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(HANSARD)

Thursday, December 7, 2006

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Thursday, December 7, 2006

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

●(1000)

[*English*]

CANADIAN TELEVISION FUND

Hon. Bev Oda (Minister of Canadian Heritage and Status of Women, CPC): Mr. Speaker, I am pleased to table today, in both official languages, the Canadian Television Fund's annual report.

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ABORIGINAL AFFAIRS

Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC): Mr. Speaker, under the provisions of Standing Order 32(2) I have the honour to table, in both official languages, copies of the action plan for drinking water in first nations communities progress report and the report of the expert panel on safe drinking water for first nations.

* * *

[*Translation*]

COMPETITION ACT

Hon. Maxime Bernier (Minister of Industry, CPC) moved for leave to introduce C-41, An Act to amend the Competition Act.

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

* * *

[*English*]

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS

Hon. Shawn Murphy (Charlottetown, Lib.): Mr. Speaker, I have three committee reports to table in the House today. The first report I have the honour to present, in both official languages, is the 10th report of the Standing Committee on Public Accounts on chapter 4, Canadian firearms program of the May 2006 report of the Auditor General of Canada.

In addition, pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this particular report.

I also have the pleasure to present, in both official languages, the 11th report of the Standing Committee on Public Accounts on chapter 2, National Defence, military recruiting and retention of the May 2006 report of the Auditor General of Canada.

In addition, pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this report.

Finally, I have the pleasure to present to the House, in both official languages, the 12th report of the Standing Committee on Public Accounts on the Public Accounts of Canada, 2006.

In addition, pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this report.

●(1005)

PROCEDURE AND HOUSE AFFAIRS

Mr. Gary Goodyear (Cambridge, CPC): Mr. Speaker, I have the honour to present the 24th report of the Standing Committee on Procedure and House Affairs.

As a result of the replenishment of Tuesday, October 31, 2006, the committee recommends that the following item, which it has determined should not be deemed or designated non-votable, be considered by the House: Bill C-377, An Act to ensure Canada assumes its responsibilities in preventing dangerous climate change.

In addition, the committee recommends that Motion No. 262, standing in the name of the hon. member for Vancouver Island North, which it has determined should not be designated non-votable, should also be considered by the House.

[*Translation*]

The Speaker: Pursuant to Standing Order 91.1(2) the report is deemed adopted.

Routine Proceedings

(Motion agreed to)

[*English*]

STATUS OF WOMEN

Hon. Judy Sgro (York West, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the 11th report of the Standing Committee on the Status of Women entitled “A Comprehensive Strategy to Combat Human Trafficking in Canada”. It calls on the government to develop, in cooperation with the provinces, a comprehensive strategy to combat the whole issue of human trafficking in Canada.

[*Translation*]

FINANCE

Mr. Brian Pallister (Portage—Lisgar, CPC): Mr. Speaker, I have the honour of presenting, in both official languages, the eighth report of the Standing Committee on Finance entitled “Canada: Competing to Win”.

[*English*]

I would ask the House to accept this report on behalf of the members of our standing committee. The prebudget consultation hearings are designed to receive the input of Canadians regarding future budgetary priorities and I believe the committee fulfilled this mandate very well.

The theme of this year's prebudget consultation hearing process was Canada's place in a competitive world. We met with over 450 presenters. We travelled to a number of locations throughout Canada. The committee was keen to receive as broad an input as possible and, as a consequence, we travelled to locations which the committees in previous years had not visited. I believe we were very successful as a committee in capturing the broad view.

In conclusion, all committee members were honoured and humbled by the enormity of this task. The challenges were many, including bringing together members, not only from all the political parties, but cataloguing the input from people across the country from coast to coast and then sorting through hundreds of prebudget submissions and coming up with a final report.

I would like to thank the members of the House who took advantage of the prebudget consultation input opportunity they were given by conducting hearings in their own areas. I send a special thanks to the clerk's office for the organization and implementation of the prebudget consultation hearings. Canadians should be proud, not only of this committee but also of the staff who put so much effort into preparing this report.

I sense your impatience, Mr. Speaker, but you should understand that thousands of hours were put into the preparation of this report and therefore two or three minutes should not be too much to ask to introduce the report to the House and to thank you for your patience.

The Speaker: The hon. member knows he is entitled to make a speech when he moves concurrence in the committee report, which I am sure he will do in due course, and we will all get to hear him then for more than two or three minutes and we are all looking forward to it, I am sure.

PUBLIC SERVICE LABOUR RELATIONS ACT

Hon. Dan McTeague (Pickering—Scarborough East, Lib.) moved for leave to introduce Bill C-392, An Act to amend the Public Service Labour Relations Act (RCMP members and special constables) and the Royal Canadian Mounted Police Act.

He said: Mr. Speaker, I promise not to tax your patience in this very brief introduction of this important bill. I am pleased to introduce today a bill to amend the Public Service Labour Relations Act and the Royal Canadian Mounted Police Act.

The bill seeks to provide rank and file members of the RCMP with access to collective bargaining in a grievance procedure. These two fundamental labour rights are available to members of the federal public service and are the main elements in any labour relations agreement. In addition, most police forces across Canada already provide their members with a collective bargaining process and a grievance procedure.

I thank the hon. member for Vancouver East for her co-sponsorship of the bill. We hope it will help establish more harmonious labour relations inside the RCMP, one based on trust, dialogue and, of course, mutual respect.

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

* * *

• (1010)

IMMIGRATION AND REFUGEE PROTECTION ACT

Ms. Peggy Nash (Parkdale—High Park, NDP) moved for leave to introduce Bill C-394, An Act to amend the Immigration and Refugee Protection Act (sponsorship of relative).

She said: Mr. Speaker, I am pleased to introduce this important private member's bill which seeks to amend the Immigration and Refugee Protection Act.

The bill is similar to ones introduced by my hon. colleagues from Burnaby—Douglas and Vancouver East in previous Parliaments. I thank the hon. member for New Westminster—Coquitlam for seconding this bill.

The bill, which we call the once in a lifetime bill, would allow any Canadian citizen or landed immigrant to sponsor, once in their lifetime, one family member from outside the family class as currently defined in the act. Specifically, this could be a son or daughter who is not a dependant and who is over age 22, a brother or sister, an aunt or uncle, a niece or nephew or a first cousin.

Most important, the bill would ensure that family reunification is a key to immigration policies. This is important to my riding of Parkdale—High Park with its large and vibrant immigrant population that contributes so much to our riding, our city and our country.

Routine Proceedings

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

● (1015)

* * *

BUDGET IMPLEMENTATION ACT, 2006, NO. 2

Bill C-28. On the order: Government orders:)

December 6, 2006—Report stage of Bill C-28, A second Act to implement certain provisions of the budget tabled in Parliament on May 2, 2006—the Minister of Finance.

Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC) moved:

That, notwithstanding any Standing Order or usual practices of the House, the report stage motion on the notice paper for Bill C-28, A second Act to implement certain provisions of the budget tabled in Parliament on May 2, 2006, be deemed adopted and the report stage of Bill C-28 be deemed concurred in on division.

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

Some hon. members: Agreed.

(Motion agreed to, bill, as amended, concurred in)

* * *

PETITIONS

VOLUNTEERISM

Mr. Kevin Sorenson (Crowfoot, CPC): Mr. Speaker, I rise today to present a petition on behalf of hundreds of Canadians who are in support of young Canadians volunteering in communities in Canada and all over the world.

We appreciate their efforts as Canada's new government is committed to working with the voluntary sector to promote citizen participation and engagement in Canadian society.

In budget 2006, Canada's new government ensured that we focus our support to front line volunteer organizations. We exempted donations by publicly listed securities to public charities from capital gains tax. Volunteer organizations will continue to receive funding from a broad range of government programs.

The petitioners want young Canadians to have the benefits and rewards from the experience that volunteer community work provides. They support Canada's new government taking legislative measures to assist in this effort.

Ms. Dawn Black (New Westminster—Coquitlam, NDP): Mr. Speaker, I have the honour to present a petition signed by thousands of Canadians from every area of the country who say that there are many young Canadians who desire to serve their society as volunteers in Canada and abroad but that the majority of them are denied this opportunity because the government funds are not there for respective NGOs to continue this kind of work.

Thousands of communities in Canada and abroad are therefore denied the stimulating presence of young, enthusiastic and dynamic volunteers, not to mention the substantial economic spinoff that comes from this kind of activity.

The petitioners are calling upon Parliament to enact legislation that will allow young Canadians, who wish to do so, to serve their community here in Canada and abroad in this way.

MARRIAGE

Hon. Gurbax Malhi (Bramalea—Gore—Malton, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have the honour to present the following petition to the House.

The petitioners of the riding of Bramalea—Gore—Malton call upon the government to reopen the debate on same sex marriage and restore the traditional definition of marriage.

I respectfully submit the petition and have signed my name to it.

[Translation]

Mr. Roger Gaudet (Montcalm, BQ): Mr. Speaker, I have two petitions to present to you. The first is a petition from the citizens of my riding regarding the Civil Marriage Act.

VOLUNTEERISM

Mr. Roger Gaudet (Montcalm, BQ): Mr. Speaker, I also present a second petition requesting that Parliament take measures that will allow all young Canadians, who wish to do so, to serve in communities as volunteers at the national or international levels.

[English]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I take pleasure in tabling a petition signed by literally thousands of Canadians recognizing the enormous contribution of young people who devote their energies and talents as volunteers to the cause of building a more equitable and peaceful world, both here at home and abroad.

The petitioners urge Parliament to adopt legislative and other measures to support this valuable work of the volunteers and of the NGOs, like Crossroads International, Katimavik Canada World Youth and countless other agencies that facilitate and coordinate this tremendous contribution to building a better world, both here at home and abroad.

AUTOMOTIVE INDUSTRY

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Mr. Speaker, I have the honour to table a petition from Canadians mainly from Ontario but not necessarily from my riding.

The petitioners are asking the Government of Canada for a new automotive trade policy. This is the last of a series of petitions that I have tabled in the House. It basically calls upon the Government of Canada to cancel negotiations for a free trade agreement with Korea which would worsen the one way flow of automotive products into our market and to develop a new automotive trade policy that would require Korea and other offshore markets to purchase equivalent volumes of finished vehicles and auto parts from North America as a condition of their continued access to our market.

Speaker's Ruling

[Translation]

IMMIGRATION

Mrs. Maria Mourani (Ahuntsic, BQ): Mr. Speaker, I have two petitions to table in this House. The first calls on the Government of Canada to create an immigration service at the Canadian embassy in Beirut to deal with visa applications by persons who wish to come to Canada as permanent residents. At present, they must go to the Canadian embassy in Damascus. This petition was signed by 1,559 individuals who are asking that immigration issues be dealt with at the existing Canadian embassy in Beirut.

TRANSPORT

Mrs. Maria Mourani (Ahuntsic, BQ): Mr. Speaker, the second petition urges the Canadian government to authorize a direct air route between Montreal and Beirut. Most individuals are currently forced to travel by air routes with several stops in different countries. It costs a fortune for these individuals to visit their families. This petition was signed by 1,793 people.

These two petitions were signed by Quebeckers and Canadians from all parts of Canada and Quebec, and not just individuals in my riding.

[English]

AFGHANISTAN

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): Mr. Speaker, pursuant to Standing Order 36 I have two petitions to table today.

The first petition states that the Government of Canada has committed Canadian Forces to an unbalanced counter-insurgency mission in southern Afghanistan. The petitioners support the brave men and women of the Canadian Forces and, therefore, call upon the Government of Canada to begin with the withdrawal of Canadian Forces from the counter-insurgency mission in southern Afghanistan. This is very important to the people of Hamilton.

● (1020)

IRAQ

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): Mr. Speaker, the second petition is a weighty petition with thousands of signatures. It is regarding war resisters.

During the period of 1965 to 1973 more than 50,000 draft age Americans made their way to Canada because they refused to conscientiously participate in what they saw as an immoral war. Thirty years later we are facing the same choices in Canada. The petitioners call upon the Canadian government to demonstrate its commitment to international law and treaties to which it is a signatory by making provisions for U.S. war objectors to have sanctuary in this country.

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, I have two petitions.

The first petition is from thousands of Canadians who are asking that Parliament allow the American-Iraq war resisters stay in Canada. The petitioners believe there is a moral choice for Canada, which is to give refuge to those who refuse to be accomplices in a U.S. led war in Iraq. If we were to reject war resisters, they would be returned to the United States, face incarceration, and possibly even

the death penalty. Therefore, Canada should not facilitate the persecution of American war objectors by returning them to the United States.

VOLUNTEERISM

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, the second petition is also from over 1,000 young people who call on Parliament to allow them to participate overseas as volunteers.

They point out that over 40 countries worldwide rely on young people to assist them. By going overseas these young people acquire another language to better appreciate Canada's rich cultural diversity. They would also learn different cultures and respect different values. This is a very important experience that young people should have, and Parliament should ensure there is legislation and funding to allow them to participate as volunteers in Canada and overseas.

IRAQ

Ms. Peggy Nash (Parkdale—High Park, NDP): Mr. Speaker, I am tabling a petition in the House today with thousands of signatures from Canadians who are calling on the Canadian government to demonstrate its commitment to international law and the treaties to which it is a signatory by making provision for U.S. war objectors to have sanctuary in this country.

They point out that there are many legal opinions that have deemed that the U.S. invasion and war in Iraq is illegal, and recognize that there are a growing number of American soldiers and their families who have made the decision to seek sanctuary in Canada. However, Canada's Immigration and Refugee Board has asserted that the legality of the war has had no relevance in deciding their claims.

The petitioners are saying that Canada should not be punishing U.S. war objectors for exercising their conscience and refusing to fight, given that they would face severe punishment if they were returned to the U.S.

* * *

QUESTIONS ON THE ORDER PAPER

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

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

PRIVATE MEMBERS' BUSINESS

BILL C-265—EMPLOYMENT INSURANCE ACT—SPEAKER'S RULING

The Deputy Speaker: Order. At this time I would like to share with the House a ruling. The Chair would like to take a brief moment to provide some information to the House regarding the management of private members' business.

On May 31, 2006, after having reviewed all of the bills on the order of precedence which, at first glance, appeared to involve spending, I shared with the House a list of bills that caused the Chair some concern. Without making any decision on these bills at that moment, hon. members were invited to present arguments as to why, in their view, each of these bills did or did not require a royal recommendation. This practice of preliminary review is one that the Chair intends to continue.

[*Translation*]

Accordingly, following the replenishment of the order of precedence in November, I have reviewed the additional bills that have come forward for consideration. I can report that only one of these bills, Bill C-265, An Act to amend the Employment Insurance Act (qualification for and entitlement to benefits), standing in the name of the member for Acadie-Bathurst, gives the chair some concern, given the spending provisions it appears to contemplate.

• (1025)

[*English*]

The Chair would encourage hon. members who would like to make arguments regarding the need for a royal recommendation for this bill to do so at an early opportunity.

I thank the House for its indulgence in this matter.

GOVERNMENT ORDERS

[*English*]

TAX CONVENTIONS IMPLEMENTATION ACT, 2006

Hon. Jim Flaherty (Minister of Finance, CPC) moved that Bill S-5, An Act to implement conventions and protocols concluded between Canada and Finland, Mexico and Korea for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, be read the second time and referred to a committee.

Ms. Diane Ablonczy (Parliamentary Secretary to the Minister of Finance, CPC): Mr. Speaker, I appreciate the opportunity to present Bill S-5, the tax conventions implementation act, 2006 for second reading today.

This bill is part of Canada's ongoing network of tax treaties with other countries, which happens to be one of the most extensive of any country in the world. At present Canada has tax treaties in place with over 80 countries.

Bill S-5 would enact updated tax treaties that Canada has signed with three countries: Finland, Korea and Mexico. These treaties will provide taxpayers and businesses both in Canada and in those countries with more predictable and equitable tax results in their cross-border dealings.

The conventions in Bill S-5 would replace existing treaties that have been in force for some time and need to be updated. The Canada-Korea treaty, for example, was originally signed in 1978. In the case of Finland and Mexico, the original treaties were signed in 1990 and 1991 respectively.

Government Orders

Through this bill our bilateral arrangements with these three countries would be updated to make them consistent with current Canadian tax treaty policies. For these treaties to have effect depends on the countries involved completing the legislative requirements. All indications are that all three countries, Finland, Korea and Mexico, are anxious to ratify these conventions as soon as possible.

Before discussing these treaties I want to take a few minutes to provide the House with a brief overview of the importance of tax treaties and why it is necessary for this bill to be passed.

Canada's new government is committed to enhancing fairness in the tax system. Tax treaties or income tax conventions, as they are sometimes called, are an integral part of our tax system.

Basically, they are agreements signed between countries that are primarily concerned with setting out the degree to which one country can tax the income of a resident of another country. In this regard, since income tax was first put in place back in 1917, Canada has taxed both the worldwide income of Canadian residents and the Canadian source income of non-residents.

The benefits to Canada of having tax treaties in place with other countries are significant. The fact that Canada has over 80 tax treaties already in place attests to this. Our tax treaties, for example, assure us of how Canadians will be taxed abroad. At the same time, they assure our treaty partners of how their residents will be treated here in Canada.

Tax treaties also impact on the Canadian economy, particularly because they are directly related to international trade and investment. Their direct impact on Canada's domestic economic performance is quite substantial. For example, Canadian exports account for more than 40% of our annual GDP.

In addition, Canada's economic wealth each year depends on direct foreign investment, as well as inflows of information, capital and technology. As a result, eliminating tax impediments in these areas has become even more important and contributes toward the creation of a competitive tax advantage for Canada.

In fact, there are definite economic disadvantages for countries that do not enter into tax agreements with other countries. Not having a tax treaty in place can have a negative impact on the expansion of trade and on the movement of capital and labour between countries.

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

Government Orders

Tax treaties establish a mutual understanding of how the tax regime of one country will interface with that of another, thus removing any uncertainty about the tax implications associated with doing business, working or visiting abroad. Such an understanding can be achieved by allocating the right to tax between the two countries together with incorporating measures that resolve disputes and eliminate double taxation. All these measures promote certainty and stability, and help produce a better business climate.

● (1030)

Tax treaties, including the ones enacted in this bill, are specifically designed to facilitate trade, investment and other activities between Canada and its treaty partners. They are developed with two main objectives in mind: the avoidance of double taxation and the prevention of tax evasion.

The first and perhaps most important objective of tax treaties is the avoidance of double taxation. This occurs when a taxpayer lives in one country and earns income in another. Without a tax treaty in place to set out the tax rules, this income can be taxed in both countries. In other words, income can be taxed twice.

The absence of a tax treaty leaves open the threat of double taxation, which is, of course, of great concern to taxpayers.

To alleviate the potential for double taxation, a tax treaty between two countries allocates the exclusive right to tax with respect to a number of items. The other country is thereby prevented from taxing those items and double taxation is avoided.

As a rule, the exclusive right to tax is conferred on the state of residence.

For example, if a Canadian resident employed by a Canadian company is sent on a short term assignment, let us say for three months, to any one of the three treaty countries in this bill, Canada has the exclusive right to tax that person's employment income.

However, in the case of most items of income and capital, the right to tax is shared, although for certain types of income such as dividends and interest, the amount of tax that may be imposed in the state of source is limited.

Put another way, the tax treaties in this bill reduce the frequency with which taxpayers of one country are burdened by the requirement to file returns and pay tax in another country when they are not meaningful participants in the economic life of that other country.

The second objective, the prevention of tax evasion or tax avoidance, comes about as a result of cooperation between tax authorities in Canada and our tax treaty partners.

Tax treaties play an important role in protecting Canada's tax base by allowing information to be exchanged between our revenue authorities and their counterparts in other countries with which we have tax treaties. This helps ensure that taxes owed are paid.

Another aspect of tax treaties that I want to discuss is the importance of withholding taxes. Bill S-5 provides for several withholding tax rate reductions.

Withholding taxes are a common feature of international taxation. In Canada's case, they are levied on certain payments that Canadian residents make to non-residents. These payments include interest, dividends and royalties, for example.

