in fact are being ripped off.

I am not here to suggest that all payday lenders are bad, are vultures, or are trying to take advantage of ordinary folks, but I am saying that there are some. It is an area that has to be regulated, given the numbers in the field today, and given the fact that so many people rely on them.

I do not need to go into the horror stories, members know them. We know about individuals paying something like 1,000% or more interest for a short term loan, getting into a cycle of indebtedness and not being able to get out of it, and losing their homes and not being able to provide for themselves and their families.

So, it is an issue that has to be dealt with. The only way that we can deal with it is to set aside the Criminal Code, so that provinces like Manitoba, which has a very sophisticated regulatory scheme, are able to exercise their powers and provide some governance in an area that has been largely neglected. That is what this bill simply sets out to do. It sets aside the Criminal Code for those provinces that have demonstrated they have a regulatory scheme ready to kick in and deal with the problems at hand.

It is not something that takes away powers from the provinces. It does not give new powers to the federal government. It does not touch this whole issue of federal-provincial relations. It is not an issue for Quebec because it has put in place its own regulatory provisions around lowering the criminal rate of interest from 50% to 35%. That means it is dealing with this issue in its own way.

We are saying that the rest of the country needs to have a mechanism for doing so. It is impossible under the current provisions. So, we look forward to supporting this bill on an urgent basis and getting it up and running, so that Canadians have some protection in this important area of payday lending and other financial institutions.

• (1740)

**Mr. Blaine Calkins (Wetaskiwin, CPC):** Mr. Speaker, I listened to my colleague with great interest. There are payday lenders in several communities in my constituency. They provide a greater access when banking hours are sometimes restrictive and when people can not otherwise get their cheques cashed. I can just imagine the horror of having a paycheque in one's hand, having a young family to feed, but not having access to the bank to deposit the cheque or not having a debit card.

However, I am also concerned. When people are in a vulnerable situation like that, they can be taken advantage of, and that is an unfortunate thing. I really appreciate hearing the hon. member say that she and her party fully intend to support these changes. I am glad for that.

*Government Orders*

Could she elaborate on some of the clauses in Bill C-25, which I just spoke to a few minutes earlier? One area that is of particular concern to me is the ability of payday lenders to rollover, which means that if there is a loan that is not paid back in time, the payday lending organization, because it is unregulated, may charge a second set of fees over and above the additional interest rate. We know the interest rate charged on these is fairly minimal. It is the fees and everything that gets added onto these payday loans that make them quite expensive.

Would she support legislation that would take care of this rollover problem in her province?

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, first, the Conservative member makes an important point about the use of these payday lenders on a more frequent basis, not simply because banks have up and left the town, but because sometimes the hours, terms and conditions for doing banking are not conducive for ready access. In fact in parts of Winnipeg many individuals cannot access a bank because they do not have the right ID or cannot fit into the schedule of the bank.

The member is right. There are other reasons why payday lenders have grown in this period of time and why we need to have regulations in place.

With respect to the question of provincial legislation, I think the Manitoba bill provides a model for the country. I know six other provinces are looking at this as a model. It is a bill that prohibits rollovers. This is the first important principle that is enunciated in Bill C-25, introduced by the finance minister, Greg Selinger.

It also ensures that payday loan companies must operate within a comprehensive regulatory framework. It does this by amending the Consumer Protection Act and by working through the Public Utilities Board as a regulatory body to ensure that all rates are set according to a set of principles in an open, upfront basis, with a publicly administered board, so there can be no questions about how the rates are applied and what penalties are at play.

I could go on at length, but I would recommend Bill C-25 as a blueprint for going forward. The Manitoba government is ready to have it proceed to the final stages in the Manitoba legislature, as soon as there is some guarantee from this place that the Criminal Code provisions have been set aside so the regulatory framework can get up and running.

**Mr. Merv Tweed (Brandon—Souris, CPC):** Mr. Speaker, the member has talked about Manitoba and the ability of moving forward with its consumer protection act.

What we really have is a payday lending institution that is just completely unregulated. We have certainly heard from members here today about the difficulties this can create. I certainly agree with my hon. colleague on some of the issues that we face, not only in the major centres but in smaller communities too, where the lack of access to banking and banking facilities becomes a bit difficult.

Has the member thought at all about what happens if provinces or territories choose not to regulate? Does the member have any ideas of how that would pan out with one province moving forward with regulations and, for example, the neighbouring province not?

• (1745)

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, the issue of payday lenders is a problem in all communities across the country, whether they are urban communities or rural communities. I appreciate the perspective that the member has brought to this debate.