Withholding taxes are levied on the gross amounts paid to non-residents and represent their final obligation with respect to Canadian income tax. Without tax treaties, Canada usually taxes this income at a rate of 25%, which is the rate set out under our domestic law or, more precisely, under the Income Tax Act.

Our tax treaties specify the maximum amount of withholding tax that can be levied by Canada and its treaty partners on certain income, and these rates are always lower than the 25% rate provided for in the Income Tax Act.

The tax treaties in this bill all provide for certain reductions in withholding tax rates.

For example, each treaty provides for a maximum rate of withholding tax of 15% on portfolio dividends paid to non-residents. The maximum withholding tax rate for dividends paid by subsidiaries to their parent companies is reduced to as low as 5%.

Withholding rate reductions also apply to royalty, interest and pension payments. Each treaty in this bill caps the maximum withholding tax rate on interest and royalty payments at 10%. In addition, with respect to periodic pension payments, the maximum rate of withholding tax is set at 15% or 20%.

● (1035)

Time does not permit me to go into detail about all the measures in these treaties, which I am sure the House will be disappointed to hear. However, I do want to emphasize that the proposals in Bill S-5 ensure that the tax consequences of certain transactions are in line with current Canadian tax policy.

In closing, I want to point out that Bill S-5 is standard and routine legislation. These treaties, like their predecessors, are all patterned on the OECD model tax convention, which is accepted by most countries around the world. The provisions in the treaties in the bill before us comply fully with the international norms that apply to such treaties.

In other words, Bill S-5 addresses fair taxation and good international and trade relations.

Bill S-5 meets these issues head on. The bill eliminates double taxation. It provides taxpayers living in treaty countries with a more simplified tax treaty system in which to operate. It provides investors and traders with a more stable environment in which to do business.

In short, Bill S-5 represents an integral part of our government's priority to ensure fairness in our tax system. I encourage the House to support this bill and to pass it today.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Mr. Speaker, I understand from the hon. member's speech that investment is an important part of why we sign tax treaties. It is important for the flow of goods and services, but for investment as well.

Government Orders

I wonder if the member opposite has any idea of how much foreign direct investment there is in Canada, in particular by the U.S., or about why these tax treaties important, because they do lead to additional investment.

Ms. Diane Ablonczy: Mr. Speaker, foreign direct investment in Canada this year was \$433.8 billion. That is nearly half a trillion dollars.

In fact, foreign investment in Canada is increasing. By the end of the second quarter of this year, foreign direct investment in Canada had increased by \$7.5 billion. This is an enormous part of our economy. It is why these tax treaties facilitating this kind of investment and international cross-investment are so important to our country and to the international marketplace.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Mr. Speaker, I wish to speak on Bill S-5. Some of the points that I am going to speak about were already addressed by my colleague from the Conservative Party, but I want to speak today on the Liberal point of view.

Bill S-5 is an act to implement conventions and protocols concluded between Canada, Finland, Mexico and Korea, all separate tax treaties from what I understand, for the avoidance of double taxation and the prevention of fiscal evasion with respect to income taxes. It is also known as the 2006 tax convention implementation bill.

While international tax law does not always make for the most exciting of debates, its importance is indisputable, especially as we move toward greater globalization and greater free movement of labour and capital across international borders.

This bill seeks to obtain tax treaties between Canada and, as I said, three other countries, those being Mexico, Korea and Finland. We have had tax treaties in place with these countries for many years. As with most laws, there comes a time when they need to be amended in order to reflect changing times.

Consequently, the bill presents some routine amendments that I believe will help ensure Canada remains a leading participant in the global economy.

Our party will support the updates contained in the bill.

There are two primary areas with which the bill occupies itself. The first is to help combat tax avoidance between signatory countries. The second is to avoid the double taxation of nationals working abroad in these other countries.

I will begin with the issue of international tax avoidance. As an accountant, I can tell the House that combating tax evasion is not an easy task, but it is an urgent one. It is also a task that Canada cannot fight on its own. As the former chair of the finance committee during the last parliamentary session, I can say that this is why our committee looked at how Canada can increase its battle in curbing the increase of tax evasion.

With the call of the election by the opposition parties, our work was never completed, but during this session the finance committee, forced to conduct a parliamentary review of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, has hopefully

given FINTRAC more tools to help combat tax evasion, through Bill C-25.

Stemming international tax evasion is something that requires the efforts of all countries among which capital and people flow back and forth, and they are perhaps flowing more freely now than at any other point in history. It is therefore not only advantageous for us to close tax avoidance loopholes in order to protect our own tax base, but it also speaks about our commitment to the international community. We have to show our partners, allies and competitors that Canada takes its international responsibilities seriously. We have to be willing to exchange information and work with foreign revenue authorities to help stem the tide.

I will now move on to the second part of the bill, the avoidance of double taxation. We are living in a highly globalized economy. Without international tax treaties such as this one, a Canadian working abroad would likely be taxed twice on the same income, once by the Canadian government and then again by the country in which that income is earned.

There are several ways to ensure that double taxation does not occur when the citizen of one country works in a foreign country.

A tax treaty can ensure that worker's income is taxed solely in the country where the work is done. Conversely, a treaty can also ensure that only the country of which the worker is a citizen taxes that person. Or again, finally, a tax treaty can see both countries tax a worker but at lesser rates, to ensure that the taxpayer who pays in one country will receive a tax credit in the other country in which he or she files his or her income tax return based on global income, to avoid double taxation.

● (1040)

[*Translation*]

The treaties in Bill S-5 cap the tax rate at 15% on portfolio dividends paid to investors who do not reside in Canada. In the case of dividends paid by subsidiaries to their parent companies, the maximum withholding tax rate is reduced to 5%. The withholding rate reductions also apply to royalty, interest and pension payments.

Each treaty in Bill S-5 caps the withholding tax rate on interest and royalty payments at 10%, which is in line with current trends in this area and current Canadian tax policies.

[*English*]

At this point what does concern me are the recent rumbblings by the present government that seem to indicate it would like to rip apart many of the 90 tax treaties that were signed by the previous Liberal government in order to prevent the double taxation of Canadian dual citizens who work outside of Canada.

It was a little over a month ago when the Minister of Foreign Affairs told the Senate committee that the government was considering imposing a tax on Canadians living abroad under a second nationality. This would not only violate our bilateral treaty obligations with dozens of other countries, but it would also go against the fundamental value of what it means to be a Canadian at home and in the world.

Government Orders

Furthermore, it would also represent a complete U-turn from what Bill S-5 attempts to do. Bilateral tax treaties signed between Canada and other countries, such as the one we are discussing today, allow for dual nationals to live and work in one country without having to pay income tax in their country of citizenship. In a world of increasing international movement, these tax treaties have become more and more vital. As such, Canada has been hard at work to extend its tax treaty network for decades.

International arrangements such as these allow for relatively free movement of people and capital across borders, contributing greatly to the rich multicultural nature of our country. Imposing an income tax on dual citizen Canadians living abroad would not only violate these treaties, it would seriously reduce our domestic tax base by opening up the likelihood that foreign dual nationals here would face double taxation from their country of citizenship.

While I am happy to support the bill, which will ensure there is no double taxation between Canada and either Finland, Mexico or Korea, I am very concerned about the government's commitment to respecting the bill over the long term. I am also concerned about what that says about the government's commitment to making Canada internationally competitive in terms of taxing its citizens working abroad and potentially foreigners coming to Canada to work.

There is another aspect of what international tax treaties such as Bill S-5 achieve. It is just as important as avoiding double taxation or stemming tax avoidance. That aspect has certainty. With so much investment, goods, services and labour flowing across international boundaries, it is important for the people involved to hold a fair degree of certainty that the tax situation that exists today will more than likely exist tomorrow.

In short, it is a commitment that the rate of taxation will not change on the whim of a government. It is kind of guarantee to the international community and to Canadians that the government will not, for instance, suddenly decide to tax its dual citizen nationals living abroad like the present government decided to do by taxing income tax after promising not to do so in the last election. I have no idea why the government wanted to erode that confidence by musing about taxing its dual citizens living abroad.

Finally, I am also concerned that the government is not moving important legislation through Parliament as fast as it should. I am told that the bill needs to receive royal assent by January 1, 2007. Fortunately, it is a Senate bill and it has already passed in that place in a very speedy manner, which is why it is before us in the House.

The bill arrived in the House just two short weeks ago. It has taken the agreement of all opposition parties to fast track the bill through second and third readings. In short, it took the three opposition parties to ensure the bill, a bill that may not be tremendously exciting but is nonetheless important to Canada's competitiveness, was passed on time.

That being said, we on this side of the House are happy to support the bill at all stages.

•(1045)

Ms. Diane Ablonczy (Parliamentary Secretary to the Minister of Finance, CPC): Mr. Speaker, my colleague has sat as chair of the

finance committee. I know he has a real interest in investment in Canada. He asked me a question about that. Could he share with the House, on the basis of his experience on the finance committee, additional details about the importance of international investment in Canada and the benefit to our country of treaties like this to facilitate investment?

Mr. Massimo Pacetti: Mr. Speaker, we agree on this one. Any type of treaty legislation that will enhance Canada's place in the world will benefit all Canadians. I travelled with my colleague across Canada and saw that Canadians live on trade. Whether it is the exporting of manufactured products or natural resources, Canada has to be more competitive.

We talked about keeping a competitive tax structure or maintaining our social programs. Those are all important aspects of keeping Canada competitive. We live in a global economy and a global world and the tax treaties represent only one aspect of the whole competitive package that Canada has to maintain on the international stage.

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I am pleased to speak to Bill S-5 because this will allow me to talk about something we have not talked about much in this House for the past weeks and months, and that is tax havens.

The bill before us is on tax treaties with Korea, Finland and Mexico. These tax treaties do not pose any problem. The Bloc Québécois agrees with all the parties in this House, I imagine, that we should not double tax taxpayers who earn income in any one of these countries or in two countries at the same time. Tax treaties to ensure information sharing to prevent tax evasion and double taxation are perfectly acceptable.

However, as far as tax havens are concerned—and that is what I want to focus on today—tax treaties do not prevent double taxation, they prevent taxation, period. I am referring to the tax treaty with Barbados, in particular. I will provide some detail on this situation, which we have denounced a number of times in the past.

It is now known, internationally, that Barbados is a tax haven for Canadian capital. The Conservative government has a responsibility to ensure that taxpayers pay their fair share of the taxes that fund our collective tools and our social programs.

Government Orders

There is cause for concern. For example, look at how eager the Minister of Finance was to plug the loophole of income trusts. The issue of tax havens also constitutes a major loophole in terms of our ability to collect all the taxes to which the Canadian government, the provinces and Quebec are entitled. It is a little surprising to see how slow they are to plug this hole.

As I said, we are in favour of Bill S-5 and we will continue to call on the government to find ways to tighten up the use of countries like Barbados and several other jurisdictions that, through their regulations, allow taxpayers in countries like Canada to shirk their collective responsibilities.

Subsidiaries of Canadian companies can be found in Barbados, for instance. Since information sharing is practically non-existent with that country, as with other tax havens, we have good reason to be concerned.

As I said, the previous government did nothing. As we all know, we were even able to prove that the companies once belonging to the former Prime Minister and now belonging to his sons—of course, I am referring to the hon. member for LaSalle—Émard—had used the legislation and regulations in Barbados to avoid paying a portion of their Canadian income tax, through a company called Canada Steamship Lines.

Thus, this is a serious problem. As I mentioned, it is unfortunate that we have not had the opportunity to discuss this more over the past few months, because it is a growing problem.

In 2002, the Auditor General expressed concern that the use of tax havens was leading to the erosion of the tax base, which could call into question the capacity of the federal, provincial and Quebec governments to assume their full responsibilities. In any case, this tax burden, which is evaded by those businesses and taxpayers who use tax havens, must then be carried by all other tax payers who do not wish to or are unable to shirk their responsibilities.

I would remind the House that a tax haven is a country where the rate of taxation is nil or very low and whose tax system is extremely lax. This obviously encourages many wealthy taxpayers to discreetly transfer a portion of their fortune and many businesses to set up subsidiaries and then be able to avoid paying taxes on part of their revenue. It is not just Canadian taxpayers who do this, but Americans and Europeans, too.

Since many of these countries are known for the absolute secrecy surrounding their financial sectors, it is very difficult to know with any certainty the total amounts invested in such places.

● (1050)

Might I remind you that, according to the OECD, a significant proportion of the money used in this kind of tax avoidance is associated with money laundering operations. Recently, we have had discussions about the tools Canada can use to ensure that we avoid this kind of money laundering. States are becoming increasingly concerned about the financing of illegal activities, including international terrorism, mafia activity and international organized crime.

That is why it is surprising that although the issue of tax avoidance via tax havens is becoming a growing concern for us,

most governments, including the current government and the former Liberal government, are virtually unconcerned about it.

As I said, in 1998, the Organisation for Economic Co-operation and Development found that from 1989 to 1994, direct foreign investment had grown three times faster in tax havens than elsewhere. That is a sure sign that those investments are not intended to promote economic activity—the production of goods or services—but simply to avoid paying the taxes we all have a legitimate responsibility to pay.

The OECD compiled a list of tax havens in 1998 using four criteria: non-existent or insignificant taxation; no real exchange of tax information; no taxation or legislation transparency; and no significant activity. Companies that set themselves up in these countries must have real activities to be considered productive investments.

Now that Barbados has become the third most popular destination for Canadian investment—I will come back to this—we might well wonder where all that investment goes in a small country with a small population. Clearly, it is not going into actual operations. It is just a way to avoid Canadian taxation and, as I said earlier, that is detrimental to the common good.

In 1998, the OECD established a list of 35 countries that met these four criteria. It also identified 47 other countries that met, in certain areas, one, two or three of these criteria. It nevertheless established a list of 35 countries that met these criteria. Barbados was one of those countries. I will take a closer look at Barbados' tax system because it is the most popular tax haven for Canadian taxpayers who wish to avoid paying taxes. I would like to make it clear that no illegal activities are involved. That is what I said. If I recall correctly, only 20% of this tax avoidance represents money laundering. The avoidance is legal.

However, what makes it legal is the fact that we have established rules for it. This by no means makes it moral or legitimate. Others are made to pay the price of this irresponsibility and unwillingness to assume a fair share of the collective responsibility to pay taxes.

Under the Barbados' tax system, domiciled taxpayers and companies pay a flat tax of US \$250 per year. Then, the first \$5 million in profit, in US currency naturally, is taxed at a rate of 2.5%. What is interesting is that unlike most tax systems in industrialized countries, the rate diminishes as profits increase. Starting at 2.5% on the first \$5 million, the rate drops gradually to 1% on \$15 million or more in profits earned by the company or income declared by the taxpayer.

Government Orders

●(1055)

Barbados obviously meets this criterion of a tax haven because of its ridiculously low tax rate. In my opinion, the fact that an individual who pays income tax in Barbados would not have to pay tax in Canada and Quebec is clear evidence that the tax agreement with Barbados is not intended to avoid double taxation, but to help people avoid paying taxes in Canada.

Barbados' tax laws include a special section on international business corporations. This refers to companies that are registered in Barbados but conduct most of their business activities abroad.

For example, the head office of CSL International was in Barbados. I remember a report on Radio-Canada—I think it was on the program *Enjeux*, but I am not sure—where journalists went to see where CSL International's head office was. They found that it was a law firm where there were approximately 130 different names of foreign companies that are international business corporations. These truly are shell companies.

A company has very few conditions to meet to be recognized as an international business corporation. It must be registered in Barbados, have its headquarters there—as I just mentioned—and hold its board of directors meetings there. A conference call will suffice, however. The company must keep its board meeting minutes in Barbados and make a Barbadian one of its directors. As members can see, these are truly minimal requirements. However, by unanimous decision of the shareholders, this director may have no powers. Registration fees are US\$390, plus \$250 annually, as I mentioned earlier. These companies are subject to a regressive tax. They are exempted from tax on capital, from exchange controls and from tax on transactions. They can import duty free all the equipment they need to do business.

However, international business corporations must actually conduct business in order to meet the criteria that Canada sets to ensure that a tax agreement avoids double taxation. There has to be productive activity, so that a company does not simply serve as a way to avoid paying taxes. A company must therefore have a business line, receive company dividends and actually conduct business. That is enough to comply with the law, but simply owning an asset such as a building that generates revenue is not.

For example, in the case of a ocean-going fleet of boats, each boat can be considered to be an active business. CSL International was the holding company and received the dividends. These were considered to have been received by a company with real activities, even though that company does not actually operate a boat but rather is the proprietor of companies that themselves operate boats. One can see that by means of this provision it would be easy to avoid tax responsibilities here in Canada. Some 98% of international business corporations are foreign corporations created to oversee the foreign activities of the parent corporation.

So much for the tax system in Barbados. Now, what is the Canadian equivalent? That is interesting because we can see that the tax system in Canada is designed expressly for Barbados. As I have said, it is widely known internationally that Barbados is a tax haven for Canadian financial interests, and there are a great many Canadian banks in Barbados. As a general rule, all income earned in this

country or abroad is taxable in Canada, except of course where there is a tax treaty, as we are discussing in connection with Bill S-5. The Income Tax Act provides as a general rule that a Canadian taxpayer will be taxed on all of his or her income, including income generated in the form of dividends from a foreign subsidiary, according to section 90 (1) of the Income Tax Act.

●(1100)

The calculation of income for a taxation year of a taxpayer resident in Canada must include any amounts received by the taxpayer during the year on account or in full or partial payment of dividends in respect of a share that he or she owns in the capital stock of a corporation that is not resident in Canada.

However, if the income was earned in a country with which Canada has signed a tax treaty—in this case, Barbados—one avoids double taxation. That income can be non-taxable.

From the moment that a business, an international business corporation, says that it has paid US\$250 in addition to 1% of its profits—a little more because, as I mentioned, it starts at 2.5%—it can take advantage of the tax treaty and not pay income tax in Canada.

If the foreign subsidiary is considered to be not resident in Canada and the tax treaty prohibits double taxation, we are stretching the general rule that all income received by a Canadian is taxable. It is the tax treaty that applies, as I have already said.

In the case of Barbados, of course, the treaty does not apply to subsidiaries that have a tax rate of virtually zero. The Canada-Barbados tax treaty specifically excludes international business corporations or any other similar kinds of companies that enjoy favourable tax treatment in Barbados.

One might think, therefore, that corporations pay a normal tax rate, but since the normal tax rate in Barbados is around 40%, virtually all the Canadian corporations that have a subsidiary in Barbados established it specifically to enjoy favourable tax treatment. It is the rule, therefore, but obviously not the reality. What possible interest might a Canadian corporation have in opening a subsidiary in Barbados if it had a higher tax rate than in Canada while not engaging in any activity?

They are therefore established mostly under the aforementioned legislation that makes it possible to set up international business corporations that are not covered by the treaty. The corporations covered by this provision of the tax treaty are therefore considered under the Income Tax Act to be residing in Canada and subject to Canadian taxes. That is the way it is supposed to be according to the Canadian legislation.

However, based solely on the Income Tax Act and the tax treaty between Canada and Barbados, dividends received by the Canadian parent corporation of a subsidiary in Barbados should be taxed in Canada when they are transferred home.

Government Orders

What actually happens, though, is this: the regulations under the Income Tax Act are specifically designed to enable corporations to circumvent this difficulty and transfer profits from Barbados tax-free in Canada.

We find, therefore, in paragraph 5907(11.2)(c) regulations under the Income Tax Act that render moot article 30 of the tax treaty, the one that excludes international business corporations. This section of the regulations sets forth a series of criteria for a corporation to be considered non-resident in Canada and therefore not subject to tax, in particular:

5907(11.2)(c) where the agreement or convention entered into force before 1995, the affiliate would, at that time, be a resident of that country for the purpose of the agreement or convention but for a provision in the agreement or convention that has not been amended after 1994 and that provides that the agreement or convention does not apply to the affiliate.

Barbadian subsidiaries of Canadian companies fall into this category because the treaty entered into force before 1995—in 1980, to be precise—and has not been modified since. Annexes have been added, but the body of the treaty has not changed, and only one section of the treaty, section 30, excludes the majority of Canadian owned subsidiaries.

Thus, by invalidating article 30 of the tax treaty, subparagraph 5907(11.2)(c) of the regulations allows the dividends of Barbadian subsidiaries of Canadian companies to be covered under subsection 250(5) of the Income Tax Act and to be tax exempt in Canada.

We can therefore see how Canadian taxation, through these corporations created under Barbadian laws, allows Canadian businesses to avoid paying taxes in Canada.

Through access to information, the Bloc Québécois obtained a copy of correspondence between the Minister of Finance and an accounting firm, confirming that this section of the regulations was drafted specifically to allow Canadian businesses to use Barbados as a tax haven. Wallace Conway, of the taxation policy branch of the finance department, confirmed to Craig Cowan that subparagraph 5907(11.2)(c) assures international businesses that they will not have to pay their taxes in Canada. Perhaps Mr. Conway is no longer in that position because he wrote this in July 1994.

● (1105)

Their draft regulation did not come into force until 1997, but it was specified that it would be retroactive to 1994. With this amendment to the regulations, Canadian businesses with a subsidiary in Barbados win on two fronts. First of all, since their business is not covered by the tax treaty, Barbados is under no obligation to share information with Canadian tax authorities and, second, since the Income Tax Regulations disregard that exclusion, profits sent back to Canada are tax exempt. It is crucial that the government and the Minister of Finance act quickly in order to correct this loophole, just as the minister did in the case of income trusts.

● (1110)

[English]

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Mr. Speaker, this is a very interesting debate on a serious issue, that pertaining to tax havens.

Bill S-5 itself, I would concede, is rather routine in the sense that the purpose of it is to deal with a loophole, to bring some harmony to this whole issue of tax havens. In particular, the bill addresses clearing up some problems in terms of the tax treaties between Canada and Finland, Mexico and Korea. The bill is one we will support; let me say that right at the outset.

When the bill went through the Senate, we all got a pretty clear understanding of what it was about. The parliamentary secretary today confirmed the routine nature of the bill. It is clearly, as many have said, about dealing with the issues of double taxation and about preventing misuse of offshore venues in terms of tax havens. This is all well and good. We are glad that this small step has been taken.

However, as my colleague from the Bloc has pointed out, the bill begs the much larger question of the Conservatives and forces us to ask why in the world the government did not do what it said it wanted to do in opposition. The Conservatives said repeatedly in opposition that they were bound and determined to close all tax loopholes. They said that they were bound and determined to close tax havens, that they were bound and determined in particular to deal with Barbados.

I have just been going through the *Hansard* from a year ago. A little more than a year ago, in October 2005, there was a fairly significant debate in the House, some of it initiated by the Conservatives when they were in opposition, about tax havens and about Barbados. I will refer to a few of the speeches that were made on October 6, 2005. The member for Durham, who is now the Minister of Canadian Heritage and Status of Women, the person who is cutting all of our women's programs across the country and taking away from women the right to help shape their own futures, that same person back then said:

Closing tax loopholes that allow Barbados to operate as a tax haven for Canadian companies should be part of an overall strategy to restrict the use of tax havens.

That is interesting. She went on to say:

Merely closing tax loopholes that allow the Barbados to operate as a tax haven without addressing other tax havens will cause many companies to shift their operations to other tax havens. More important, the government should make Canada more attractive to business by implementing competitive corporate tax levels.

We know that the Conservatives have moved significantly on reducing corporate taxes. That was clear in the budget of May 6, 2006. The Conservatives clearly moved on making it more attractive for businesses to operate in this country, but did they close any tax loopholes? Was there a mention of Barbados anywhere in that budget? Was there any indication that they were committed to fulfilling a long-standing commitment to Canadians to join with us in the House, knowing full well they had the support of the Bloc and the NDP to deal with a most egregious situation? No, they did not.

Instead, today we have a tiny piece of the problem being addressed, which is fair enough. We appreciate that the Conservatives took one small step to deal with some outstanding issues on this front, but why in heaven's name did the government not decide to do it all at once? Why does this bill not deal with the whole range of concerns that the Conservatives themselves enunciated when they were in opposition?

Government Orders

•(1115)

Moving on to other speeches, there is an interesting one by the chair of our finance committee, the member for Portage—Lisgar. He interestingly started off his speech on January 31, 2005, almost two years ago, in a way that only the member for Portage—Lisgar could do, saying:

I learned the other day that goldfish apparently cannot create new memories, which is interesting. I guess that every time they swim around their bowl that little plastic castle is a brand new thing to them, an exciting new event.

Of course, he was mocking the Liberals, making fun of the Liberal government, suggesting that the Liberals never seem to learn how to deal with a situation and they continue to make promises that they never keep. They keep forgetting, apparently, that they ever made those promises. He went on to say:

This may be humorous when it comes to goldfish, but it is not an appealing quality in a government. It is not an appealing quality for a government to be unable to learn from its mistakes or to learn from the past. Unfortunately that is what we have in this country. Canadians deserve better.

In the context of that speech, he enunciated some actions that he thought were necessary and which he thought the Liberals should have taken, thereby suggesting that the Conservatives themselves would have taken them. That has to do with tax havens.

In his speech, our chairperson for the finance committee said:

This is a government that continues to allow the diversion of profits from this country to tax havens abroad by the creation of debt-reducing tactics allowed here, such as leveraging on Canadian assets and borrowing money to invest offshore, which results in the shifting of profit and the reduction of tax obligations for Canadian corporations so located, such as Canada Steamship Lines International.

That is interesting. We all agree on the saga around Canada Steamship Lines. In fact no one was more active on this file than the federal New Democratic Party caucus in this House. We repeatedly asked questions of the then prime minister, now sitting as the member LaSalle—Émard, about his own private company and why in fact he chose not to deal with the situation in Barbados and instead left it as a clear opening for investment by Canada Steamship Lines.

I can remember, going back to 1994, when the then finance minister said:

Certain Canadian corporations are not paying an appropriate level of tax. Accordingly, we are taking measures to prevent companies from using foreign affiliates to avoid paying Canadian taxes which are otherwise due.

It sounds familiar, does it not? Those are the same words that the government is using today. It is concerned about closing tax havens and it is taking the initiatives as we see under Bill S-5, all the while avoiding the big, tough questions, avoiding previous statements, acting like goldfish in a bowl, refusing to learn from their mistakes, refusing to be consistent in their approach to Canadians.

Just as we saw back then, the former prime minister said one thing and did another. He made all these fine statements about tax havens but did not shut down Barbados. When his company was asked why it moved its shell company to Barbados in 1995, the company representative answered that it was moved because of the change in Canadian tax rules.

Question: Was the member for LaSalle—Émard aware of this when the company moved to Barbados in 1995? Answer: His assets are in a blind management trust. Question: Was he part of this

decision to move to Barbados? Answer: This is a question that should be asked of Mr. Wilson, the federal ethics counsellor. Question: Was this discussed at any of their meetings? Answer: These are all questions that should be put to Mr. Wilson.

The questions were put to Mr. Wilson and the questions went like this: Question: What was discussed at these meetings? Answer from Mr. Wilson: "Well, I'm not really in a position to go and tell you. These are matters that are covered by the Privacy Act". Question: We are just asking what went on in those meetings. And what was discussed in those meetings. Answer from Mr. Wilson: "Well, you've got my answer on that". Question: We are not going to know. Mr. Wilson: "No".

Clearly the situation back then of the continued presence of the Barbados tax haven is still of paramount concern today. Obviously at that point we were certainly concerned about the whole issue of conflict of interest and the possibility of a prime minister doing something untoward. That is all well and good.

•(1120)

The Liberals paid the price at the polls for their failure to be completely open and transparent and for their failure to be honest with Canadians about closing tax havens. They paid the price for their failure to address the real needs and concerns of Canadians around a fair deal for ordinary working families as opposed to always catering to the interests of big corporations and wealthy individuals.

Today we had a chance to start over. This was a new beginning. We were rather encouraged by the fact that the Conservatives had agreed with us several years back and every year since then about the need to close this tax loophole. We had discussions at the finance committee. The Bloc brought forward a motion. There was complete agreement on the part of the Conservatives at that table to review this issue and to find ways to close the tax loophole.

There was very definite interest and a firm belief that the government would act. Today is a disappointment because the Conservatives still have not answered the question of when they will come to us with a complete package dealing with tax loopholes and tax havens. Every day we see the dire consequences of that inaction.

A month or so ago the news came out that Revenue Canada was seeking \$2 billion from a huge brand name drug company by the name of Merck Frosst in Montreal for unpaid taxes and for using the Barbados tax haven as a way to avoid paying those taxes. As was reported back then, it was clear that Merck Frosst, which is one of the largest pharmaceutical companies in Canada employing some 1,600 workers, had actually used the Barbados tax haven to avoid paying taxes and the government was now spending our hard-earned taxpayers' money to pursue the company to make it pay the taxes owing to Canadians.

This process has just begun and it will be a lengthy and costly one. Why did it have to come to this? Why was action not taken earlier, or at least now with the benefit of this knowledge, why is the government not prepared to say it will close the Barbados tax haven and bring forward a complete package of legislative proposals dealing with problems in this regard generally?

Government Orders

It was not too long ago that we dealt with the project loophole case. A prominent family in this country had managed to ship \$2 billion out of Canada and to put it in an offshore haven, thereby avoiding paying any taxes on that money. That became a Canada-wide case. It was headed up by a volunteer organization in Winnipeg, Choices—A Coalition for Social Justice. It was George Harris who took it upon himself to champion this case right through the court system. In the end he did not win the case, but there was a clear statement from the court that this was a situation that the finance department had to deal with and that there were problems within the administration of the Department of Finance around oversight in this regard.

It became a high profile case which brought our attention to this whole problem. It is not news. We are dealing with an old situation that continues to be very disturbing for Canadians because it means lost revenue for this country at a time when we have seen so many of our important programs gutted and destroyed by the present government and the former government, all under the guise of inadequate resources. Yet here we are with incredible resources available, if only we had the courage, the guts and the willpower to actually crack down on some of these tax havens.

• (1125)

The problem gets even more serious when we look at the statistics. It was not that long ago when we received information about how much money was being invested in offshore tax havens. Information was also released less than a year ago indicating that the amount of money had increased many times over. I will quote from a study, and I think my colleague from the Bloc also mentioned it. It states:

Between 1990 and 2003, the amount of money Canadian corporations put into tax havens, mainly in the Caribbean, soared to \$88-billion from \$11-billion, according to a study by Statistics Canada. Direct investments in these countries increased 18 per cent annually on average. That compared with an annual increase of 8 per cent for investments in the United States and 14 per cent annually for investments in other countries. Tax haven countries “accounted for more than one-fifth of all Canadian direct investment abroad in 2003, double the proportion 13 years earlier”.

The most popular tax havens were Barbados, Ireland, Bermuda, the Cayman Islands and the Bahamas.

This was the first time we had a serious measure of the amount of direct investment that was occurring. It was an eye opener for all of us. I know at the time it caused the Conservative members to describe their horror at this development and call even more forcefully on the Liberal government at the time for action.

What did the government do at the first chance it had to put its words into action? Nothing. Yes, there was some rhetoric. The House will recall that a couple of weeks ago, when the government decided to deal with the loophole made available to corporations through income trusts, the Minister of Finance suggested the Conservatives were interested when asked to close other tax havens and loopholes. We expected something to be forthcoming by now.

Here we have legislation that deals with tax havens, with offshore investments, with levelling the playing field, with double taxation and with trying to keep money in our country, but it does nothing about the most egregious, biggest, notorious tax haven that ever existed. It was used by the Liberals apparently. I will not make unsubstantiated comments, but we all know that questions remain

about Canada Steamship Lines and the role of the member for LaSalle—Émard in the continuation of that tax haven.

Why in the world did the Conservatives not decide it was time to shut that loophole? Why do we have to fight Merck Frosst? Why do we have to spend money to try to collect money that is rightfully ours? How many other cases are there out there that Revenue Canada is pursuing?

I tried to get that information and I cannot. We are told this is a matter of confidentiality and privacy. It is time the government told us exactly, at least in broad terms, the kind of situation with which we are dealing. I would expect a plan of action from the government to help correct this problem.

We are talking about billions of dollars that belong in Canada, money that ought to be put to use in Canada and invested in Canada so Canadians can be a part of our economy in the fullest way possible, using their talents to the fullest. We are talking about an incredible loss of talent and resources, which has a very direct impact on our productivity and prosperity.

It is absolutely unfair and improper of the government to continue to heap problems on top of ordinary working families, while allowing big corporations and wealthy Canadians to make use of these tax loopholes. It is time the government kept its word.

• (1130)

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP):

Mr. Speaker, I always look forward to hearing the comments of the member for Winnipeg North. I was struck during her speech that at one point we only had 11 members present in the House. We barely have quorum at this moment. When we consider the fact that both the opposition Liberals and the government of the day seem to have a reluctance to deal with this particular issue, perhaps that is why.

Ms. Judy Wasylycia-Leis: Mr. Speaker, I appreciate my colleague from Hamilton pointing out the poor attendance in the House, although I know we are not supposed to talk about who is or is not here.

This is a very important issue and it needs a full and complete debate. We should not simply let the government off the hook because the legislation it brought to us is routine and perfunctory. We should not simply allow the government to skirt through the legislative process without being reminded about its promises.

In the end we are going to support the bill. However, we still have not received any indication from the government as to why it has not addressed the tax loopholes and why they continue to exist. We still have not received any indication from the government as to why it has not closed the Barbados tax haven, which it has talked about for many years. If the debate continues, I will ask the Conservatives about this. This issue begs for the full attention of the House. It requires a major commitment on our part to deal with this very egregious situation.

Government Orders

The statistics about these tax havens and offshore investments indicate that not only did the increase in the use of offshore financial centres go up eight-fold, but the largest growth in Canadian direct investment occurred in the Barbados, the very tax haven the Conservatives talked about vis-à-vis the member for LaSalle—Énard's Canadian Steamship Lines. Is this something that is useful in a pre-election period only and then dropped like a hot potato because the government is afraid to take on the corporate world? Is the government afraid to take on the wealthiest in our country? Perhaps this is what we really are talking about.

There is no evidence in the last budget or the minister's most recent economic update to indicate that the government is committed to finding a way to reduce the burden on ordinary working families. There is no evidence that the government is prepared to provide the supports and services that working families need in order to be productive members of our society. Every day we hear about people struggling. Every day we hear about people dying on the streets, about the homeless in Vancouver and Victoria who have no shelters. There has been no commitment on the part of the government to treat this as a serious emergency situation. It is mind-boggling.

Here we are in the comfort of this place while people are basically dying on the streets in cities that have no preparations for emergency response in terms of serious weather conditions, yet the government will not close a tax haven that causes us to lose billions of dollars. If we could get our hands on that money or if the government had the commitment to reign it in, it could be put to good use.

Canada is a wealthy country, yet people are dying on the streets, aboriginal people are living in third world conditions and Status of Women offices are being totally eliminated. The North End Women's Centre in Winnipeg, which provides services for women to help them become financially knowledgeable so they can build a future for themselves and their families, was totally eliminated because the government did not have a couple of hundred thousand dollars to support it.

That is the dilemma we face today and that is why my colleague's question is so important. This is a serious issue. It is about how we build a country. It is about our priorities. If we can sit back and let that money disappear through our fingers because we do not want to trouble the big corporate entities or big families like the Bronfman's, which was named in the project loophole, and we do not want to touch issues around Canada Steamship Lines any longer, then we will continue to be in a disgraceful and embarrassing situation for Canada on the world scene.

• (1135)

Mr. Dean Del Mastro (Peterborough, CPC): Mr. Speaker, I listened to the member with great interest. I have the opportunity to listen to her quite often in finance committee. I do not always agree with her, but I do have respect for her.

The issue of which she is speaking deals with the broader issue of tax fairness, an issue on which our government has the courage to act. Only a couple of weeks ago, the member complimented the finance minister or having the courage to pursue tax fairness.

The issue of which she is speaking is one that I have certainly been advocating on finance committee as a member of the

government. She knows that full well. I suggest that the member be patient. We are moving toward tax fairness.

Ms. Judy Wasylycia-Leis: Mr. Speaker, I am glad to hear from my hon. colleague, who I respect and work with in the finance committee, about his belief that the government will to eventually deal with these outstanding egregious matters.

However, I am not raising the broad issue of tax fairness today. I accept that is an ongoing battle we will have. We have very different views on this. The Conservatives believe in this trickle down theory of giving tax breaks to corporations in the hope that eventually we will pay off the debt and then we can all start again, with the hope that we have not lost medicare, post-secondary and cultural institutions by that point.

What I am raising is the question of tax havens specifically because the bill is about that. The bill is very narrow and routine. It was an opportunity for the government to do something more. It was an opportunity for the Conservatives to do what they said when in opposition. I will read another quote from a year ago in the House when a Conservative member stood and said:

The government has for far too long put off renegotiations on tax treaties that serve as tax havens for Canadian companies. Why is the government not closing those loopholes? It might be because they serve its self-interest in one way or the other.

If the Conservatives are not prepared to address this situation, then that statement applies to them. If they are not prepared to act, then it must be because it serves their self-interests in some way or another.

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I could not help but notice this. As my colleague was speaking about these outrageous tax loopholes, which still exist and are allowed to exist, both the Liberal and Tory members present were looking at their shoes. They were trying to pretend their laces were not tied so they would not have to look us in the eye and explain why on earth they allow these outrageous tax loopholes to continue, which allow tax fugitives to find tax havens.

In the context of trying to nickel and dime \$1 billion out of virtually every social program, on which people our ridings have come to rely, how can the government knowingly and willingly show this wilful blindness? Sometimes I think the Tories view taxpayers the way P.T. Barnum viewed circus goers. They must think we are suckers if they think it is not ideologically driven to make cuts, yet show this wilful blindness and allow this egregious, outrageous loophole to continue on the other side.

Ms. Judy Wasylycia-Leis: Mr. Speaker, the member for Winnipeg Centre certainly knows how to describe an issue and get to the nub of it very quickly. He talked about tax fugitives going to tax havens. I could not have said it any other way if I had tried.

He makes a very important point. His riding is very similar to mine. Mr. Speaker, your riding is very similar. We deal daily with people who are struggling to make ends meet, who do not want to be a drain on their communities, who want to do it for themselves, but need some supports and encouragement through difficult times. The government is cutting the ground right out from under them, leaving them in very difficult situations that could cause very serious harm to their families and themselves.

The issue for us today, especially in the context of Winnipeg, is that big banks have left communities almost entirely. At the same time, they have been able to find money to put into tax havens. I just noticed that a couple of years ago the Auditor General pointed out that multinational companies operating in Canada had avoided hundreds of millions of dollars in taxes over the past decade through the use of tax havens.

The article goes on to say that a more recent university study charged that Canadian banks alone saved \$10 billion in taxes over the past decade through the use of tax havens. This is at a time when the profits of banks have reached absolute record levels. Banks have never seen such profitability.

At this time of profitability, they are putting money into tax havens to avoid paying taxes, money that belongs here and could be spent on services, and they are destroying the ability of many communities to provide financial services to their own members because they abandon any community that is not adding astronomically to their profits. That has to end. The way to do it is by the government finally closing these tax havens.

● (1140)

The Deputy Speaker: Pursuant to order made on Monday, December 4, Bill S-5 is deemed read a second time and referred to a committee of the whole, deemed considered in committee of the whole, deemed reported without amendment, deemed concurred in at report stage and deemed read a third time and passed.

(Bill deemed read the second time, considered in committee, reported without amendment, concurred in, read the third time and passed)

* * *

[Translation]

BANK ACT

Hon. Jim Flaherty (Minister of Finance, CPC) moved that Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters, be read the second time and referred to a committee.

He said: Mr. Speaker, I am pleased to lead off the debate, at second reading, of Bill C-37, which amends the legislative framework governing financial institutions operating in Canada.