I believe that once this legislation is up and running, it will not be very long before all provinces are onboard. In addition to Manitoba, B.C., Alberta, Saskatchewan, Nova Scotia and New Brunswick have expressed an interest in regulating payday lenders. We are over halfway there. If other provinces see what a plus it is to move in this direction, they will soon be onboard.

However, the member has identified a problem which we will have to address when the bill goes to committee. We will have to ensure that there is no way operators can move shop to a province and cause some people to be vulnerable in one part of the country and not another and to cause a lack of national approach overall. It is a good point and it is an issue with which we have to deal. It can be dealt with in the framework of this legislation.

**Ms. Penny Priddy (Surrey North, NDP):** Mr. Speaker, I thank the member for sharing her time with me.

I rise to support this legislation. If there were some way that my words would make it go faster or expedite it, I would be happy to use whatever words those would be. I think it will move quickly because everyone understands what this means to the people in their communities. Even as we stand here today talking about it, there are people who are losing their homes and assets because they have found themselves in this irreversible cycle of interaction with payday loan companies and they cannot get out of it.

We perhaps would not necessarily expect, particularly in these economic times, many people to be in the situation where if they had an emergency before their next paycheque, they would not be able to manage it. This is not about people who fit a model where people understand why those people go to a payday loan company. Many people live from paycheque to paycheque. It could be a dental emergency for a child, or expensive medication, or a repair to a house, which they did not expect, and all of sudden they are stuck.

No one says there should not be payday loan companies. As the member has said, as did other members, I know there are times when those companies can provide assistance to people who otherwise cannot get it. However, if they are already in difficulty, they do not need assistance to become bankrupt. They do not need to lose all those things they were trying to keep because of that one financial outlay and the truly criminal rates that many payday loan companies charge.

We have many payday loan companies in the community in which I live. I am sure some are operating honourably. I have had payday loan companies say to me that they want to have regulations. They know the reputation of other kinds of payday loan companies is spilling over on to everyone.

*Government Orders*

This legislation shows that we can look at something and find a way, if we wish to, to respond to these issues without a big broad sweeping brush. As the member who spoke before me said, Manitoba is ready to bring in legislation. Quebec already has legislation and other provinces are looking at it, although as I look at these provinces, some may be looking at it more closely than others. I am not sure, but they are certainly working on legislation.

I think it shows that we can find a way, that this is not the heavy hand of the federal government saying to the provinces that it does not care what good things they have done, that those things are gone and that it will now go in and tell them. We recognize the good work the provinces have done. We also recognize that we cannot exploit the most vulnerable people.

• (1750)

The research and polling I have seen says that there certainly is a percentage of people who use a payday loan company once or twice in an emergency and do not go back, so they are fine. However, some people get caught in that cycle because of the interest rate, and they will never, ever be able to get out of it until they have lost all of their assets. We see people across this country who are in that situation.

I would like to believe that voluntary regulation works in anything, but my experience is that voluntary regulation does not work in very much. I know that the payday loan companies have introduced a set of voluntary guidelines, but we still see the abuse going on. No matter what the issue, I have yet to see voluntary guidelines that have been picked up by everybody. We have to provide a better solution for people in Canada, better than having the good people following voluntary regulations while the others do not.

We could recognize Manitoba's regulations or Quebec's, but having this piece of legislation in place across the country means that we would not have hundreds of companies suddenly packing up and moving to the province where they can make the most money because there is no regulation there. That is the last thing we want.

We have seen this with other businesses. They just move to where they can make the most money with the least restrictions. We cannot have that either, because it means that people in one province become even more vulnerable than other people have been across the country. This legislation ensures that companies are not able to do this. We have had court cases brought before the court by individuals or groups of customers, but they still do not provide safety for everyone in Canada.

The other issue this raises for me is that there are several places in Canada that do not have banking services. Some have been mentioned. Some are very small communities where the banks have closed up and moved out of Dodge, but there are also very poor urban areas where banking facilities are not available. In the downtown east side of Vancouver, with one exception brought in by some colleagues, there was no place for people to bank. People cashed their cheques somehow. They carried the money around and were very much at risk. There was no kind of banking service available. While I agree that it is primarily in small communities that banks leave, there are very poor parts of urban areas where banks do not exist and people do not have the services or the resources.

Nor do many people have information about payday loan companies, so the companies do not get caught. I do not know if any of their rates can be called reasonable, but if they know what a reasonable or a more common rate would be, they do not get caught. But when we go to a payday loan company because we have an emergency, we are desperate. Most people do not do this because they choose to. They do it because they are desperate. People do not have time to sit back, research, read some pamphlets or talk to someone about it. They use payday loan companies because they have an emergency situation. They are very vulnerable.