[English]

This proposed legislation is significant for a number of reasons.

First of all, it will go a long way toward improving our entrepreneurial advantage in Canada, one of the five advantages at the core of our government's new long term economic plan for Canada, called Advantage Canada.

Government Orders

Advantage Canada sets out to create several advantages for our country: a tax advantage, a fiscal advantage, a knowledge advantage, an infrastructure advantage, and, as I mentioned, an entrepreneurial advantage for Canadian families, students, workers and seniors.

To gain an entrepreneurial advantage, we must build a more competitive business environment by reducing unnecessary regulation and red tape and improving services for consumers, so this bill is significant for another reason as well. It will have a positive impact on one of the most important drivers of our economy, and that is the financial services sector. This sector is one of the key foundations on which our economy, indeed any modern industrial economy, rests.

On a broader scale, this important sector plays a unique role in ensuring financial stability, safeguarding savings and fueling the growth that is essential for the success of the Canadian economy.

Moreover, the financial services sector plays a significant part in the daily lives of Canadians. Beyond those of us who use their services, the financial services industry employs about 700,000 Canadians in good, well-paying jobs. It represents about 6% of Canada's GDP and is a leader in the use of information technology.

We can no doubt appreciate the importance of ensuring that the framework governing this important and influential sector is current and effective.

Canada's new government is committed to doing just that with the proposals contained in this bill before the House today.

Before I outline the proposals in the bill, I would like to make a few remarks about the consultation process that led to this review of the financial institutions statutes and the legislation before the House today.

[Translation]

A representative number of stakeholders have shared their comments on the 2006 review of the financial sector legislation.

● (1145)

[English]

Overall, stakeholders generally agreed that no major overhaul is needed, but many believe, as we do, that some steps could be taken to refine the legislative framework.

Stakeholders also made specific proposals for technical amendments. Those submissions in the consultations resulted in a white paper issued by the Department of Finance this past June, entitled "2006 Financial Institutions Legislation Review: Proposals for an Effective and Efficient Financial Services Framework".

Government Orders

For the most part, the white paper is the basis for Bill C-37, which contains the government's proposals to amend the legislative framework for financial institutions. These proposals are aimed at achieving three key objectives: first, improving service for customers; second, increasing legislative and regulatory efficiency; and, third, adapting the framework to new developments.

Together, these objectives will contribute to a modern and competitive financial sector framework in which businesses of all sizes and consumers from every corner of the country will continue to be well served.

I would now like to briefly outline the intent of the three objectives contained in Bill C-37.

The first is improving service for customers.

Consumers are taking greater responsibility for their financial affairs. At the same time, we are seeing an increase in the breadth and complexity of financial products, service providers and delivery channels. Clearly, this means more choice for consumers. At the same time, it makes it more difficult for them to make informed choices in the marketplace.

That is why Canada's new government is acting to ensure that services are improved and customers are adequately protected. The government believes that the best approach to improving services for consumers is through competition and disclosure.

On the one hand, competition provides more choices to consumers and allows them to find financial products and services that best suit their individual goals and needs, at competitive prices. Disclosure, on the other hand, ensures that consumers and businesses alike have the relevant information they need to make the best decisions in light of the choices available to them.

As we all know from newspaper and TV ads, the range of financial services and products offered to consumers continues to evolve. In order to assist consumers to make choices, the disclosure regime for our financial institutions framework needs to stay current to accommodate the different types of products and services in the marketplace.

The proposed changes to the framework contained in this bill reflect that principle.

One example of consumer protection measures in the bill is with respect to online disclosure. As we know, federally regulated financial institutions must disclose in their branches information on the products and services they provide to their customers and the public. Many Canadians today are opting for the convenience of the Internet to meet their banking needs and current disclosure requirements do not extend to the online world.

To ensure that consumers have sufficient information, the bill proposes, first, to harmonize online and in branch disclosure requirements to allow consumers to compare products more easily and, second, to ensure adequate disclosure is provided to customers conducting transactions online.

The intent of this proposed measure is to provide consumers with the information they need in order to make informed decisions.

• (1150)

[*Translation*]

The second major objective of the bill is to increase the efficiency of legislation and regulations governing the Canadian financial sector.

[*English*]

The regular review of the financial sector statutes allows this government to amend the framework as necessary so that financial sector legislation and regulations continue to be both effective and efficient.

Bill C-37 addresses a number of key areas identified in the review to achieve increased legislative and regulatory efficiencies.

One such area that is quite relevant to many Canadians is the area of residential mortgages. Mandatory insurance for high ratio mortgages was introduced over 30 years ago as a prudential measure to ensure that lenders are protected against fluctuations in property values and associated defaults by borrowers.

Of course, the marketplace has changed since then. Among other things, the risk management practices of lenders have improved significantly and the supervisory framework for federally regulated financial institutions has been strengthened significantly. This means that some homeowners may be paying more for mortgage insurance than they need to.

The proposed amendments to Bill C-37 reduce the cost of mortgages for some families by raising the loan to value ratio requiring mortgage insurance from 75% to 80%. This will lower the mortgage down payment consumers are required to make before the law requires the purchase of mortgage insurance. This proposal will create an opportunity for mortgage cost savings and ensure that more young families can realize the dream of owning their own home.

Another key area identified in the legislative review called for improvements to the regulatory approval regime. Ministerial approvals are currently required for a broad range of financial sector transactions related to market entry, structure and competition, as well as financial institution ownership.

There are, however, transactions that the minister reviews that are routine and do not raise significant policy issues. Bill C-37 proposes measures to streamline the regime to ensure that these transactions are dealt with more expeditiously.

As we know, the rate of change in the financial services sector has increased dramatically in recent years. Financial institutions must be able to respond to developing trends such as globalization, convergence, consolidation, and technological innovation. This adaptation to market changes often results in the creation of new products and services and innovative ways of doing business.

Government Orders

The government needs to ensure that the framework regulating financial institutions is up to date to allow them to respond to these changes so that they can evolve and grow. At the same time, the government is also committed to protecting consumers and small businesses adequately while maintaining the overall safety and soundness of the financial system.

Bill C-37 does that and more.

One way that this bill will improve our financial system is by allowing for the implementation of electronic cheque imaging. Currently banks process about one billion paper items, mostly cheques, annually valued at over \$3 trillion.

The process of clearing a cheque includes the physical delivery of the cheque to the paying or issuing financial institution in order for it to decide whether or not to make the payment. This process is more labour intensive, time consuming and costly than necessary, particularly given today's developments in technology.

The proposal in this bill to allow for the implementation of electronic cheque imaging will result in significant efficiency gains, saving time and resources currently dedicated to the transport of cheques. This will allow banks to keep their costs down, a benefit that needs to be passed on to customers to ensure that the efficiencies derived from electronic cheque imaging will be shared by all users of the payment system.

• (1155)

Another proposal in this bill relates to cheque hold periods. For most large banks, the maximum hold period on cheques deposited with tellers is 10 days. While the government recognizes the importance of cheque hold periods for risk management, a concern remains about the length of time that consumers may be subject to these hold periods. Cheque holds not only affect consumers who need to access funds to pay their bills, but also small and medium sized businesses that need to pay employees and operate their businesses out of the funds they deposit.

While the proposed legislation would be facilitating the establishment of a limit on the time that banks can hold a cheque, the government is finalizing the agreement with the banking industry. The agreement will reduce the maximum hold period immediately to seven days and reduce it further to four days once electronic cheque imaging is fully implemented.

This change will be a significant improvement over the current maximum hold period of 10 days or more. It is a major step forward for consumers and businesses. It will increase efficiency and free money up more quickly, having a positive impact on the Canadian economy overall.

[*Translation*]

In summary, the measures proposed in this bill will amend the legislative framework governing financial institutions in order to achieve three key objectives.

[*English*]

First and foremost, the bill proposes steps to improve services for consumers. Second, Bill C-37 would increase legislative and regulatory efficiency and contribute to a framework where financial

institutions could grow and prosper in the global marketplace. Third, the proposed amendments in Bill C-37 would allow financial institutions to adapt to new trends in the industry by providing a framework that is up to date and, above all, dynamic.

I urge all members to give Bill C-37 careful consideration.

Hon. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I have a couple of specific questions for the Minister of Finance.

The white paper mentions the need to deal with some measures that would allow foreign banks greater access to the Canadian market. I also see a number of technical areas in the white paper that I think have been, to a large extent, incorporated in the bill.

When our government looked at the Bank Act and the financial sector during our mandate, one of the objectives was to increase competition through credit unions and through the foreign banks. For the foreign banks there were some limits because of what we used to call the bricks and mortar advantage that Canadian chartered banks have. Therefore, a lot of foreign banks were not inclined to get into the retail market in Canada but to get into the wholesale level and others.

First, does the Minister of Finance see that these measures would realistically allow more competition from foreign banks in Canada and, in so doing, give Canadian consumers greater access and more product choice?

Second, one provision in the white paper refers to data processing outside of Canada. It basically says that the proposal is to eliminate the superintendent approval for processing information or data outside of Canada. As the minister knows full well, there were some issues, I think, last year with respect to outsourcing of data processing by Canadian financial institutions that raised certain privacy concerns, particularly with respect to the Patriot Act in the United States. It seems to me that this might be moving in the wrong direction. I wonder if the minister has followed through with that in the bill and if that is the right direction to go, given some of the privacy concerns of Canadians.

Hon. Jim Flaherty: Mr. Speaker, the question raised by the hon. member is a good one and engages us in the reality that the financial services sector is a global business and we want it to be a global business. This is one of the great sectors of the Canadian economy. It is a pillar of the Canadian economy. We want our insurance companies, our banks and our major financial institutions to be global players and to grow globally. They are doing a good job at that and that is good for Canada.

Being global sometimes involves using data sources outside the country. We know that because that was part of the strength of Ireland when the Celtic Tigers started in the west of Ireland processing data for companies in New York, in Canada and so on, subject always to the privacy rules and the jurisdiction of the Privacy Commissioner.

Government Orders

The member opposite raised the point that earlier this year there was a concern about data and privacy, on which the Privacy Commissioner exercised her jurisdiction and looked into on behalf of the people of Canada. We need to be mindful always of those important privacy concerns.

• (1200)

[Translation]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, one of the objectives in the bill introduced by the minister is to enhance the interests of consumers and improve the system for disclosing information to consumers. We are obviously very pleased with that.

I want to ask the minister whether it would be possible to appoint a federal ombudsman who would have the necessary power to defend people based on law. He could also represent them when they have disputes with financial institutions. A great number of people are unable to defend their rights in legal situations with banks because they do not have the financial means.

Would the idea of appointing a federal ombudsman for consumers who feel duped by a banking practice be a possibility in this bill, or another bill?

[English]

Mr. Jim Flaherty: Mr. Speaker, there is substantial consumer protection with respect to financial institutions. Perhaps we view things somewhat differently on this side of the House.

Competition creates choice and disclosure creates knowledge. This bill emphasizes the encouragement of competition in the Canadian banking system among Canadian financial institutions, not just banks but also credit unions that play a very important role across Canada as members of the financial services sector.

We want to encourage competition that gives Canadians choices, selections and opportunities to exercise their own judgment. However, to exercise their judgment in an informed way, there must be disclosure of various options, not only in-branch but also online, and this bill includes provisions to accomplish those goals.

Ms. Diane Ablonczy (Parliamentary Secretary to the Minister of Finance, CPC): Mr. Speaker, one of the frustrations that the businesses and individuals have is that when they make a deposit to a bank they often cannot negotiate a cheque or an instrument for up to 10 days, which is a real hardship for many people.

I think it would be helpful if the minister were to remind Canadians of the positive changes in that regard that will be coming in this bill.

The Acting Speaker (Mr. Andrew Scheer): I just noticed that the hon. parliamentary secretary was not at her seat when she asked the question but I did not catch it, so I will allow the Minister of Finance to respond. However, in future I would ask all hon. members to be in their proper seats when they ask questions or make comments.

The hon. Minister of Finance.

Mr. Jim Flaherty: Mr. Speaker, the parliamentary secretary has worked hard on this bill and on her duties as parliamentary secretary in finance.

This is a big step forward, especially for small businesses in Canada. It is a problem when people deposit a cheque and they must wait 10 or more days for the cheque to clear. If the bills are not paid, the interest mounts up. This is a good step forward, particularly for small and medium sized enterprises and for individuals in Canada, that we will be moving forward with reducing that 10 day holding period down to 7 and then ultimately to 4 days. There does need to be a holding period based on the present state of affairs, but we can certainly reduce that by more than 50% down to four days over the course of the next while.

• (1205)

Hon. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I want to go back to my earlier question for the minister, which he did not have time to address, dealing with foreign bank entry and competition from foreign banks, which has the opportunity and potential to increase consumer choices and product lines for Canadians. The advantage for some of the Canadian charter banks is that they have retail branches across Canada.

I am wondering what changes he is proposing in Bill C-37, in lay terms, that he thinks will make a difference and allow more foreign bank competition in our financial markets.

Hon. Jim Flaherty: Mr. Speaker, actually the foreign banks are doing well in the Canadian markets and growing. Their participation in Canada is welcome for the same reason that we want our banks to grow globally, be competitive around the world and help Canadian businesses expand their businesses abroad, whether it is in China, India or in other of the emerging economies.

There is a change in the bill though that relates to the composition of the boards of directors of financial institutions. The bill would allow additional foreign directors to be on the bank boards. Canadian representation would be maintained as boards of directors would still be required to have a majority of directors who are Canadian residents. The Canadian majority requirement will still be there but adding some additional foreign directors is something that the banks are interested in doing because it helps them connect and expand their businesses globally.

Hon. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I am happy to speak to Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters.

Last June, the Department of Finance released a policy paper on which much of the bill is based. The policy paper was commissioned by the previous Liberal government in preparation for the statutory five year review of the Bank Act.

The title of that white paper was “2006 Financial Institutions Legislation Review: Proposals for an Effective and Efficient Financial Services Framework”.

[Translation]

Given that it was inspired in large part by the white paper, the government's bill mirrors Liberal policy. The white paper stated that competition and disclosure are the best ways to protect the interests of consumers.

Government Orders

Consequently, we are seeing some positive measures in this area.
[English]

Bill C-37 would ensure that financial institutions provide greater and more timely disclosure to consumers in areas such as deposit type investment products and complaint handling procedures.

What these measures would ensure is that when a customer opens something like a savings or chequing account they are provided with all the information they require to make an informed decision. I think that little could be more important for consumers than ensuring that they have the appropriate information specific to the type of product they are purchasing.

The bill also makes some routine changes that need to be addressed every few years. The prime example of this is readjusting the equity thresholds that determine the size of financial institutions. When the Bank Act was last reviewed in 2001, it was determined that large institutions would be considered those that hold over \$5 billion in equity.

Times do change, however, and as a result this bill proposes to increase that threshold to \$8 billion to reflect growth in the sector and the general cost of living and inflation factors, small as they are.

Additionally, it would set a new threshold for what is considered to be medium sized institutions. These will be those institutions that hold between \$2 billion and \$8 billion in equity. As I said, these are some routine updates, but they are important nonetheless.

The bill also has a section devoted to electronic cheque imaging, something that we had asked to be addressed in the white paper. It would require banks and financial institutions to exchange electronic images of cheques, rather than physically exchanging them among themselves. Let us try to picture some five million cheques being transported from one financial institution to another every day, some of which must travel clear across the country.

Advances in recent technology means that this drawn out process is no longer required. Electronic images of the cheques can now be scanned, captured and transmitted in a safe and secure manner between banks. This saves time and it reduces the administrative burden. It is already used by several financial institutions and we have seen great results.

• (1210)

[Translation]

This measure will be very advantageous for both consumers and businesses because cheques will clear quickly. Once electronic cheque imaging becomes widespread, cheques will no longer have to be held for more than four days.

[English]

Our previous Liberal government was constantly searching for new technologies to make business and government more efficient. For instance, last year the Canada Revenue Agency began a move toward 2D bar coding for corporate tax returns which would allow tax software to generate a bar code that could be affixed to a company's tax return. When it arrives at the Canada Revenue Agency processing facility, all that is required of the CRA is to scan in the bar code and all of the data contained in the return is

transferred electronically into the CRA's computers. This not only would allow for faster processing time but would significantly reduce the occurrences of human error that often goes hand in hand with manual data entry.

This was just a small aside, but I think it illustrates the point that we need to be cognizant of new technology and seize the opportunities that they present us with. I am glad that the Conservatives are following our lead on this particular issue.

I am also in favour of the section in the bill that would make it easier for credit unions to establish cooperative credit associations as a means of expanding their business opportunities. Currently, the Cooperative Credit Associations Act requires a minimum of 10 credit union members in order to form a cooperative credit association. This is a fairly high threshold that precludes many credit unions from forming cooperatives. I am happy to see that the minimum number will be reduced.

When our government reviewed the financial sector in 2001, there were key initiatives that we pursued when bank mergers were on the radar. We wanted to ensure that if bank mergers were ever proposed and were deemed in the public interest that there would be the opportunity for more competition and more products, services and choices available to Canadians through credit unions and foreign banks.

In questioning the minister earlier, I alluded to the fact that foreign banks, while they have an interest in doing business in Canada as the minister indicated, are doing well in certain areas. Most of their efforts are in the wholesale banking side because of the dominance in terms of retail branches across Canada that are maintained by Canada's chartered banks. However, I would encourage any measures in Bill C-37 that would create more opportunities for foreign banks to more aggressively enter the Canadian marketplace. This would give Canadian consumers more choice and more opportunities to shop around for different options and that is good for consumers and the Canadian economy.

I am glad to see that the minister is trying to deal with the credit unions as well. This is a great opportunity again for giving consumers more choice. I know the minister has indicated that there is no big appetite right now for bank mergers or cross-pillar mergers and I think that is a wise decision at this point in time. It is certainly providing clarity to the financial institutions with something that they were looking for.

However, at some point in time if the banks do come back, it would be important, for example, because certain branches of the credit unions would have to be divested and then perhaps foreign banks and others would be in a position to acquire those branches. In fact, the end result could be that consumers would have more choice, so I think it is important to try to build those institutions up in Canada so that Canadians do have more choice and more access to different products and services.

Government Orders

The minister talked about how the bill proposes to reduce the cost of mortgages for some borrowers by raising to 80% the loan to value threshold above which mortgage insurance is required by statute. The current threshold at which one requires mortgage insurance is 75%. Given changes in risk management practices and regulatory requirements, the white paper, which we commissioned under our government, made this exact recommendation. I am happy to see it included in the bill.

• (1215)

One area I am concerned about that did not receive enough attention in this bill is extending customer protection. Beyond the requirement I mentioned earlier that financial institutions provide greater and more timely disclosure to consumers in areas such as deposit type investment products, there is very little mention of helping other types of customers. The bill does not seem to offer similar types of protection for Canadians who take out a mortgage, for example.

[*Translation*]

June's white paper recommended that the government amend laws governing financial institutions to require them to give all consumers full access to their complaints process, either in their branches or online.

[*English*]

One of the central pillars of consumer protection is providing them with the information required to make the right initial choice of product and the information required to properly lodge a complaint and seek compensation if that product is defective. Yet, the bill has largely ignored this recommendation from the white paper.

I do not think the majority of Canadians are very familiar with what the complaints process is at their local banks and legislating information in that respect to be readily available would have been a great idea and is still a great idea. My riding and I am sure many of my colleagues' ridings receive calls and complaints about banks, service charges and a range of other things. There is a bank ombudsman and there is actually an ombudsman of all ombudspeople. That is a very useful mechanism.

I would be willing to bet that there are a good number of Canadians who do not even know that there is an ombudsman for banking services should they exhaust all the avenues available to them. The banking services ombudsman and his office do fine work. I have worked with them before on a number of issues. I would have liked to have seen a requirement for information about the services of the ombudsman be made readily available.