One point raised in a question from a colleague from the Conservative Party was about what would happen if a province chooses not to be involved. I think there are some issues that people can work out at committee, but given the circumstances in which people live in the country, given the incredible exploitation, given that people have lost their homes and do not have a place to live or resources for their children, I would hope that the bill would proceed expeditiously through committee so that Canadians will be protected as soon as possible.

• (1755)

[*Translation*]

**Mr. Robert Carrier (Alfred-Pellan, BQ):** Mr. Speaker, I listened carefully to the presentation by the hon. member from the NDP and the presentation by her colleague a little earlier.

They understand that Quebec already has legislation that protects against usurious loans, which is very good. Nonetheless, the bill also has conditions for every province wanting to be exempt from section 347. The federal big brother will impose its conditions on provinces wanting to be exempt from the application of the legislation. This is yet another encroachment by the federal government into provincial jurisdiction, which clearly states that the framework of commercial practices is a provincial responsibility.

The problem is that this becomes a bad habit of the federal government, even though Quebec can be exempt from the application of the legislation. The idea is that if Canadian unity is to be maintained, the jurisdictions of each entity must be respected. It is through such respect that Canadian unity should be achieved and not by continuing to interfere in provincial jurisdictions.

[*English*]

**Ms. Penny Priddy:** Mr. Speaker, I heard a statement. I am not sure I heard a question. I think people have recognized that Quebec has its own legislation and it does work. I do not believe that this is an attempt to override the legislation being brought forth by Manitoba or the legislation of Quebec. If the member believes that to be the case, then I would hope that those questions could be raised and debated at committee. I do not see this as an attempt to override the legislation that Quebec already has in place.

*Government Orders*

**Mr. Brian Fitzpatrick (Prince Albert, CPC):** Mr. Speaker, I listened with interest to some of the observations of the New Democrat members, especially the member from Winnipeg, about the bank hours, and probably the hours of the credit unions too. She talked about that creating problems of accessibility for a lot of people who then become trapped into dealing with these groups that are on the outside or the periphery of the issue of banking and availability of financial services.

I am curious. There is some speculation that Wal-Mart may be moving into Canada and providing banking services through its outlets. Knowing Wal-Mart's hours, those stores would likely be open as many hours as they can, seven days a week and in the evenings and so on. I think the Wal-Mart corporate philosophy is to increase the standard of living for people by reducing the cost of living to people. Arguably, Wal-Mart does that.

I know this is perhaps only a bit germane to the discussion about the legislation, but what are the member's views about Wal-Mart moving into this area? Would Wal-Mart be part of the solution to reducing some of the problems and some of the vulnerability of low income people who cannot access banks and credit unions? Might this be a positive?

• (1800)

**Ms. Penny Priddy:** Mr. Speaker, I must say that I would need to have a very careful look at what Wal-Mart would intend to do in terms of bringing banking within their scope of business.

The member is correct when he says that Wal-Mart has extended hours, but Wal-Marts are not likely to find themselves in the same areas as those places that are under-serviced, such as the downtown east side of Vancouver or small rural areas that do need extended banking hours and are not likely to be within driving distance, walking distance or bus distance, if there is a bus, of a large anchor store such as Wal-Mart.

I do support anything within reason that would bring extended hours to people. Maybe there is a message for another kind of banking as well. The bank that eventually developed in the downtown east side of Vancouver offered a great deal more flexibility to its members than regular banking hours do. It recognized that the people who used that bank either did not work regular hours or did not have regular hours and were able to come in at times that other people could not. I think there would be an interest in anything that would provide more flexibility for banking. I must admit that I would want to see more carefully what Wal-Mart would intend to do with its banking, but we do see this within Safeway.

**Mr. Brian Murphy (Moncton—Riverview—Dieppe, Lib.):** Mr. Speaker, I would like to ask the member for her observations on a few points.

Despite the Criminal Code of Canada making loans with excess interest rates illegal, and given that there have been so few prosecutions in the area such that this law has become necessary to fill the gap, why does my colleague think there was such a paucity of prosecutions? What could we have done about this? What should we do about it? As she knows, there is a limit to this payday loan exception.

Why are 850 of 1,300 payday loan sites supporting the bill? Does it make the member a little nervous? Is it perhaps it is a bit like the wolf setting the terms for the sheepdog's tenure on the sheep pasture?

**Ms. Penny Priddy:** Mr. Speaker, one of the reasons why we have seen a very small number of cases go forward is that we have to look at the people who have been exploited. These are not people who are likely to get a class action suit together and take it to court. These are people who do not have the resources to do that. They may not have the knowledge about how to do that. Almost unanimously, the most vulnerable people are not the people who are going to take a court case forward.

Am I worried about the people who want regulations? No, I am not. I will be watching very carefully, though, to make sure that those regulations are followed. I will take them at their word that they want those regulations and that they will follow them.

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

**Some hon. members:** Question.

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

**Some hon. members:** Agreed.

**An hon. member:** On division.

**The Deputy Speaker:** The motion is carried. Accordingly, the bill stands referred to the Standing Committee on Industry, Science and Technology.

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

\* \* \*

• (1805)

[Translation]

**AERONAUTICS ACT**

The House resumed from November 1, consideration of the motion that Bill C-6, An Act to amend the Aeronautics Act and to make consequential amendments to other Acts, be read the second time and referred to a committee.

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, I am pleased to speak to Bill C-6.

Since I am the first to speak to this next wave of discussions on Bill C-6, An Act to amend the Aeronautics Act and to make consequential amendments to other Acts, I will read the summary of the bill found on the inside of the cover page. The summary states:

This enactment deals with integrated management systems and authorizes the establishment of voluntary reporting programs under which information relating to aviation safety and security may be reported. It also authorizes the designation of industry bodies to certify persons undertaking certain aeronautical activities. Other powers are enhanced or added to improve the proper administration of the Act—

The summary outlines the content of the bill. First off, I will try to convey to the hon. members why the Bloc Québécois will not vote in favour of the bill as originally tabled. We will certainly have ideas to share at committee. Bills can always be improved at committee. The Bloc Québécois will make sure that significant changes are made to this bill at committee to make it acceptable.

*Government Orders*

As it stands, all it basically does is put in place a safety management system. As attractive as it might appear at first glance, what this system really does is make airlines responsible for enforcing regulations in lieu of federal officials, as is currently the case.

To paraphrase what the member said earlier, it is like putting the fox in charge of the hen house. That is really the message the Bloc Québécois wishes to convey. Establishing a safety management system may indeed sound good. There are other examples around the world of such systems being established, but not under economic conditions like the ones that saw the Liberal government make cuts after cuts in Canada. Now the Conservative government has taken over. I am not sure that the Conservative members got the gist of this bill which, at any rate, is not new, given that the minority Conservative government saw fit to borrow it from the former Liberal government.

This bill follows on the study by Transport Canada which launched Flight 2005 in 1999. Transport Canada's initiative was designed to establish in Canada this safety management system that was already in use in other countries around the world. This was 1999, long before the events of September 11, 2001. The bill before us today comes out of a 1999 study by Transport Canada and examples from other countries. Such a safety management system was supposed to get rid of federal officials by having the airline industry self-regulate.

The current Bill C-6 has a history. Following the Flight 2005 study carried out by Transport Canada in 1999, Bill S-33 was developed and introduced in the Senate in May 2005. It was then withdrawn. We do not know why the bill was withdrawn, but it was probably for the same reasons we are suggesting today.

The government had the same problem because of the events of September 2001, but the project was revived in September 2005 and became Bill C-62, which died on the order paper because of the elections. The Conservative Party brought it back, probably because it did not have enough bills. This can be construed from the way it is proceeding. The Conservatives needed something other than law and order. Thirty per cent of their bills are about law and order. They needed other kinds of bills. So they dusted off Bill C-62 and called it Bill C-6.

I am not sure the Conservatives are aware of the contents of Bill C-26 before us.

**Mr. Robert Carrier:** It is Bill C-6.

**Mr. Mario Laframboise:** I would like to thank my colleague from Alfred-Pellan who has informed me that it is actually Bill C-6.

• (1810)

I would note that my colleague from Alfred-Pellan is on the committee. His participation is valuable and he, too, will have an opportunity to ask the government questions in committee, including why it is introducing Bill C-6, which is the old Bill C-62, which was itself the old bill S-33, which came out of a Transport Canada study begun in 1999.

The department wants to implement a new approach to the security management system. It claims this new approach has shown

good results in Australia and Great Britain. The idea was to correct deficiencies that Transport Canada might never even have heard of. The department believes that this initiative would provide an additional layer of security.

Transport Canada is trying to convince us that this would not change the existing system. An additional layer of security would simply be incorporated. However, we think that in the final analysis, there is a risk that the safety of passengers and civil and commercial aircraft users would be endangered.

Indeed, while this bill aims to implement a new safety management system and to allow employees to speak openly about how it is working, at the same time, it allows each airline to have its own employee training program, its own system for auditing the work of employees, their skills, and the equipment.