The white paper called for the streamlining of the ministerial approval process. Currently, there are numerous ministerial approvals required for a broad range of important financial sector transactions related to market entry, structure and competition, as well as financial institution ownership. There are also many routine transactions that require multiple ministerial signatures. This could be dealt with in a more efficient manner and this bill would ensure that happens.

The bill also contains a few items that go beyond the white paper. For instance, the bill proposes to reduce the number of resident Canadians who are required to sit on the board of directors at a

Canadian owned financial institution. Currently, two-thirds of such directors must be residents of Canada. The bill proposes to reduce this requirement to more than half of the directors being Canadian.

I know this issue comes up when financial institutions in Canada look to merge or acquire assets in the United States by way of example. When they try to merge, very often the U.S. enterprise will say it will merge but it would like a stronger representation on the board of directors. Frankly, I would encourage our financial institutions to grow north-south. This would give them options beyond just looking to cross-pillar mergers in Canada. This is a positive step.

[*Translation*]

The two-thirds requirement worked well in the past, but these days, our financial institutions have added a major international component to their activities. Relaxing these requirements would promote the growth and enhance the competitiveness of Canadian institutions on the world economic stage.

• (1220)

[*English*]

I brought up with the Minister of Finance the question of data processing outside of Canada. The proposal in Bill C-37 says the approval of the Superintendent of Financial Institutions would be eliminated for the processing of information of data outside of Canada. While I appreciated the minister's remarks, I think that is in the domain of the Privacy Commissioner.

If a financial institution in Canada was proposing to outsource some of its data processing outside of Canada, keeping superintendent approval is probably still a wise thing to do because before the superintendent would give his or her approval, he or she would presumably ask whether the Privacy Commissioner had been consulted and whether the transactions would protect the privacy interests of Canadians. I am sure the superintendent and the Minister of Finance do not mean to pass this off to someone else to get out of a sticky situation. I am sure that is not the motivation.

Whatever the motivation, the government and perhaps a committee should look at whether this is a wise thing to do given the recent events where certain data processing activities in the United States came under the purview of the patriot act. The confidential information of Canadians was perhaps compromised.

As I said earlier, our government made changes to the financial sector framework in 2001 to set up the process where any bank merger would be required to pass a parliamentary committee test as to whether or not it was in the public interest. That was a good move.

However, in that period, the finance committee of the House of Commons did not review cross-pillar mergers. A cross-pillar merger would be, for example, when a Canadian bank wishes to merge with a Canadian insurance company. The minister has signalled that he is not interested right now in any sort of cross-pillar merger proposals, but if that day ever comes, the public interest criteria and framework that was set up for potential bank mergers needs to be looked at by the House of Commons Standing Committee on Finance because that work was not done for cross-pillar mergers.

Government Orders

Unfortunately, I am not at the stage where I could have proposed amendments to the Bank Act, but that may come one day. I just have to do more work on this particular issue.

An area of interest to me has to do with Internet betting. The Woodbine Racetrack is in my riding of Etobicoke North, and it is expanding at an incredible rate. It is developing its property to include the concept of Woodbine Live, which will have entertainment, hotels, shopping, et cetera. One of the issues that is of great importance to Woodbine is the growth in Internet betting which is actually taking some of its market share away. The irony is that Internet betting is illegal, but no one seems to want to prosecute. As a racetrack, Woodbine is regulated very carefully by the provincial and federal governments. It would be happy to get into the game of Internet betting if everybody else was doing it, but it is reluctant to do so because of the regulatory regime that oversees its operations. It could lose its licence.

I have looked at this from a number of different angles. I have tried to engage the RCMP and the Ontario Provincial Police. No one seems to really be interested in seeking prosecutions in this area. One way to come at it is to do what has been done in the United States where it is illegal for banks to accept cheques, debit or credit cards for Internet betting activity.

• (1225)

Yesterday we debated a bill sponsored by my colleague from Bourassa with respect to video terminals in bars and restaurants. Young people could become addicted, and not just young people, but many people do become addicted. The reality is there are some people who sit in their homes, go online and play poker on their computers at poker.com, et cetera. I have never done it myself but I am told that in order to do that, people have to use a credit card or a debit card to create some credit authority.

If there were changes made to the Bank Act that the banks would not accept debit cards or credit cards associated with online Internet betting, this might be a way of trying to limit some of these activities. It would make sure that the playing field was level for organizations in my riding such as the Woodbine Racetrack, which has a very proud reputation in Canada. It hosts the Queen's Plate annually. It is a great institution and I am very proud of it.

In conclusion, I think that all parties can agree this bill contains some much needed updates for our financial institution legislation. I personally do not think the bill contains anything particularly contentious. I will be happy to provide it with my support, with the caveat that if it is referred to committee, the committee should look at a couple of the issues that I have raised today.

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): I am very pleased to participate in this debate. It might seem very technical, but it is extremely important, especially for consumers and all of our fellow citizens. We do business with financial institutions every day, especially with banks and near banks. Although these are private enterprises, they are for all intents and purposes public services.

Bill C-37 introduces certain changes to the banking system while ensuring its stability. The government is required to undertake consultations every five years to update legislation governing

financial institutions. October 24 was the deadline for consultations on legislation governing financial institutions, but the government extended the application of these laws to next April 24 to enable Parliament to study the issue more thoroughly.

Bill C-37 follows the June 2006 publication of a document entitled *2006 Financial Institutions Legislation Review: Proposals for an Effective and Efficient Financial Services Framework*, as well as *Advantage Canada*, which was recently published by the government during the economic and fiscal update. A lot of work went into drafting this legislation. Bill C-37 would implement new mechanisms to make Canada's financial system more efficient. This bill is aimed at achieving three key objectives. As I said earlier in my question to the minister, those objectives are to enhance the interests of consumers, increase legislative and regulatory efficiency, and adapt the regulatory framework to new developments. This is a sector that has seen a lot of technological, financial and service development over the past few decades.

On the whole, we are quite happy with this bill, because it meets a real need. Obviously, a number of things will need to be discussed in committee, and I will talk about those in my speech. We will therefore vote in favour of Bill C-37 at second reading, but we reserve the right to improve the bill, with the help of the other parties in this House, so that it better meets its objectives, which the Minister of Finance outlined earlier.

I spoke earlier of three key objectives. The first is to enhance the interests of consumers. This includes three main elements. The first consists in improving the system of disclosing information to consumers; the second consists in amending the regulatory framework to provide for the introduction of electronic cheque imaging; the third consists in reducing the hold period on cheques.

The first element of this first objective consists in improving the disclosure regime. As the minister has said, the intent is to help consumers make informed decisions about investment vehicles by providing them with more specific, more extensive, more easily accessible information. The government is therefore proposing higher standards for disclosure of charges and penalties that apply to various accounts and investment vehicles. It will also require institutions to clearly disclose this information on the Internet. Today, many Canadians use the Internet for their financial and banking transactions, paying bills and looking for information. Of course, not every household has Internet access yet, so this information will be available not only online, but also in all branches. That way, anyone who needs information will have access to it.

Government Orders

●(1230)

The second element of this first key objective of enhancing the interests of consumers is amending the regulatory framework to provide for the introduction of electronic cheque imaging.

Bill C-37 will establish a legislative framework for electronic imaging in order to facilitate cheque processing by financial institutions and to reduce the hold period on cheques. I believe that the technological developments to which I referred earlier, particularly in the area of financial management, make it possible to use this new tool.

The third element in the first key objective of enhancing the interests of consumers also results in shorter hold periods by financial institutions on cheques.

As we know, following the publication of the 2006 Financial Institutions Legislation Review, the government undertook to reduce hold periods on cheques in order to make life easier for everyone, particularly SMEs and the public.

A hold on a cheque makes our life very difficult. When we receive a cheque, we deposit it and have bills to pay or debt payments to make. We realize that our money or our assets are on hold. They are frozen, in today's language, by the bank for 10 days, even in the case of cheques from major companies or the government. The solvency of the issuer of the cheque is not in question. To manage risk and security, a hold is placed on these cheques for 10 days.

With Bill C-37, the Superintendent will have the authority to establish the hold period on cheques. In the white paper, it is recommended that the hold period be reduced to a maximum of seven days, and then five days once electronic cheque imaging, about which I spoke earlier, is implemented.

Cheque holds not only affect consumers who need to access funds to pay their bills and make debt payments or simply to do their everyday shopping, they also affect small and medium-sized businesses that do not always have a large cash flow margin. They need that cash flow to pay their suppliers and employees and to operate their businesses from day to day. They often do this out of the funds they deposit into their bank accounts from day to day.

I think that this is something that everyone will be pleased to see. As I said earlier, the 10-day maximum hold period for funds deposited is a source of irritation to virtually everyone.

As well, the government would like to ensure that the efficiencies that will be gained through the Canada Payments Association initiative to change the payments system to facilitate electronic cheque imaging will be shared by all users of the payments system, including consumers.

We certainly cannot object to this first objective and the corresponding elements, but in our view it does not go far enough.

I am sure that some of my colleagues in all parties in this House regularly receive letters from consumers these days, as I do, saying that they have been victimized by the practices of banking institutions, and in particular the big banks, and who feel that they simply have no recourse. Starting a legal battle against a financial institution that is a billionaire several times over is something that

most of our fellow citizens cannot do. We need to find solutions for this problem so that consumers have some assistance in seeking remedies against financial institutions.

A few minutes ago I proposed that an ombudsman be appointed who would have more power so that he or she could take on a case and go to bat in court for consumers who have been harmed—or who think they have been harmed—by banking practices, so that consumers would not have to use their own funds to defend themselves.

I think that we need to consider, in committee, how we can achieve the ultimate goal of giving consumers more power in their dealings with financial institutions, in terms of compliance with banking legislation but also their rights as consumers.

I would add that the minister's answer was not what I was looking for. Helping consumers to make informed choices involves more than just handing out more information.

●(1235)

Financial institutions are more familiar with the ins and outs of the financial system and the money market than consumers are. That is in fact why we have given consumers specific rights, to protect them, because the seller always has more information about what it is selling than the buyer does.

I think that the committee will have a lot of work to do in this regard. As I said earlier, we will be voting for the bill on second reading precisely so that we will be able to do that job. In recent days, I have assured some of my fellow citizens that the Bloc Québécois is eager to do this.

The second objective deals with increasing legislative efficiency. Obviously, this is a motherhood issue. There are three key elements. The first involves reducing the regulatory burden placed on foreign banks to facilitate their entry into the Canadian market and stimulate competition; the second is to streamline the by-law approval process; and the third is to refine the federal legislative framework for credit unions.

The reason I am interested in the first element of this second objective, increasing legislative efficiency, is that this measure, which will reduce the regulatory burden, is a response to the concerns expressed during consultations on the review of the Financial Institutions Act.

The Canadian market, as we know, is extremely concentrated and dominated by five major banks. Any legislation that aims to promote competition is desirable, in our opinion.

I know that, in the past, laws have been passed to promote competition, but we have to acknowledge that they have not produced many results up to now.

Government Orders

Moreover this is what caused the Standing Committee on Finance—I do not recall exactly in which month—in its report on bank mergers in 2004, to be extremely reluctant to lift the moratorium on bank mergers. A market that is already concentrated, with a merger of two large banks from among the five largest, would end up being even more concentrated. And when you have concentration, you have an oligopoly, and an oligopoly means that consumers are extremely short-changed.

This is the present situation in the Canadian banking system. I could give my region as an example. In the Joliette region, there are relatively few banks, so we are more or less at the mercy of those that are there. We do not have an unlimited choice.

Therefore a measure that would promote the introduction of foreign banks into the Canadian market is welcome. In that regard, as I mentioned, Bill C-37 would clarify the measures applying to foreign banks operating in Canadian territory by refocusing the regulatory framework on the chartered banks and simultaneously excluding the near banks.

I do not need to define near banks but for the benefit of our audience, I will say that they are companies that offer financial services of a banking nature. Unlike chartered banks, near banks cannot change their basic money supply, that is, they cannot borrow money from or lend money to the Bank of Canada to make new deposits or loans.

So this is an interesting measure. We will get a better idea, as the committee studies the bill, of the scope of these measures designed to increase competition in the Canadian market. As I said, previous legislation did not produce many results.

The second element is the streamlining of the regulatory approval régime. This measure is designed to simplify the process pertaining to routine transactions not having any effect on public policies. So Bill C-37 wants to transfer the power to approve or refuse certain operations or transactions from the minister to the Superintendent of Financial Institutions.

This is one aspect of the bill we would like to address in committee and study in depth because we have to ensure that only decisions that do not impact public policy, as provided for in the legislation, are in the hands of the superintendent. From that perspective, the criteria and characteristics will be extremely important. How do we define a transaction or an operation that has no affect on public operations?

The Bloc Québécois will not allow the minister to depoliticize operations that will have an impact on public policy. Those have to stay in his hands and also be subject to a democratic debate.

● (1240)

The third aspect has to do with relaxing the federal framework governing credit unions. This is a request that has been made a number of times by the Standing Committee on Finance. In order to facilitate the opening of new credit unions, the government would lower to two the number of institutions required to constitute a credit union. At present, a minimum of 10 credit unions is needed to establish an association under the Cooperative Credit Associations Act.

However, in light of the new commercial possibilities offered by retail associations and the continued consolidation in the credit union system, the current requirement places too high a threshold for new entry. A lower requirement would add flexibility to the federal framework for the credit union system, improve the system's capacity to adapt to new developments and enable it to better serve consumers and SMEs. As I was saying earlier, the major banks are in the process of leaving several regions in Quebec and Canada and, generally speaking, credit unions are picking up the slack. In Quebec, we are well served, but this is not the case in all the Canadian provinces.

The last objective includes all the other measures—and there are three. The first is to increase from 75% to 80% the loan-to-value ratio for which insurance is mandatory on residential mortgages. The second is to readjust the equity threshold above which a bank is required to be widely held and below which it can be more closely held. The third consists in increasing the limit, from one third to a minority, on the number of foreign members of the boards of directors of Canadian banks.

I will quickly outline what these measures entail and what the Bloc Québécois thinks of them. We agree with the first measure, which consists in raising the loan-to-value ratio requiring mortgage insurance from 75% to 80% for residential mortgages. The mortgage market has changed dramatically and is now much better known. Mandatory insurance for high loan-to-value ratio mortgages was introduced over 30 years ago as a prudential measure to ensure that lenders are protected against fluctuations in property values and associated defaults by borrowers. The last time the threshold was increased was following the Porter Commission in 1965, when it was raised from 66.7% to 75%. The market place has changed since then. The risk management practices of lenders have improved significantly. Regulatory risk-based capital requirements have been implemented. Capital markets have changed and matured. The supervisory framework for federally regulated financial institutions has been strengthened significantly.

The restriction may therefore no longer serve the same prudential purpose. As a result, a statutory requirement for insurance set at 75% loan to value ratio may mean that certain consumers are paying more for their mortgage than is justifiable on a prudential basis. It is also preventing some Canadians from owning their own homes, whereas they could afford to own a home if the ratio were increased to 80%.

The second measure adjusts the equity thresholds that allow banks to be wholly owned or force them to be widely held. In 2001, a new sized-based ownership regime was implemented. Under the new regime, the equity threshold above which a bank is required to be widely held—I will come back to this definition—was set at \$5 billion to capture the largest banks whose potential failure would have the greatest impact on the financial system and the economy. This was another fear that the Standing Committee on Finance had expressed in its report on bank mergers.

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If a major bank were to go bankrupt in Canada, in such a highly concentrated market, how would the Canadian economy be affected? To ask the question is to answer it. The result would be disastrous. We therefore have to make sure that these banks are on extremely solid financial ground.

Under the 2001 regime, medium-sized banks with equity between \$1 billion and \$5 billion can be closely held, but are subject to a 35 per cent public float requirement (unless a ministerial exemption is obtained). Thus, there is at least some distribution of assets. This ensures that, if one of the shareholders is having difficulties, the financial institution itself can overcome the difficulties. Furthermore, the threshold for small banks, which can be wholly owned by a single shareholder, was set at \$1 billion to encourage new entrants.

• (1245)

The intent of Bill C-37 is to change the equity thresholds in order to adjust to the new reality of the considerable growth in the banking industry since 2001. Thus, the equity threshold for sole ownership, that is, a single shareholder, would be raised to \$2 billion. Furthermore, banks whose equity varies between \$2 billion and \$8 billion, rather than between \$1 billion and \$5 billion, must henceforth have a minimum of 35% of their voting shares listed on the stock exchange. Lastly, banks whose equity is greater than \$8 billion, rather than \$5 billion, as in 2001, must be widely held. Of course, this is nothing new to anyone here, but once again, for our viewers, a widely held company means that no one shareholder can hold more than 50% of the voting shares.

Finally, to account for the reality that Canadian banks are purchasing more and more foreign banks, the minority would be increased, which means that the voting majority on the board of directors must be Canadian citizens, not necessarily by birth or nationality, but Canadian citizens, nonetheless.

[English]

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Mr. Speaker, this is an interesting debate for Canadians. This is a very major policy area that requires thoughtful deliberation and thorough debate.

I want to start by saying that we on our side of the House have no intention of speeding up the process around deliberations on this bill. Bill C-37 is a momentous moment for us, so to speak. This is the culmination of a review of our financial institutions that happens every five years. This is the moment when we actually reflect on how we are doing in terms of the Bank Act, what problems are outstanding and where we can still make a difference.

This is not a routine matter. This is not a quick overview and a resolution of a few outstanding issues. This is the time when we consider what is going on in the banking world and how we fix it. How do we change it? How do we make it better from the point of view of Canadians?

We are here today to talk about Canadians and whether or not they are served well by the Bank Act, whether they are served well by financial institutions, and let me tell members that coming from a community that has seen most of its banks up and leave in the space of less than 10 years, I can say that Canadians are not served well.

We look to this process and this legislative review opportunity to make changes that are necessary, so the first thing I want to do today is take some time to go over some of the situations my colleagues and I have experienced and that need to be addressed. I will say at the outset that while the issues in the bill may be necessary and while we may support them, my question is, just as it was for the last bill, where is the rest of it?

Where are the issues that Canadians have brought to the table? Where are the solutions to the problems that Canadians have identified? Why are we in slow motion in terms of an area that is so fundamental to the life of communities everywhere and to the health and well-being of Canadians?

This debate is not meant to be a boring, staid sort of dry discussion over technical details. This debate should be about whether or not the bill reaches out to deal with problems that Canadians have raised with the government and whether or not the government, once and for all, in fact is prepared to deal with some very serious situations.

We are at a moment when Canadians are feeling that their needs and concerns do not matter one bit and that all this government, like the past government, wants to do is defend the big banks, the big financial institutions and their profits.

Speaking of profits, let us look at the final quarter bank profits this year. Let us look at the fact that, by all accounts, on average we are dealing with record level profits for all major banks. Looking at some of the statistics, I see that for the Royal Bank in the last quarter profits were up by \$1.4 billion, I believe.

Hon. John McKay: That's terrible.

Ms. Judy Wasylycia-Leis: Oh, my colleague from the Liberals asks if that is not terrible, in a mocking way.

No one is saying that it is terrible to make a profit. We are talking about whether or not those profits are then used to serve Canadians. Surely the Liberals have some interest, finally, in serving Canadians. Did they not get a lesson at the polls? Did they not realize from the spanking they got that in fact it was time to start listening to Canadians and stop ignoring the everyday needs of Canadians right across this country?

I do not expect much from them. I have tried in the House on numerous occasions to get the former parliamentary secretary for finance to listen to these concerns so that he might get through to the former minister of finance, but it was impossible. We tried on numerous occasions to get the former government to actually address the concerns of enormous profits in the face of absolute negligence at the community level, but to no avail.

Government Orders

•(1250)

We are starting fresh. We are hoping that the Conservatives understand this issue. I am not going to give up just because the Conservatives and the Liberals so often seem like two peas in a pod. I am not going to give up, because there is too much at stake. What is at stake, in fact, are the health and well-being of communities that desperately need access to financial services.

My colleagues on the Liberal benches seem take some glee in the profits that banks make. The Royal Bank's total profits for this year are over \$4 billion, as I understand it. The question we are asking is whether there is any way we can keep some of those profits in this country.