Clearly, this is self-regulation. That said, we have learned certain things about the inspectors, the Transport Canada check pilots and those who are tasked with conducting investigations. I will give some examples in a moment. At present, Transport Canada has an entire team that randomly and without warning visits airlines to perform audits. They verify that the pilots have the necessary qualifications, are capable of piloting the aircraft assigned to them and have adequate training, and that the airline is keeping up with the most recent industry standards.

In short, they perform random checks. Yet, this entire system would be replaced in the security management system. That is what Transport Canada investigators are being told. All of the Transport Canada check pilots are being told that, in the future, they will only be auditors. They will no longer be allowed to perform random monitoring or random checks. They will only be auditors. In fact, with this system, the airlines will self-regulate and the auditors will have to confirm that the airlines have implemented what they promised to implement. That is more or less the case.

Lastly, the bill would give accreditation and training authority to the airlines themselves. They will have to ensure that their staff is trained and that the equipment is in proper working order. Thus, there will no longer be an inspection system. The inspectors will become auditors who will ensure that proper records have been kept. If an employee ever files a grievance, quite a process must then begin. In fact, what this bill hopes to encourage is whistleblowing.

Often, the industry will spend as little as possible on safety. Voluntary reports will probably be made after an accident occurs. The employee will say that he had notified the boss, but that the boss had forced him to work. Now, he is saying that, in a given year, something was not right.

That is what we in the Bloc Québécois are afraid of. At the same time as the government is introducing this safety management system, it is dismantling existing systems and investing less in training our Transport Canada inspectors, the check pilots.

*Government Orders*

What tipped us off was not Bill C-6, but the check pilots—the inspectors— themselves. They came to meet with members and told them that they used to receive training. Every year, there was a minimum number and a maximum number of hours of training. For three years now, they have been limited to the minimum number of hours of flight training. These are the inspectors who are responsible for determining whether pilots have the proper training on all types of aircraft. We are not talking just about airliners, but about all commercial aircraft, ranging from bush planes to airliners. They all must be inspected.

At present, there is a system that ensures that the Transport Canada check pilots or inspectors, trainers and investigators are trained in all equipment and all new technologies and are capable of telling a company that its pilots do not have the necessary training or need to upgrade through ongoing training or some other means. This system is now being set aside.

I would like to read some comments from people who work in this field, including Transport Canada investigators.

● (1815)

In this regard, I would like to read a few comments made by those who work in this area. Here is what they say:

Transport Canada's investigators, through ... the vice-president for Quebec of the Union of Canadian Transport Employees ... said they fear that the government will, under the SMS (safety management systems), take advantage of future retirements to not renew part of the supervisory staff.

This process is already underway. These people are concerned because the government is telling those who are retiring: "Listen, you are going to leave and you will not be replaced".

The goal is to take all those who conduct investigations and turn them into auditors. They will no longer conduct investigations; they will merely look at the books and check to see if the company is doing a proper job of monitoring.

A letter dated June 7, 2006 reads as follows:

—the Canadian Federal Pilots Association told the government that it objects to pilots' proficiency tests being conducted by the companies themselves, rather than by qualified Transport Canada inspectors, who follow the pilots in flight to assess their skills.

This is what the SMS are all about. Airline companies will be certified and will test their own employees. As I said earlier, this is putting the fox in charge of the hen house. Yet, this is what is being done and what is already in effect.

This is a letter addressed to the Minister of Transport, Infrastructure and Communities, and it is dated June 7, 2006. That was not five years ago, since this was just done. The letter continues:

—Similarly, we learned that, in order to save money, aircraft are always taking off with less fuel (thus making them lighter)—.

So, in order to save money, airlines have this good or bad habit—if you are like me and you are little afraid of flying—of putting in as little fuel as possible to save money, because the aircraft is then lighter. The letter goes on to say:

The options available are just that much more limited, which means that, in case of deviation, head winds or delays in landing, the risks become much greater. For example, a transportation safety board document indicates that, in 2003, because of a navigation error, an aircraft flying to New Zealand landed with 359 pounds of fuel left, which is barely enough to fly just a few minutes.

The inspectors' reports provide such examples and that is why we need inspectors to arrive unannounced to carry out analyses and inspections. The industry wants to save as much money as possible and it saves on everything, even fuel. Planes fly with just enough fuel to reach their destinations.

When there are investigations, the investigators see that the industry is in trouble. The reason for putting in place safety management systems is that there are no longer any inspectors and the industry is self-regulated. The industry will dictate the standards to its own companies because the government or Transport Canada will have accredited them for that purpose.

This policy of having as little fuel as possible and of saving as much money as possible will continue forever. One day, a plane will not have enough fuel, there will be an accident and then we will question all these safety management systems that were put in place because there was a problem, there were no longer any inspectors and the government, during that time, tried to save money. There were fewer inspectors, thus less monitoring.

I do not believe that the Conservative members or that the Minister of Transport, Infrastructure and Communities have fully understood the implications of this reform that dates back to 1999, that is before September 2001.

I will close by quoting Grant Corriveau, a retired Air Canada pilot, in an interview with the Toronto Star:

[English]

All the new bells and whistles are continually pushed to the limit in order to become more profitable and to squeeze more airplanes into more airspace and then when something goes wrong, you have less outs and less room to manoeuvre.

[Translation]

He added that during his 30-year career, he has seen budgetary belt-tightening change the way pilots fly. Add to these serious examples the fact that airlines wanted to reduce the number of flight attendants and that the Conservative government decided to take a step backward.

All of these proposals are aimed at having as little security as possible, as little surveillance as possible. An industry that is constantly seeking to bolster its credibility should not be trying to do such things.

We would be doing it a disservice even though, on paper, it looks like a good idea to create this security management system and offload regulatory responsibilities, such as conducting personnel and equipment evaluations. It sounds like a good idea. The government would probably save money because it would no longer have to pay for inspectors, investigators and check pilots.



*Government Orders*

In the current climate of fierce competition, where companies are closing their doors, the Conservative government would be making a big mistake by letting them self-regulate and do their own personnel skills and quality control inspections. In Quebec, Jetsgo closed its doors about a year and a half ago, not 10 years ago. I am not just talking about large airlines. As I said earlier, we are talking about all aspects of commercial aviation, from bush pilots and bush planes to big commercial airliners.

The Bloc Québécois is against Bill C-6. The committee will try to improve it. We will have to ask the right questions and hear from the right people to ensure that we are not making a mistake by adopting Bill C-6 as written.

As I said, I am not sure my Conservative colleagues have understood. The Bloc Québécois feels that the Department of Transport's budget should be maintained, especially the funds for inspection. This is very important. We cannot leave passenger safety to the industry.

As I already explained, in this context of fierce competition, we are not doing a favour to the industry by making it responsible for its own safety. Transport Canada must maintain its staff of inspectors, check pilots and investigators, and it must uphold the principle whereby it may always carry out inspections and investigations without warning, to ensure that commercial and other airlines always comply with established standards.

Let us not do like in the example mentioned earlier and fly with as little fuel as possible. It was an investigation, an inspection which revealed that only the minimum amount of fuel required to reach destination had been put in the aircraft, thus jeopardizing passengers' lives.

It is often only for short term profit. The airline industry is going through very tough times and it needs long term support. The Bloc Québécois feels it is very important that the public be consulted. The objectives of Bill C-6 must be openly and publicly stated. Similarly, we should not impose an additional burden on the shoulders of small carriers. The bill does not set limits. Any airline can apply for certification. Clause 12, which amends section 5.3, reads as follows

5.31 (1) The Minister of Transport may designate, from among organizations that meet the conditions prescribed by regulation, one or more organizations whose activities relate to aeronautics to exercise or perform any of the powers, duties and functions set out in subsection (2). The Minister shall give a designated organization a certificate of designation setting out its powers, duties and functions and the terms and conditions under which they may be exercised or performed.

That is accreditation. This does not take into account the size of the business. Among the smaller airlines, those that are accredited will likely have lower expenses, and those that are not accredited will have to invest much more money, because they will be under Transport Canada surveillance and could be investigated. This is ideal, because it forces the airlines to always have the latest equipment and the best-trained staff. They will be less competitive and, over the medium term, will see that those that have their own service and have been accredited by the department of transport do not need to invest as much.

• (1820)

In that case, all these businesses will be forced to try to save money and obtain accreditation, and this does them no favours. This

is why the Bloc Québécois will remain staunch defenders of Quebecers and Canadians who like to travel by plane. We hope to maintain an adequate monitoring, investigation and inspection system under the responsibility of Transport Canada.

• (1825)

[English]

**Hon. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, the member suggested that it is better not to wait for mandatory reports. Have there ever been mandatory reports that were not filled out? If so, would the situation even be worse on a more voluntary basis?

If the aim is just to save money in Transport Canada, would the member agree that these inspectors could also make fees by inspecting private planes? I had a letter from a constituent a couple of years ago where he was refused these inspections. He had to go outside at a huge cost and Transport Canada could have got some money and saved the citizen some money.