Why does so much of those bank profits go off to tax havens in the Barbados where banks do not have to pay any taxes on them? We have just dealt with that debate. Why are some of those profits not put back into the communities that were loyal to the banks over the years, instead of the banks up and abandoning communities?

I do not know if the members in the House who are smiling and laughing during this debate have any understanding of what it is like when an entire community loses every one of its banks, of what it is like to see 10 bank branches close in the space of a decade. I am not talking about just one riding, I am sure, but I can sure talk from personal experience, from the point of view of people in Winnipeg North, a community of older, inner city neighbourhoods.

I am talking about a huge area, if anybody knows Winnipeg, from the tracks to Inkster Boulevard in the north end and from Red River to McPhillips Street. If people know Winnipeg at all, they will understand that I am talking about a large, populated area, which has many small businesses, many families that are not wealthy, and many seniors who are not wealthy, who do not have cars to drive to the suburbs, who may find it difficult to access buses, and who do not have computers in their tiny apartments. Some of the people in my constituency do not even have phones, so access to a bank branch is a rather important necessity. It is a bread and butter issue that is part of one's day to day living and working experience.

We have seen communities like Winnipeg's north end deserted by banks. I want to see that addressed in this bill. I want the government to care about that situation. I would like to see some attention given to this matter.

This is the opportunity.

Back in 2000, when we agreed on the bill that set in motion the five year review with the opportunity to make changes as necessary, we put in place in that legislation, and we agreed with it, the Financial Consumer Agency of Canada, its purpose that of overseeing financial operations from the point of view of consumers, protecting consumer interests and speaking up when necessary. It was a place for consumers to take their concerns and have them addressed and it had some powers to oversee bank decisions in terms of branch establishments and closures.

We discovered through this whole process of bank closures that in fact the bill we supported back then did not have enough teeth in it to ensure that the Financial Consumer Agency of Canada could actually hold a stick over big banks to make sure they were

following some due democratic process in terms of communities they were serving. Those communities were loyal to them for decades, sometimes for over 100 years, before the banks up and abandoned entire communities. When the last bank branch turned off its lights and closed its doors in this particular area of my riding, Winnipeg's north end, the community had to do something.

•(1255)

I want to say that one big bank left a branch at the edge of that geographic area I described, and that is the Bank of Nova Scotia. We continue to work with that bank to make sure there is a good liaison between the bank and the people so that in fact that relationship stands us in good stead and that no corporate decision from Toronto will lead to the closure of that bank branch as well.

For this huge area, there are no banks. There are no branches. When faced with that alternative, the community did the right thing. The people of community stood up and said, "If the banks are not loyal to us, then we will not be loyal to them, and we will take things into our own hands". Thank goodness for that kind of determination, perseverance and community spirit, because over the last several years that spirit, that perseverance and that determination have allowed for the establishment of an alternative community financial services centre.

That development occurred just a few weeks ago and officially opened on November 16, and in fact it is one way in which our community has been able to overcome this kind of neglect and abandonment by the big banks. I am here today first of all to give kudos to people in my community who made this happen and to actually acknowledge the fact that it did not happen because of some decision from government. It did not happen because of largesse from either government or the business community. It happened because local community members decided to fight back. They fought back until they got something, not everything, but something that will take the place of all those banks.

I want to acknowledge all of those people who fought so long and hard to get this centre, which is something that needs to be said in the context of this review of the Bank Act. It happened because of people like Jerry Buckland from the Winnipeg Inner-City Research Alliance. It happened because of his work and his studies, repeating the information over and over again and producing studies, including "The Rise of Fringe Financial Services in Winnipeg's North End", "Fringe Banking in Winnipeg's North End", and "There Are No Banks Here: Financial & Insurance Exclusion in Winnipeg's North End".

Those studies clearly show that as the banks left, payday lenders moved in, and people were left at the whim of an unregulated sector. Fortunately, I believe and I hope, the government is moving on the legislation to actually close the loophole with respect to payday lenders and fringe financial services, but the point needs to be made that in fact there are still so few alternatives for people who have been left high and dry by our financial institutions.

It is important to recognize the work of a community like my own when it fights back and wins, so I want to acknowledge the work of Jerry Buckland, who helped produce all these studies, along with Nancy Barbour, who has since passed away and to whom we owe an enormous debt of gratitude.

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We had hoped that in this legislation today there would be some amendments to put some teeth into the agency that is there overseeing consumers' interests. That does not appear to be in this package.

We had hoped that somehow the government would have realized the importance of emulating an initiative in the United States. We often point to initiatives from across the border, but in this case it is one that we should look at and consider seriously, and that is a community reinvestment act that requires big banks that choose to leave a community to put money made from that community back into that community to help with economic and social development.

That is an innovative proposition that needs to be seriously considered in this country. We need to ensure that there is some way to give back to the community that which has been taken out of it through long time loyalty to banks and the contribution to the kind of enormous profits we are seeing today.

Study after study has talked about consumers' interests in this regard. I want to reference a speech by Murray Cooke, who is with the Centre for Social Justice. He writes:

In terms of finance, we need to ensure that not only business has access to capital, but we need to ensure that all Canadians, including those living in rural and small town communities, including disadvantaged groups no matter where they live, have reasonable access to finance and basic financial services. While this is an issue of social justice, I think you could appreciate that there are also wider economic benefits involved in allowing and encouraging everyone to be economically active rather than economically marginalized.

● (1300)

On that note, it is important to point out, again, the impact of the government's decisions in closing Status of Women offices and shutting down programs that were helping in this regard. I refer specifically to a program entitled "Money & Women", which was organized by the North End Women's Centre in Winnipeg in the heart of my constituency. It works on a daily basis with women to ensure they have the financial knowledge, information and expertise to handle their own banking, to access banking services and not to become dependent on payday lenders.

This is a valuable service that is no longer available because of the government's heartless cuts. This is a case of government money helping a community to help itself. It was a case of money going through a program and an organization to women directly to help them manage their finances and put themselves on a stronger financial footing.

How in the world can that be described as money for bureaucracy and money for administrative purposes? This is money that goes directly toward the benefit of women, and the government has totally denied women that opportunity. Shame on it for that kind of heartless, disgusting cutback that gets at the very soul of the community and the very heart of an individual's desire to play a meaningful role in society today.

People in my community and everywhere do not want to be a drain on society. They do not want to stay on social assistance if they do not have to. They do not want to be dependent on anyone. They want to be independent and they want to manage their own affairs. Surely the most important thing government can do is provide the resources to help people help themselves, to give them the tools

through literacy, through bank projects, through volunteer initiatives that help people to help themselves.

I cannot think of a single reason, from the civil society point of view or any perspective from a civilized society, why the government would take that program away. I cannot understand why the government wants to resort to the law of the jungle and the survival of the fittest. I thought it was against people staying on welfare and being dependent on the state. I thought government was about giving people the tools they needed to help themselves. Yet it is taking away the very things people need in order to participate fully in our economy so they can get a job, pay taxes and contribute to this country. It is beyond any kind of understanding and comprehension.

Let me get back to the Bank Act. Another fundamental issue for people around the Bank Act has to do with disclosure. It has to do with access to information and accountability and transparency. I know the bill touches on this issue of trying to deal with some of the numerous briefs that were presented during the development of the white paper.

Bill C-37 falls far short of what is needed. It by no means addresses the real concerns of Canadians. Let us remember, we are talking about a very complex world that provides to citizens a dizzying array of products, choices and services, yet we are doing nothing to ensure that people get the full information they need.

Some very important suggestions were made on that front. I think about the role of Democracy Watch. I think about the role of the consumer advocacy groups and others that have tried to get the now government, and the one before it, to consider the idea of citizen participation, citizen boards as a vehicle for ensuring the proper flow of information between big financial institutions and consumer groups and individuals so people would be fully aware of what was happening and would have some say when there were those possibilities for decision making.

Bill C-37 fails Canadians on some key issues. We need to stop and reflect on what is missing in the bill, what Canadians heard during the process and how we can make a better bill.

● (1305)

[*Translation*]

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Mr. Speaker, I am pleased to address the House on the subject of Bill C-37, which we are debating today.

Every time it has to decide whether to support a bill or not, the Bloc Québécois considers its value for Quebeckers. If the bill offers real benefits for them, the Bloc Québécois supports it; if not, it does not.

We have examined Bill C-37 closely and, after weighing the pros and the cons, we have concluded that we support the principle underlying the bill.

Government Orders

What factors did we take into consideration in our analysis? There are several. First, the bill would implement mechanisms to transmit information to consumers, which would enable them to make more informed choices about banking services. Second, the bill would implement a regulatory framework to permit electronic cheque processing, which would reduce the time during which institutions hold cheques, thereby addressing an issue our citizens have often raised. I will come back to this later on.

Third, this bill would reduce the regulatory burden on foreign banks, credit unions and insurance companies, thereby making the regulatory approval régime more efficient.

We have also found a fourth advantage: Bill C-37 would change regulations governing mortgage loans, thereby enabling more people to take advantage of that financial tool. That is very good.

Last, the government would increase the equity threshold from \$1 billion to \$2 billion, thereby making it possible for a single shareholder to wholly own a bank, thus encouraging new entrants and promoting competition.

The Bloc Québécois supports the bill in principle, but we have some reservations. As members of the Standing Committee on Finance, my colleague from Joliette and I will work to ensure a number of things.

We will begin by ensuring that the regulations are changed, and we will make certain that those changes do not allow the kind of uncontrolled mergers and acquisitions we have seen before in the banking sector.

We will continue to insist that any change to the moratorium on bank mergers be in the best interests of the public, and not made just to satisfy the financial market. To that end, the Bloc Québécois will be ensuring that the Standing Committee on Finance will hear the appropriate witnesses. We will also be proposing the amendments that are needed for this bill to pass.

The Bloc Québécois will also be stepping up the pressure on the federal government to adopt the necessary measures to protect people's savings, in particular by appointing a federal ombudsman for the financial sector. The ombudsman will have the powers needed to defend the public based on Canadian banking law and thus enable members of the Canadian public to exercise their rights without having to go through the endless and tedious legal battles that the banking institutions wage. We therefore believe that this is a flaw that must be remedied, and we will be working to persuade the federal government to create such an ombudsman position.

That is our stand on the bill that is before us. Nonetheless, it might be worthwhile to consider the context here and recall why we are dealing with this bill today.

Every five years, to ensure that the banking system has a degree of flexibility while remaining stable, the government must hold consultations leading to the review of the financial institutions statutes.

• (1310)

October 24 was the date on which the financial institutions legislation expired. The government extended the sunset date for the

legislation to April 24, 2007, so that Parliament could examine the matter.

Bill C-37 follows on the document entitled "Proposals for an Effective and Efficient Financial Services Framework", released in June 2006, and the document entitled "Advantage Canada" published by the government at the time of the latest economic and fiscal update. Unfortunately, that document says nothing about the fiscal imbalance. We understand, of course, that this is not the topic of debate today, but I find it hard not to mention this serious omission in the economic update.

The object of Bill C-37 is to put in place new mechanisms to improve the efficiency of the Canadian financial system. There are three main components to this bill. The objectives of those components are, first, enhancing the interests of consumers; second, increasing legislative and regulatory efficiency; and third, adapting this regulatory framework to new developments.

I would now like to analyze the bill in more detail. Of course, I will come back to the three components I have listed.

The first component is enhancing the interests of consumers. This bill provides for a set of measures, the first of which is to improve the rules for disclosing information to consumers.

In order to allow consumers to make informed choices among their investment vehicles, the government will raise the standards concerning disclosure of charges, obligations and penalties relating to different accounts and investment vehicles. That is important because people often make that comment to us, as well as people with savings who are making choices. Later, when they realize the consequences, the charges and the penalties associated with their choice, they are often angry and feel that they have been betrayed by their financial institution. In fact, they were not in a position to have the full details of the information that would have allowed them to make proper choices.

The government will require those institutions to clearly disclose that information by means of the Internet, in all their branches, and in writing for any person who makes that request.

In the same vein, there is a second measure. This one will change the regulatory framework to enable the introduction of electronic imaging in the processing of cheques.

This bill will establish a regulatory framework to enable the introduction of electronic cheque imaging to facilitate processing and reduce the hold time in banking institutions.

That is a good example—I mentioned it previously—of the necessary evolution of the Banking Act. It is understandable that with the development of new technologies, the regulatory framework must also evolve to enable the use of digital imaging in processing cheques. We will have a legal financial framework for that, thanks to this bill.

Another measure involves the reduction of the time that banking institutions can hold a cheque. Following publication of the 2006 financial institutions legislative review, the government made a commitment to reduce cheque hold times to make life easier for small businesses and other Canadians.

Government Orders

Bill C-37 gives the superintendent the power to set cheque hold times. The white paper proposed an immediate reduction of the maximum hold time to seven days, and to five days once the digital cheque imaging system is in place.

Cheque holds affect not only consumers who need to have access to those funds to pay their bills, but also small and medium businesses that must pay their employees and keep the business operating out of the funds they deposit.

In addition, the government wants all users of the payments system—including, obviously, consumers—to benefit from the increased efficiency resulting from the Canadian Payments Association initiative that involved changing the payments system to facilitate electronic imaging of cheques.

• (1315)

In my opinion, this need for faster processing of cheques may be seen quite concretely in the explosion of small businesses that cash cheques quickly and that are proliferating throughout our towns and villages. This clearly shows that there is a need and that people want to use the money available to them quickly, but that they cannot do so in the standard banking institutions, because their money is held for several days.

Probably everyone has already experienced something like this. It has happened to me personally to make a withdrawal and for it to be drawn on my line of credit instead of on my regular account, even though the money was in my account. The money was simply being held while waiting for the necessary checks to be made. It is a bit frustrating when we pay interest on funds that are already in our bank account. This is a real problem and if these delays can be reduced, it will be to the great advantage of consumers. So I was talking about the first objective, pertaining to consumers.

The second objective is to increase legislative efficiency. In this section, a first measure consists of lightening the regulatory burden on foreign banks so as to facilitate their access to the Canadian market and stimulate competition. This measure arises from the concerns expressed during the consultations pertaining to the review of the Financial Institutions Act. The Canadian market is already fairly open to foreign competition in the banking field. But certain problems were raised concerning the regulations governing foreign banks doing business in the Canadian market.

Bill C-37 aims to clarify the measures applying to foreign banks operating in Canadian territory by refocusing the regulatory framework on the chartered banks and simultaneously excluding the near banks. The near banks are companies that offer banking-type financial services. Unlike chartered banks, near banks cannot change their basic money supply, that is, they cannot borrow money from or lend money to the Bank of Canada to make new deposits or new loans.

Still in the same section, a second measure aims to streamline the regulatory approval regime. This measure is designed to simplify the process pertaining to routine transactions not having any implication for public policies. Thus the power to approve or refuse certain operations or transactions will be transferred from the minister to the Superintendent of Financial Institutions.

The Bloc Québécois is really concerned about this and it is a part of the bill that will need further study in committee to ensure that only decisions that have no public policy implications are put in the hands of the superintendent. In other words, we will not agree to any hint that the minister is allowing operations with public policy implications to be de-politicized.

The purpose of the third measure is to loosen the federal framework governing cooperative credit associations. In order to make it easier for new associations to emerge, the government will reduce the number of establishments needed to constitute a cooperative credit association to two.

At the present time, 10 cooperative credit associations are needed to form an association under the terms of the Cooperative Credit Associations Act. However, in light of the new commercial possibilities offered by retail associations and the continued consolidation in the credit union system, the current requirement places too high a threshold for new entry. A lower requirement would add flexibility to the federal framework for the credit union system, improve the system's capacity to adapt to new developments and enable it to better serve consumers and small businesses.

• (1320)

That was in regard to the second aspect.

There are a number of measures as well in the third aspect. The first consists of increasing from 75% to 80% the loan-to-value ratio for which insurance is mandatory on residential mortgages.

Mandatory insurance on mortgages with high loan-to-value ratios was instituted more than 30 years ago—quite a while ago—as a precautionary measure to ensure that lenders were protected against fluctuations in property values and possible defaults by borrowers.

The threshold was originally set at 66.7% or a two-thirds ratio. It was then increased to three-quarters or 75% following the Porter Commission in 1966. Markets have obviously continued to evolve ever since and we know, first, that lenders' risk-management practices have improved considerably and second, regulatory risk-based capital requirements have been implemented. Financial markets have evolved and stabilized, and the supervisory framework for financial institutions under federal government regulation has been strengthened considerably.

It seems that restriction no longer plays the same prudential role it once did and, accordingly, a legal requirement by which borrowers must contract mortgage insurance at a fixed loan-to-value ratio of 75% could mean that some consumers are paying more for their mortgage than is justifiable on a prudential basis.

I know that because this summer I bought a house in Verdun—which is one of the most beautiful places in Quebec, and even Canada, as everyone knows.

Some hon. members: Oh, oh!

Mr. Thierry St-Cyr: Not all my colleagues agree, but that is a matter for discussion.

Government Orders

This experience allowed me to learn a little about the mortgage market. People are being given mortgages at increasingly lower rates—with a 5% or 10% down payment, and less in some cases. It is easy to get a mortgage. One might wonder why insurance would be mandatory with a down payment of up to 25% when the minimum down payment might now be decreased to 20%. This is only normal evolution.

The purpose of the second measure is to readjust the levels of equity capital to allow sole ownership or to force wide ownership. In 2001, a new size-based ownership regime was implemented. Under the new regime, the equity threshold above which a bank is required to be widely held was set at \$5 billion to capture the largest banks whose potential failure would have the greatest impact on the Canadian financial system and the economy.

Medium-sized banks with equity between \$1 billion and \$5 billion can be closely held, but are subject to a 35% public float requirement, unless a ministerial exemption is obtained. The threshold for small banks, which can be wholly owned by a single shareholder, was set at \$1 billion to encourage new entrants.

Bill C-37 would therefore change the equity thresholds in order to account for the new reality of the considerable growth in the banking industry since 2001. The equity threshold allowing sole ownership would be raised to \$2 billion, or doubled.

Banks whose equity varies between \$2 billion and \$8 billion must henceforth have a minimum of 35% of their voting shares listed on the stock market. Banks whose equity is greater than \$8 billion must be widely held, which means that no single shareholder can hold more than 50% of the voting shares.

The last measure in this section involves increasing the limit, which is currently one third, on the number of foreign members permitted on the board of directors of Canadian banks. As announced in the Advantage Canada plan—which, I would remind the House, says almost nothing about the fiscal imbalance, but that is not the topic of my speech here today—Bill C-37 amends the Bank Act by proposing a new measure that would make the boards of directors of Canadian banks subject to a new Canadian quota.

• (1325)

At present, a minimum of two thirds of board members of Canadian banks must be Canadian residents. However, Bill C-37 would lower that threshold to a simple majority.

To justify this measure, the Conservatives argue that this new standard will foster the creation of international ties and open the Canadian banking sector to the rest of the world. Following the moratorium on all bank mergers in Canada, Canadian banks soon began acquiring foreign banks in order to increase their growth. Thus, a greater foreign presence on their boards of directors would allow Canadian banks to continue in that direction.

In closing, the Standing Committee on Finance still has a great deal of work to do on this. The Bloc Québécois will help with this work. For now, we support this bill in principle.

[*English*]

Mr. Dennis Bevington (Western Arctic, NDP): Mr. Speaker, I come from a northern part of Canada where banking services are

limited in many small rural and remote communities and limited to the extreme. In some cases, people need to air freight their cheque to another community and have it cashed there and then returned to them, which is a huge expense.

Within any amendments that are being made to the acts governing the banks, I would think that we would want to see some attention paid to ensuring that there is some universality in some of the basic banking services across this country, especially in rural and remote communities. It may be that it will require some amendments to the act that would allow banks to provide more online services. I would say that there are things that could be done.

Although we have competition in the banking field, we do have very large companies that dominate the market. The banking industry needs to have some responsibility toward Canadians to ensure their services are available in all parts of this country.