Finally, in the north, having a large plane, say a 737, that carries passengers and cargo is instrumental in making it economical. There is no safety problem. There might have been a hint of a regulation that would not allow that. I am hoping the member would support the north in that we do not need a regulation that would make it uneconomical to operate in the north and it would not provide any safety problem but would be flexible enough so that those in the north could continue to operate economically.

[Translation]

**Mr. Mario Laframboise:** Mr. Speaker, I understood my Liberal colleague's questions, but I am not sure he has understood the substance of this bill, which was concocted by the Liberals.

I understand that he is trying to save the industry as much money as possible, but as I said earlier, it does the industry no favour to reduce the number of inspectors to a minimum and cut their training and their flying time for inspections, as the Liberals did.

Imagine, in order to save money at the expense of safety, a safety management system is being introduced.

I would just like to point out that the opposite should be true. We should be able to tell the industry not to spend money, but simply to invest its money in the right place, in keeping its staff well trained and its equipment state-of-the-art. We will take care of the rest: investigations, inspections and making sure that equipment complies with new technology.

That is what we are offering my Liberal colleague. Clearly, the Liberals based the bill on what was happening in other countries before September 2001. But if the industry is to survive, the public expects more safety, not less. I hope that my colleague will follow our lead and that the Liberals will support us in making major changes to this bill in committee.

[English]

**The Deputy Speaker:** A brief question or comment, the hon. member for Burnaby—New Westminster.

*Adjournment Proceedings*

[Translation]

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Mr. Speaker, I thank the member for his speech. It was very important. It is a question of transparency. The Conservative government promised to be more transparent, and to increase the ability to see what is going on in government, but we see in Bill C-6 that consumers, the people who travel on airlines, do not necessarily know whether or not an airline company has safety problems or deficiencies in its maintenance plans, for example

Could the member comment on this point?

**Mr. Mario Laframboise:** Mr. Speaker, my colleague is absolutely right; it will be up to us. I know we can count on the NDP to ask good questions because the hon. colleague sits with me in the Standing Committee on Transport, Infrastructure and Communities.

At first glance, adding an additional system to allow employees to blow the whistle on employers who do not respect safety guidelines is interesting and enticing.

The problem is that in the meantime, the government is reducing the number of inspectors and cutting back Transport Canada's services. Since there has been a major discussion on this matter in Canada, investigations have been held and have shown that security should be ensured by the Government of Canada. That was a choice.

They said it would be safer and they wanted to give the industry the opportunity, internally, to have employees blow the whistle on employers. But in the meantime, the government withdrew from its own inspection and its own monitoring.

It would leave the industry with complete responsibility for itself, with all that entails: some arms get twisted when things are going badly, and employees are discouraged from blowing the whistle for fear of losing their jobs.

We have to be sure to ask good questions and bring good witnesses to committee who will be able to describe what is currently going on. Inspectors and investigators will tell us how much they have suffered because of the Liberals' cuts and how they are currently suffering because of those same cuts by the Conservatives. Once these cuts are made, it will be less safe for passengers. And even the NDP can count on the Bloc Québécois to shed light on this matter.

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## ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

• (1830)

[English]

## LITERACY

**Ms. Denise Savoie (Victoria, NDP):** Mr. Speaker, it has been six weeks since the Conservative government announced a cut of \$17.7 million to adult literacy programming. After six weeks, it is still very unclear exactly what is being cut and every answer from the minister last week was an evasive one.

I believe we all agree that literacy is a fundamental building block of Canada's human capital and productivity. It is a critical requirement for social and economic equity.

The Liberal record on literacy was not good. There are 1.2 million more adults with insufficient literacy skills after the Liberal reign, the number having risen from 7.7 million to 8.9 million. Instead of drawing simplistic conclusions, as the minister has, and cutting into programs that support the delivery of literacy programs, we should remember that the Liberals spent just \$1 per Canadian per year on adult literacy. That amount was clearly far too small to make any significant impact in improving our literacy levels in this country.

The Conservative government's response is to take that failed Liberal funding and cut it by \$9 million a year. The minister refuses to call these cuts "cuts".

We are told that no existing agreements will be cut, but that is because there are very few existing agreements for literacy at the moment. The call for proposals due in early January was delayed until August, we have been told by many groups, and all received proposals are currently under review. Literacy groups across the country are hanging by a thread waiting for this year's funding. Hence, no cuts; just an inexcusable delay in funding and a drastically smaller pot of funding to draw from.

The minister lists projects that were funded by the Liberals that appear to be wasteful. However, if the Conservative government really believes in helping the 8.9 million adults with low literacy levels, if it were genuinely interested in retargeting and refocusing literacy spending to improve Canada's literacy rate, it would certainly not reduce the amount of government spending on literacy.

Retargeting does not mean less money; it means money better spent, better focused. With 8.9 million adults in need of literacy programs, there is no rationale for lower spending. Given that every 1% rise in literacy scores equates to a 2.5% rise in productivity and a 1.5% rise in gross domestic product per person, cutting literacy is simply the wrong approach.

What we need in Canada are adult learning systems that are easily accessible, part of a coherent learning framework and sufficient help for every adult in need of literacy training.

My question for the parliamentary secretary to the minister is, when will we get to a pan-Canadian literacy strategy, as has been advocated by people very knowledgeable in literacy programming right across Canada?

*Adjournment Proceedings*

**Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC):** Mr. Speaker, as we debate literacy tonight, it is a very important topic for me. I have two important things to say tonight. First, I would like to mention a little girl, with whom I spent time reading bedtime stories when she was little, who is celebrating her 23rd birthday. She is a high school teacher in Saskatoon. I would like to wish my daughter, Elaina, a happy 23rd birthday.

I would like to reassure the House that Canada's new government is and will continue to be committed to literacy. We recognize that literacy is an important component of building an educated and skilled workforce and, as a result, key in ensuring Canada's future competitiveness.

However, we also recognize that simply throwing hard-earned taxpayer money at a problem will not solve it. I believe the member for Victoria, who recently spoke of the government's obligation to review its spending periodically and to be prudent with public dollars, would concur with such a statement. Moreover, I also hope she would agree that judging a government's commitment to an issue based solely on dollar figures spent without respect for results achieved is disrespectful of Canadian taxpayers and especially those individuals such government spending is intended to assist.

In budget 2006, we committed to reviewing our programs so that every taxpayer dollar achieves results, provides value for money and meets the needs of Canadians. Canadians want a government that is responsible with their tax dollars and that puts priority on getting results.

In that spirit, our first budget took concrete, targeted measures to support skills development, such as the apprenticeship incentive grant and new investments in infrastructure for colleges and universities. Likewise, the measures we are taking to strengthen and focus federal investments in literacy are also driven by a commitment to results and a commitment to value for Canadian taxpayer dollars.

Over the next two years Canada's new government will be investing \$81 million to support literacy programs that achieve concrete results for Canadians who are learning to read and write. We will invest in projects that have measurable outcomes, learning and literacy activities that demonstrate benefits to learners.

An example of such a project is the new literacy training corps being established by Frontier College. This initiative will train 60 young Canadians who will recruit volunteers to conduct tutoring sessions, community training and deliver 20,000 books per year to communities in need.

What we will not fund are projects like \$300,000 in one year to answer 300 phone calls, of which 100 were wrong numbers. At \$1,000 per call per day, that is not good value for taxpayer dollars and is not concretely helping Canadians read and write.

The bottom line is that moving forward we will invest in projects that support activities that directly help Canadians learn to read and write.

● (1835)

**Ms. Denise Savoie:** Mr. Speaker, committed to literacy by cutting? I agree with refocusing, yes, but I do not see how cutting will get us to a comprehensive plan.

I would like some clarification on funding for literacy. The minister told the House on September 26, "we are spending over \$80 million a year on literacy programs for adults". In fact, I think the minister's own briefing notes, which I have here, state that the spending is "\$81 million over two years in adult learning, literacy and essential skills".

Could the parliamentary secretary explain this discrepancy? The government estimates we reviewed do not add up to \$81 million a year. In fact, it would appear to be the same failed level of funding that we had before.

We have been told that the minister did not meet with groups before making these cuts. I meet with these groups on a daily basis when I travel across the country with the parliamentary secretary. I wonder what she would suggest I tell these groups about the government's vision to develop, not just bits and pieces, but a comprehensive plan to address the huge inequity that is growing in Canada due to low literacy levels.

● (1840)

**Mrs. Lynne Yelich:** Mr. Speaker, let me assure the member that Canada's new government is and will continue to be committed to literacy.

In addition, I would like to clarify that all existing commitments will be honoured. Projects currently receiving funding for literacy programming have not been cut. What is more, all eligible organizations may continue to apply for funding in future calls for proposals, with each project being assessed on merit and against the program eligibility criteria.

What is more, beyond the adult learning, literacy and essential skills program, Canada's new government continues to support projects designed to improve the essential skills of Canadians entering into or already in the labour market through existing HRSDC programs and through other departments, such as Citizenship and Immigration, and Industry Canada.

**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 6:41 p.m.)



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