Could the hon. member comment on how these amendments to the act will help people in rural and remote communities?

• (1330)

[*Translation*]

Mr. Thierry St-Cyr: Mr. Speaker, I would first like to thank my colleague for his speech and point out that I believe his concerns are legitimate. I would even say that they are not limited to rural areas.

A few years ago, in the beautiful city of Verdun, in my riding—the city I spoke of earlier—the quality of service declined when a number of institutions closed. People are very concerned about this. I can understand that the impact may not be as serious as in a remote rural community. That is extremely disturbing. However, this is happening everywhere.

Earlier, I referred to the spread of instant cheque-cashing companies. Why should people have to pay fees that are often very high just to be able to use funds that should already be available to them? This is a real problem, and I think that some clauses of this bill will improve things, but will not solve the problem.

Of course, the whole problem of competition on the financial market remains. I also mentioned the importance of making sure that we do not go back to unrestrained bank mergers, that we impose a moratorium and that mergers always be made in the interests of consumers, which is often not the case, because too much attention is paid to financial markets.

Government Orders

[English]

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): Mr. Speaker, I am very interested in these new measures for the banking industry and particularly in the area of foreign directors. I am wondering if the member, in considering this document, was concerned at all whether there should be any restrictions applied to directors from other countries.

[Translation]

Mr. Thierry St-Cyr: Mr. Speaker, in the bill as it currently stands, the measures apply essentially to foreign membership in boards of directors. That is the issue at present. In our opinion, this is acceptable as long as a majority of the directors are resident Canadians. With regard to officers of institutions, I must admit that I have never considered whether a problem actually existed or whether this was something that could eventually pose a problem.

However, I am convinced that if this issue were to be brought before the Standing Committee on Finance, the committee would examine it carefully and consider whether amendments should be added to place certain restrictions on officers. We believe that the measure currently proposed for directors is reasonable.

• (1335)

[English]

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, my colleague from the Bloc made reference to the blossoming of payday lenders and payday loan companies in his riding. I can tell him that the same applies in my riding of Winnipeg Centre where these outfits are sprouting up like mushrooms and where low income people, poor people I believe, are being exploited by these companies because they cannot find basic financial services anywhere else in the country.

Does my colleague share this view with me that the government should crack down on the payday lenders who are charging exorbitant usurious rates of interest, criminal rates of interest, and that rather than simply regulating the payday loan industry, it should prosecute people who charge more than 60% interest per annum?

[Translation]

Mr. Thierry St-Cyr: Mr. Speaker, I would like to clarify something. Perhaps what I said was misinterpreted. My riding does not have a problem with payday loans because they are prohibited in Quebec. The practice exists in the rest of Canada, but not in Quebec. Honestly, I hope that Quebec can continue to regulate the market to keep them out forever.

I was talking about people who receive cheques from their employer, businesses or individuals. They want to use the money right away, but they cannot. Once they deposit the cheque in the bank, they have to wait a week or two to get access to the funds. In my riding, there are businesses where people can take their cheques to get the money right away. The businesses charge a commission, which can sometimes be quite high. I used that example to show that there is clearly a problem.

When communities have a number of businesses whose revenue comes mostly from instant cheque cashing, that is because there is a need and a problem. People have money that they cannot use right away. That was what I was trying to explain. As for interest rates, it

is true that the criminal interest rate is currently 60%. I think that is very high, and we should ensure that the limit is complied with. People who lend money at usurious rates exceeding 60% per year must be charged. If we did that, we would prevent a lot of exploitation. Unfortunately, it is often society's poorest people who have limited access to credit and good credit terms. Their debt eventually spirals out of control and they are trapped.

Personally, I really hope that the federal government will not interfere with provincial jurisdiction so that Quebec can continue to prohibit payday loans and enforce compliance with the criminal interest rate already provided for by law.

[English]

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I am pleased to have this opportunity to enter the debate on Bill C-37. I thank my colleague for answering my questions and clarifying the view in the province of Quebec on some of these issues.

This is a massive piece of legislation affecting many consequential amendments and many pieces of legislation and acts. I may be proven wrong, but at first overview of the bill, I am afraid it may fail to address the single most compelling concern that we have about our financial and banking institutions and that is basic access to basic financial services for all Canadians.

I represent a low income riding in the inner city of Winnipeg. I can tell the House that there has been a flight of capital from the core area of the city of Winnipeg. My colleague from Western Arctic in his questioning of previous speakers told us today that there is a problem finding basic financial services in the rural and remote areas of Canada's north. This is a complex problem that is bigger than just an inconvenience.

In the core area of my riding of Winnipeg Centre, 15 neighbourhood bank branches have closed in the last five years. These branches have been there for 10 to 50 years. The bank that my parents banked at since 1948 when they were married and bought their first home also closed. This is a vote of non-confidence in the inner city.

Let me remind the House that our chartered banks are granted the exclusive monopoly on some very lucrative financial transactions, such as credit cards, in exchange for providing basic services to all Canadians even where that might not be the most profitable thing for them to do. That was the trade-off under which we granted their charters.

The Government of Canada should revisit these charters to ensure that our partners are in compliance with their obligations. In an era of record profits, I defy banks to justify why they are closing branches on every street corner in the inner city of Winnipeg. My colleague from Winnipeg North, who spoke before me, indicated that there had been 13 bank closures in her community.

Government Orders

Winnipeg Centre and Winnipeg North are venerable ridings with old established neighbourhoods full of hard-working people. These people trustingly trudged to the street corners year after year to cash their cheques at their banks. This is a thing of the past. I think it is a breach of trust. Banks have broken their contracts with Canadians because they are making record profits quarter after quarter. Every time we open the financial pages of newspapers we read about banks making record profits. We read in community newspapers about bank closures in the inner city of some major city or in rural Canada.

Ms. Dawn Black: In New Westminster too.

Mr. Pat Martin: In New Westminster too, my colleague from New Westminster—Coquitlam tells us.

I do not know if Bill C-37 satisfactorily addresses the one compelling issue facing Canadians and that is access to banking services. This has led to the proliferation of payday lenders. Every single vacancy in every strip mall across the country is being filled with another Money Mart or Payday Loans, et cetera. Why? Because they can charge 1,000% to 10,000% interest per year. Show me another business enterprise that receives 1,000% interest. Selling coke for God's sake does not provide 1,000% interest. Prostitution or any other illegal activity does not provide 1,000% interest.

The province of Manitoba did a study on payday lenders in my riding of Winnipeg Centre. One case study documented 10,000% per annum interest on some of the loans as a result of a series of surcharges and fees and roll-over loans. No wonder the Hells Angels are involved. No wonder terrorists are looking to this kind of activity to launder money. I trace it back directly to the banks and the abrogation of their duties to provide basic financial services. By abrogating their duties, they left a vacuum for these rip-off outfits to spring up.

● (1340)

Without getting too over the top on what these reprehensible companies are doing in my riding, one thing they are doing is charging to cash cheques. If people knew their banking rights and if the charter banks were living up to their obligations, people should know that the banks have to open a bank account for them. If people have one piece of ID, even if they do not have any money, a bank has to open a bank account for them. It is in the Bank Act.

Yet poor, low income people do not know this, so they get maybe a government cheque and have no place to cash it because they do not have a relationship with a bank because the bank has abandoned their community. They wind up at a payday loan outfit where they are charged 3% or 4% of their social allowance cheque to cash it. It is illegal to charge to cash a government cheque. Another thing people do not know about their banking rights, and the present and past governments have made no effort to tell them.

Governments have allowed this burgeoning mini-industry of preying on the misery of poor people by taking a chunk of their meagre paycheques to provide basic financial services. I am not overstating it to say that it is morally and ethically reprehensible to be in the payday loan industry. It is morally negligent for the government not to police this industry and not to prosecute anybody who would exceed the usury laws in the Canadian Criminal Code and charge 1,000% per annum. They should be locked up. They

should be led away in handcuffs. They should be dragged away in a paddy wagon and locked up, and the key thrown away because there is no lower form of animal in my view than someone who would prey on human misery by exploiting the poor and the desperate in the inner cities.

I am no big fan of the big banks. We do not need to do a tag day for the big charter banks in this country, but we should be holding their feet to the fire and make them live up to their basic commitments, their basic obligations under the Bank Act.

Bill C-37 would have been an opportunity to remind the charter banks of their obligations. In the inner city of Winnipeg where I live and at the corner of Portage and Arlington where I had my campaign offices two elections in a row in two different vacant buildings there are six payday lenders on that one intersection within a half a block in any direction and they are open all the time.

For low income people in my riding, because these firms have been around for almost a decade, people carry their Money Mart card in their back pocket as if that is their ID. That is a poor man's credit card today which is a licence to cheat that person. It is not a credit card. It is not even an ATM card where people can get money using it. It is their identification because payday lenders are smart. They have nice clean tile floors, they are well lit and illuminated. People are treated with some dignity because they want to cheat them. People are sucked in that way, but that used to be the type of service that banks offered legally to neighbourhoods and communities. They were big clean places too where people could go with their paycheques and be treated with some dignity. All that is gone.

We have to remind our charter banks that there was a reason why we gave them the exclusive monopoly on certain very lucrative financial transactions and that was so that they would provide basic services whether we were in Plum Coulee, Manitoba or New Westminster, British Columbia, or in the heart of downtown Toronto, or wherever they are needed.

An hon. member: Tuktoyaktuk.

Mr. Pat Martin: Let's not forget Tuktoyaktuk.

The deal was not that they could run those banks as long as they were profitable. The deal was that overall this would be one of the costs that they would assume in their overall activity, namely providing basic financial services. It seems to me the banks do not want ma and pa business any more. They are pawning it off to the credit unions.

Government Orders

There is this idea of the right wingers, the Conservatives, the neo-conservatives in this place. The right wing neo-conservatives have this idea that they should privatize the profits and socialize the losses. That seems to be their basic philosophy. They should privatize all that they gain and let the big banks have all the real good paying business, and they should pawn off the less profitable services such as mortgages, basic banking services, and let the credit unions have those. Somehow the non-profit sector can have all that non-profitable stuff and that will streamline our activities.

● (1345)

Mr. Jeff Watson: Just nationalize it.

Ms. Dawn Black: Bigger and bigger profits for the banks.

Mr. Pat Martin: Bigger and bigger, there is no such thing as too much profit for the banks.

One of the right-wingers said that we should nationalize the banks. What an extremist point of view. I am going to use that in my literature the next time there is an election campaign.

The segue between the last bill we debated on offshore tax havens and the bill we are presently debating on Canada's chartered banks and financial institutions is interesting, because there are no worse culprits for tax avoidance and being tax fugitives than the big banks that are abandoning the inner city of Winnipeg. They are abandoning the inner city of Winnipeg and setting up shop in Barbados, the Cayman Islands and everywhere else they can think of to avoid paying their fair share of taxes in our country.

An hon. member: They are masters at it.

Mr. Pat Martin: They are masters at it. They have hundreds of tax lawyers working for them, looking for ways to avoid paying their fair share of taxes. I call them tax fugitives hiding out in tax havens. They certainly are not living up to their commitments to the good people of the riding that I represent. They abandoned my riding and I will never forgive them for it. Frankly, I will not bank in a major chartered bank in this country and I do not care who knows, although I guess everybody knows now.

There are many things that could have been done with this piece of legislation to try to impose some fairness into the financial institutions regime in this country. I remember when the former leader of the NDP, currently the member for Halifax, and I used to crash the shareholder meetings of the major banks. We had nine resolutions that we would put forward at every bank meeting. Two of them almost passed.

One of the resolutions that I moved at the Bank of Montreal failed to pass by less than 1%. In fact the result was 49.6 to 50.4. I remember because it was the same ratio as the Quebec referendum, 49.6 to 50.4. That resolution was gender parity on the board of directors. We came that close to dragging the banks into the 21st century kicking and screaming all the way, but the shareholders clearly wanted modernization of the banking system or they would not have supported gender parity on their own board of directors within one-half of one percentage point. We were very proud of that.

The other resolution that almost passed, and this one almost gave the CEO a heart attack, was that the salary of the CEO would be

limited to 20 times that of the average employee. It would still be 20 times what an ordinary human being made, but CEOs were making 200 times and 300 times that of an average employee. That, sadly, did not succeed as a resolution.

It gives some indication of the amount of work that needs to be done if we are going to have a fair regime governing our financial institutions in this country, first to provide reasonable access to every person in this country. Whether people have any money or not, they deserve the right, and in fact they have the statutory right, to basic banking services. Even if people do not have any money but they want to open a bank account, they have to be allowed to open one. Do Canadians know that?

We would drive the payday lenders right out of business. People who have relationships with banks and need to borrow an extra \$100 to get them through until their next paycheque could simply use their overdraft the way I or my colleagues do and pay a surcharge of a couple of dollars for that privilege instead of having to pay a surcharge beginning at 1,000% interest. Some of these institutions charge 10,000% interest on a simple loan. On title loans these companies are actually lending people \$1,000 and making them sign over the title of their homes as collateral. If they fail to pay off the loan, they run the chance of forfeiting their homes.

Ms. Dawn Black: Unbelievable in a civilized society.

Mr. Pat Martin: This is unbelievable in a civilized society, as my colleague from New Westminster—Coquitlam pointed out.

I do not know why the Liberals and Conservatives refuse to address these basic inequities in the financial sector. It used to be they relied heavily on the big banks to finance and bankroll their political parties. That is not allowed any more. News flash: They do not have to be afraid of the banks any more. The banks are not allowed to give political parties money any more.

The banks would always line up with wheelbarrows full of money. They would dump an equal amount on the Liberals and on the Tories, but the laws have changed. We no longer have to be afraid of the big banks. If we stand up on our hind legs we can actually demand service from the big banks without jeopardizing our political future. It is a liberating feeling to be able to tell the truth about the banks without having to worry about our donations drying up. That was the beauty of the changes to the election financing laws.

● (1350)

It begs the question, what is the barrier now? If it is no longer money, why do we not force the banks to live up to their obligations under the current Bank Act? Why do we not amend the Bank Act to make it even better so it serves the best interests of Canadians?

Mr. Gerald Keddy: I agree.

Statements by Members

Mr. Pat Martin: My colleague from Nova Scotia, a Conservative, is agreeing with me. Now and then that Conservative member has the odd lucid moment I have noticed. It may be that in his home community he has suffered the same indignity as I have, that the corner banks are closing their doors, folding up their tents and abandoning us. They are bailing out. They have more investments offshore than they have in our own communities. We grant them a charter to exist and give them the exclusive monopoly to make a fortune on certain financial transactions and they refuse to live up to their end of the bargain. That is where I find fault. The little guy is not getting a fair shake from the big banks.

We create our own credit unions and we are left with the least profitable side of banking that nobody else seems to want. We seem to make it work. We are making it work in the non-profit sector through a vibrant credit union system throughout the land, but that is still no excuse. We cannot afford to backfill every place the banks have abandoned us, we simply cannot. No credit union can.

Imagine how devastating it is to represent an old established neighbourhood like mine and see 15 bank branches close their doors. There is another place in which they are failing to live up to their commitment. Right in the Bank Act it says that if a bank wants to close a branch, it has to have public meetings. It has to deal with the inconvenience to the long-standing customers. It has to help them find alternate banking services within a reasonable distance. One of the banks was even ordered to provide a van to drive seniors from the existing branch to the new branch, which was all the way across town. That lasted exactly four months. The van disappeared and the seniors at the Blue Bird Lodge in the inner city of Winnipeg are without service. It is just not working.

I am here to serve notice that the current Bank Act lets Canadians down. The Bank of Canada had Arthur Anderson as its auditor of record for the whole time of the Enron scandal. I have no confidence in that particular system.

I am very concerned though that Bill C-37 is a lost opportunity, because the very things that I point out as being urgent needs for the communities that I have cited I do not find anywhere in the hundreds and hundreds of complex amendments to complex acts in here.

I would urge the government to get back to the basics and listen to what Canadians are saying. They are sick to their stomachs. Get back to the people. Let us do what is best for ordinary Canadians for a change, not for whoever gets affected.

Ms. Penny Priddy: Let's do what is right.

Mr. Pat Martin: My colleague from Surrey is saying let us do what is right. What better way to summarize why we were sent here. My colleague from New Westminster says it is despicable and my colleague from Surrey is suggesting that we do things right.

I do not think that is too much to ask. We were sent here on a mission to represent the views, the needs and the concerns of the people we represent. In the inner city of Winnipeg, one of the primary concerns of people is the complete lack, an absolute paucity of basic financial services. They are being forced to use payday lenders who I think are morally and ethically reprehensible. There is no lower form of animal than someone who would prey on human

misery and exacerbate the poverty of low income people, stealing from the poor to give to the rich.

The last thing I would point out is if we are serious about putting a lid on organized crime, we should cut off their ability to raise money and cut off their ability to launder money. I say without any hesitation, without any fear of contradiction whatsoever, money, ill-gotten gains, is being laundered through these payday loan outfits in my riding and every riding in this country. If government were serious about stemming that tide and choking off their ability to carry on organized crime, this would be an important step that it should take.

• (1355)

The Speaker: When debate resumes on this matter, there will be 10 minutes of questions and comments for the hon. member for Winnipeg Centre.

STATEMENTS BY MEMBERS

[English]

RED DEER, ALBERTA

Mr. Bob Mills (Red Deer, CPC): Mr. Speaker, it is a great pleasure to congratulate the citizens of my constituency of Red Deer.

A week ago, the Festival of Trees was held, which involved a great many events. The volunteers were honoured on this first evening. Without them and their months of hard work, this event could not have occurred. Then the sponsors banquet was held, one of the highlights in our community every year. This 13th annual event was no exception. The big event was the live auction of a house, including the lot and furniture. A total of \$660,000 was raised on this one evening alone.

The next night was the Festival of Wines, and Don Sim, the auctioneer, successfully auctioned off a wide selection of wines and auction items. The Santa breakfast and final closing again went well.

The events were all sold out and all the money went to the operating facilities at the Red Deer Regional Hospital Centre.

This level of support and volunteerism in our community is something we are very proud of. I congratulate Red Deer.

* * *

• (1400)

SENIOR WOMEN

Ms. Bonnie Brown (Oakville, Lib.): Mr. Speaker, the Conservatives continue their relentless assault on the vulnerable. This time it is senior women.

Statements by Members

After the income trust fiasco, they tried to offer amends by allowing income splitting for pensioners. That is terrific, but just under half of all pensioners are single and nearly three-quarters of those are women. What about them? Worse, close to half of these women live at or below the official poverty line.

Yes, there is an increase in the age credit but this pales in comparison to the handouts provided to well-off senior couples who could see tax reductions of tens of thousands of dollars. This is a disgrace. After \$1 billion budget cuts in September, they have now added to their hit list impoverished, senior single women.

We know they have another \$1 billion in cuts to come. Canadians should be asking who they will attack next.

* * *

[*Translation*]

STATUS OF WOMEN

Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ): Mr. Speaker, I am outraged by the draconian cuts to Status of Women Canada as we approach the 25th anniversary of the ratification by Canada of the UN Convention on the elimination of discrimination against women on December 10. What rhetoric will the Harper government use to justify wrecking the foundation of an organization still needed to improve the well-being of women?

In the Upper North Shore, the Sacré-Coeur and Forestville women's centres are affected by these cuts. But it is all women in my riding, as well as throughout Quebec and Canada, who are wronged when they are so clearly not yet on an equal footing with men.

To deprive women of the means to defend their rights is to be indifferent to their claims. To deny them the main means of waging their battle is to be disrespectful. With Ottawa accumulating a surplus, the Harper government cannot—

The Speaker: The member for Surrey North.

* * *

[*English*]

VIOLENCE AGAINST WOMEN

Ms. Penny Priddy (Surrey North, NDP): Mr. Speaker, yesterday we rose in the House to remember and recommit to stopping violence against women. I rise today because this commitment is something we must do every day.

In the city of Surrey, we have seen the murder of three South Asian women in a short period of time. After these tragedies, there was a large public forum where many South Asian women spoke of their personal experiences of violence in their families. This led to considerable public debate about the South Asian community and violence.

It is important for me to say today that there is violence in every community, regardless of country of origin, and it must be stopped everywhere. I do know that naming, shaming and blaming any particular cultural community will not lead to change.

We must continue to follow the path of listening to women. We must provide education and supports that meet individual needs. These are our sisters, daughters, mothers and friends. When a

woman's life is lost to violence, we are deprived of their love and support and their special gifts and talents.

Let us recommit ourselves daily to stopping violence in our communities.

* * *

[*Translation*]

YSEULT ROY RABY AND JEANNE TURGEON-LESSARD

Mr. Luc Harvey (Louis-Hébert, CPC): Mr. Speaker, I would like to point out the exceptional contribution to community life made by Mrs. Yseult Roy Raby, a woman who has dedicated 22 years to disadvantaged families and individuals in my riding. She has transformed thousands of lives in my riding and comforted many in need while director of community service delivery in Cap-Rouge.

Mrs. Raby will be retiring in less than two weeks and I would like to point out the excellent contribution she has made to community life in my riding.

I would also like to acknowledge the 100th birthday of Mrs. Jeanne Turgeon-Lessard, who dedicated her life to the people of my community. She will be signing the Quebec City livre d'or next week and I would like to express my heartfelt respect for her.

I can only hope that we will have the benefit of her wisdom for many more years to come.

* * *

●(1405)

[*English*]

PARLIAMENTARY POET LAUREATE

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Mr. Speaker, on behalf of the people of the riding of Humber—St. Barbe—Baie Verte along Newfoundland's west and northwest coasts, I proudly welcome Mr. John Steffler to the position of the Parliamentary Poet Laureate.

John is a long way from home, Mr. Speaker, but my constituents and I share in your confidence and your enthusiasm for this distinguished appointment.

My colleagues might be interested to hear that John Steffler adopted Corner Brook and Sir Wilfred Grenfell College as his home back in 1974 but his roots are in Toronto.

He is a long time literary contributor to our province of Newfoundland and Labrador and to the entire country of Canada. He is an acclaimed and gifted writer.

Mr. Steffler demonstrates that Canada's poet laureate is a shared treasure of all Canadians.

AMATEUR RADIO ON THE INTERNATIONAL SPACE STATION

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Mr. Speaker, through a complex network of satellite radio signals and encrypted phone lines spanning two countries, nine students in my riding had an out of this world experience. They spoke live with NASA astronaut Michael Lopez-Alegria as he orbited the earth aboard the International Space Station.

These students are part of an amateur radio club shared between my alma mater, Centre Hastings Secondary School, and Madoc Public School.

ARISS, or Amateur Radio on the International Space Station, is a program that offers an opportunity for students to experience the excitement of amateur radio by talking directly with crew members of the International Space Station.

Centre Hastings Secondary School was the only school in North America that was granted this opportunity.

I would like to congratulate the local coordinators of the event, Rob and Liza Allan.

I would also like to recognize members of the local amateur radio club who provided their assistance. I would like to tell Liana Andrews, Tess Reid, Chelsea Freeman, Landen Kruger, Sara MacNeil, Megan Webb, Rebecca Bremner, Graham Wilcox and Sabrina Reid, the students of ARISS Club, how very proud they have made us.

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[Translation]

LE REFLET

Mrs. Carole Freeman (Châteauguay—Saint-Constant, BQ): Mr. Speaker, on November 4, the newspaper that represents the eastern part of my riding celebrated its 40th anniversary. *Le Reflet*, a veritable regional journalistic institution, marked four decades of relaying the events that have shaped the history of Châteauguay—Saint-Constant and the surrounding area. It remains a key player in circulating the news and opinions of the people I represent.

After 40 years, the team at this Montérégie newspaper is still doing an excellent job, putting the vitality of the people from my area front and centre and reporting accurately and with objectivity the news in the 38,000 copies that go out every week in Montérégie. This excellence has also garnered a number of awards, many nominations and much recognition for the work done by the members of *Le Reflet*.

I want to acknowledge the remarkable efforts of the journalistic team at *Le Reflet*, and I want to take this opportunity to wish many more years to this newspaper, which is a true reflection of my community.

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[English]

STATUS OF WOMEN

Mr. Laurie Hawn (Edmonton Centre, CPC): Mr. Speaker, this has been a week of women's issues. It is appropriate and proper that

Statements by Members

we spend time thinking about, talking about and acting upon issues that affect and support women.

We have talked about the Status of Women and I am proud to be a member of a party and a government that values actual programs for women over bureaucracy. I am proud that Canada's new government has diverted \$5 million from non-productive administration to be available for the direct benefit of women in communities across Canada.

We have talked about combating violence against women and everyone in this place agrees. I am proud to be a part of Canada's new government that has committed \$10 million this year toward institutions that support women who are victims of violence and \$15 million as of April 1 next year. An additional \$6 million has been committed over the next five years for on reserve women's shelters.

I have been blessed with many strong women in my life. The most important woman in my life is my wife, Judy, who has been successful, independent and strong in her own right. She has also been the love of my life for 38 years as of today.

I wish her happy anniversary and I love her.

* * *

VIETNAMESE CANADIAN COMMUNITY SCHOLARSHIP FUND

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Mr. Speaker, today I want to acknowledge the efforts of the Vietnamese Canadian Community Scholarship Fund.

This grassroots organization awards hard-working Vietnamese Canadian students with scholarships in order to assist them in pursuing a higher level of education.

Last month, I had the privilege of attending its award ceremony where I presented 11 outstanding students with their scholarship awards.

It is non-profit organizations such as this that are critical in helping young Canadians achieve their full potential. When I toured universities last year, students were asking the federal government to assist young Canadians with tuition, jobs and debt relief.

It is therefore incomprehensible why the Conservatives chose to eliminate the youth international scholarship program and why they cut \$55 million from the youth employment initiative.

We need to invest in our future leaders, not hold them back.

I hope the House will join with me in recognizing the efforts of the Vietnamese Canadian Community Scholarship Fund and its scholarship recipients for their hard work in enriching our community and our great country.

* * *

● (1410)

[Translation]

400TH ANNIVERSARY OF QUEBEC CITY

Mr. Daniel Petit (Charlesbourg—Haute-Saint-Charles, CPC): Mr. Speaker, in 390 days, Canadians will mark the 400th anniversary of the founding of Quebec City.

Statements by Members

The new Government of Canada is a proud partner in the 400th anniversary celebrations and is making the substantial contribution of \$110 million for organizing and hosting events.

Some 400 years ago, Quebec City became the starting point in the adventure of building the Canada of today: a dynamic and modern Canada that builds its strength on its linguistic duality and cultural diversity.

Our government is actively involved and working closely with the Société du 400e anniversaire de Québec, Quebec City and the Government of Quebec to ensure that this anniversary is celebrated by all Canadians, because the anniversary of the founding of Quebec City is also the anniversary of the founding of Canada.

I want to join the mayor of Quebec City, Andrée Boucher, who is on Parliament Hill today, in inviting all Canadians to Quebec City in 2008.

* * *

[English]

STATUS OF WOMEN

Mrs. Irene Mathyssen (London—Fanshawe, NDP): Mr. Speaker, yesterday, in the Standing Committee on the Status of Women, Conservative members of that committee declared that the Status of Women budget was not being cut but that the money was merely being shifted from the operating budget to the grant program. These same members accused fellow committee members and witnesses of not taking the time to understand the Conservative cuts.

After much research and many letters to the minister, I cannot find in writing anywhere that the money cut from the Status of Women's operating budget was ever intended to be reinvested.

The minister needs to clarify to the House and to women's organizations across Canada whether the money removed from Status of Women Canada, the government's so-called fat trimming, will be reinvested specifically in the grants program for Status of Women. Will it be increased from \$10 million to \$15 million?

Current funding is woefully inadequate and the loss of 12 regional offices and 61 experienced staff is hurting the goal of equality for Canadian women.

* * *

FRANK MORGAN

Hon. Andrew Telegdi (Kitchener—Waterloo, Lib.): Mr. Speaker, it is appropriate, on a day when we will be defeating a motion that promotes exclusion, to pay tribute to a man whose life was about teaching and practising inclusion.

Reverend Frank Morgan, Minister Emeritus of the Trinity United Church in Kitchener, and faith columnist for *The Record* for nearly three decades, passed away on November 29 with his wife of 63 years, Helen, by his side.

Frank was fearless and forthright in discussing the tough issues of faith and encouraged others to do the same. The late pastor's unflagging support for the disadvantaged, including immigrants, the poor, women and homosexuals, earned him many fans.

In recent years, Morgan turned to his typewriter to challenge fellow Christians to soften their interpretation of scripture. He endorsed and celebrated same sex marriage.

Frank was a principled and a humble man who enriched one's life just from having known him. He will be missed.

* * *

[Translation]

400TH ANNIVERSARY OF QUEBEC CITY

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, in 2008, Quebecers will celebrate the 400th anniversary of the founding of Quebec City by Samuel de Champlain in 1608. As North America's first francophone city, it is the birthplace of French America and the seat of the Quebec nation.

The mayor of Quebec City, Andrée Boucher, is here today to draw attention to the magnitude of this event. Governments from around the world, including the City of Bordeaux and the Government of France itself, have confirmed that they will participate.

The Bloc Québécois is working to ensure the success of the celebration. Several projects have yet to be completed. We will ensure that the federal government fulfills all of its responsibilities.

The Quebec bridge, PEPS stadium and various heritage sites under Parks Canada's jurisdiction are among our priorities.

We wish the provincial commissioner and the president of the Société du 400e anniversaire de Québec all the best for a successful event.

* * *

[English]

FOREIGN AFFAIRS

Hon. Irwin Cotler (Mount Royal, Lib.): Mr. Speaker, Salah Uddin Shoaib Choudhury, a Muslim Bangladesh journalist and editor of a daily Bangladesh publication, is standing trial on charges of treason, sedition and blasphemy for promoting Muslim, Christian and Jewish dialogue, peace with Israel and seeking to attend a conference in Israel for the promotion of peace.

Mr. Choudhury has also been personally beaten, his life threatened and his office vandalized while none of the perpetrators have been brought to justice and a former Bangladesh home minister has indicated that there is no basis for the charges.

As counsel for Mr. Choudhury and as one who, while as minister of justice, was engaged in a joint Canada-Bangladesh rule of law project, I call upon the Bangladesh authorities to respect the rule of law, to review and, as appears just and appropriate, to drop the charges while working to apprehend those who have violated Mr. Choudhury's rights.

Oral Questions

●(1415)

CONSERVATIVE PARTY OF CANADA

Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC): Mr. Speaker, a historic event occurred three years ago today. What skeptics said was impossible came to fruition. Led by the current Minister of Foreign Affairs and our Prime Minister, the Canadian Alliance joined forces with the Progressive Conservative Party of Canada to form the Conservative Party of Canada.

Much has been accomplished in three years. In June 2004 a massive Liberal majority was reduced to a minority. In January of this year, Canadians from coast to coast to coast cheered as the Conservative Party of Canada became Canada's new government.

The future looks strong for our country and our party, as we are one election away from forming a majority that will benefit all Canadians. While we are still cleaning up Liberal corruption, Canada is better off knowing that Liberals no longer control the country's purse strings.

On behalf of Conservatives across the country, I thank the Prime Minister and the Minister of Foreign Affairs for their courageous actions three years ago today. Our party is better off and, more important, our country is better off.

ROUTINE PROCEEDINGS[*Translation*]**NEW MEMBER**

The Speaker: Order, please. I have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Mr. Glen Pearson, member for the electoral district of London North Centre.

* * *

NEW MEMBER INTRODUCED

Glen Pearson, member for the electoral district of London North Centre, introduced by the Hon. Stéphane Dion and the Hon. Karen Redman.

ORAL QUESTIONS[*English*]**RCMP COMMISSIONER**

Hon. Stéphane Dion (Leader of the Opposition, Lib.): Mr. Speaker, yesterday the Prime Minister said, "I became aware of the differences in the story when everybody else did", but the facts tell a different story. The commissioner admitted today that he told the public safety minister, after his first appearance in September, that he needed to change his testimony.

Now that the facts contradict him, is the Prime Minister ready, just like Mr. Zaccardelli, to change his story?

Right Hon. Stephen Harper (Prime Minister, CPC): Of course not, Mr. Speaker. That is not what the commissioner said.

In any case, I think the House is well aware of the fact that the Commissioner of the RCMP tendered his resignation after some consideration. It was the honourable thing to do. We accept that resignation and thank him for his service to the RCMP and to the country. I would note the commissioner said that he had no political interference in this matter.

●(1420)

[*Translation*]

Hon. Stéphane Dion (Leader of the Opposition, Lib.): Mr. Speaker, the excuse of political interference does not hold water because, since the first testimony in September, the minister and the commissioner worked together to prepare the testimony. Thus, there was no political interference at that time any more than there was today.

The facts do not add up. The Minister of Public Safety was informed that the commissioner's testimony was going to change. The Prime Minister's chief policy adviser was told that the testimony was going to change.

Is the Prime Minister finally ready to do as Mr. Zaccardelli did and change his version of the facts as well?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, the statements made by the Leader of the Opposition are completely false. This government did not meddle in the affairs of the RCMP like the previous Liberal government tried to do. Our government did not do that. We did not interfere in the RCMP commissioner's testimony. The commissioner said so himself.

Hon. Stéphane Dion (Leader of the Opposition, Lib.): Mr. Speaker, the minister and the commissioner worked very closely together on the commissioner's testimony. The Prime Minister must surely have known about it.

[*English*]

Canadian Press reported today that three senior ministers, including the Minister of Public Safety, pleaded with the Prime Minister to fire the RCMP commissioner months ago, but the Prime Minister refused.

Could the Prime Minister explain to Canadians why he rejected the advice of these ministers and what did these ministers know at that time to warrant their intervention? Is the Prime Minister ready, like Mr. Zaccardelli, to change his story, yes or no?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, one can only imagine the howls of outrage from the opposition if the Prime Minister had politically intervened and fired the Commissioner of the RCMP before he even testified at a parliamentary committee. Could you imagine, Mr. Speaker?

Instead of these ridiculous rumours, what we do know for a fact is that the member for Malpeque, a former solicitor general, wanted to fire the Commissioner of the RCMP because he allowed the RCMP to criminally investigate the Liberals' actions in the sponsorship affair. This is the kind of dangerous political interference for which that party stands.

Mr. Mark Holland (Ajax—Pickering, Lib.): Mr. Speaker, the commissioner should have been fired on September 28 and the Prime Minister knows it.

Oral Questions

Today in committee the public safety minister refused to answer a very simple question I asked him four times. The question was this. Did the minister urge the Prime Minister to have the RCMP commissioner released or fired this fall? There was no response from the minister.

Canadian Press reports that the public safety minister, the foreign affairs minister and the justice minister each privately called for the commissioner to be let go some time this fall. Will the public safety minister now answer the question? Did he push the Prime Minister to release the commissioner this fall, yes or no?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, if the newly elected member from the London area wants to get a lesson in the way not to pursue a question, he just got one over there. The member opposite failed to say what I did say.

There was a response. Therefore, what everyone just heard was inaccurate. I did respond. I asked the member to continue reading from the newspaper article, which was his secret source, about the particular story because my quote was very clear. I said that the story was utter fabrication. When he was just asked on the news what his secret source was, he had to cough up and say, "Oh, I guess it was that newspaper article".

Mr. Mark Holland (Ajax—Pickering, Lib.): Mr. Speaker, the only source on this issue is Sandra Buckler, who is part of the Prime Minister's spin machine. That is the only response that has been given.

This is a very easy question. Either the minister challenged the Prime Minister's unyielding desire to protect the commissioner or he did not. This minister has never responded. I want an answer from the minister right now, right here, on the public record. Did the minister push the Prime Minister to release or fire the RCMP commissioner at any time prior to last Monday, yes or no? Why is he afraid to answer?

•(1425)

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, while responding to Perry Mason, I mean to the member opposite, Mr. Speaker, I said that was utter fabrication, but the question that keeps coming to my mind is, why do this member and some of his colleagues continue to pursue these little notions, conspiracies and secret letters that the whole world had?

I wonder if it has anything to do with the fact that as soon as we got Justice O'Connor's report about the mess that the previous government had handled, we accepted all 23 recommendations immediately while their government did nothing. I wonder if that is what they are actually trying to hide.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, at a lunchtime press conference today, Mr. Zaccardelli was unable to clearly explain what part he had played in the Maher Arar affair. The same is true of the Minister of Public Safety, who testified this morning in committee. The more they talk, the more confused the situation becomes. The only way to get to the bottom of this story is to reveal the identity of the police officers who passed false information about Maher Arar to the American authorities.

Can the Prime Minister reveal the identity of the police officers who passed false information about Maher Arar to the Americans?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, once again, the Commissioner of the RCMP has tendered his resignation, and the government has accepted it. We thank the commissioner for his services to the country and to the RCMP.

With respect to the question by the leader of the Bloc Québécois, the current government obviously was not in power when these events took place. This government is interested in accountability, and we intend to implement accountability.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, he should realize that he is the Prime Minister, that he is in power and that he has a duty to tell the truth. He should tell us the names of the police officers who passed false information to the Americans, so that the whole story can come out once and for all. Neither Mr. Zaccardelli nor the Minister of Public Safety can shed light on this affair. Both of them are trying to create confusion, keep us from understanding what happened and hide the truth. The Prime Minister should give us the names of the people who acted improperly so that they can testify before the committee.

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, once again, Mr. Justice O'Connor held a public inquiry, and the government accepted his report.

The parliamentary committee is free to carry on with its work concerning these events if it so desires.

Unfortunately, the real problem for the Bloc is that Canada now has a federalist government that is no longer under police investigation. That is the real problem for the Bloc. It is a good thing for Canadian unity and for the nation of Quebec, but it poses a problem for the sovereigntist camp.

Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ): Mr. Speaker, this morning in committee, the Minister of Public Safety was unequivocal: when an RCMP official learns that a subordinate has made a mistake, he must take immediate action to deal with the problem and inform his superiors. When he first appeared before the committee on September 28, Mr. Zaccardelli declared that he had known since 2002 that false information about Maher Arar had been forwarded to the American authorities. He took no action and did not inform his superiors.

How could the Minister of Public Safety reiterate his confidence in Mr. Zaccardelli after hearing his testimony of September 28, which revealed the errors in judgment of the RCMP commissioner?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, the commissioner has admitted to giving contradictory testimony. He has also resigned. That is clear and correct.

Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ): Mr. Speaker, knowing that Mr. Zaccardelli was informed of serious errors made by his subordinates in the Maher Arar affair and that he advised no one, why did the Minister of Public Safety not promptly ask for the resignation of the RCMP commissioner? By keeping him, who did the minister wish or need to protect, and why?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, it is the government's responsibility to ensure the safety and security of our citizens from coast to coast, and of our communities, and of our streets. That is exactly what we will do.

*Oral Questions***RCMP COMMISSIONER**

●(1430)

[English]

GOVERNMENT APPOINTMENTS

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, with the resignation of Mr. Zaccardelli, there is a lot of speculation about who is going to be the next commissioner, but the government has an opportunity here to make this process truly transparent and accountable. The former member for Ottawa Centre, Ed Broadbent, proposed and tabled in this House a process whereby important appointments like this would be brought before a standing committee and would be vetted there.

Will the Prime Minister indicate clearly today that he will follow the precedent that he set with an appointment to the Supreme Court by bringing before a House of Commons committee for vetting the recommendation for the replacement of the commissioner?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, it is an interesting suggestion considering that the NDP actually was opposed to that process for the Supreme Court justice when I did it.

What I can say is this. The government obviously does not wish to politically hire and fire RCMP commissioners at will. We will establish a process that is objective and professional and of course we are interested in the input of any member of this House.

* * *

MAHER ARAR

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, just to be clear, our party supported the recommended process brought forward by the former member for Ottawa Centre, which was a superior process.

Now, with the affair behind us, in some ways Canadians are looking for the government to do the right thing. Mr. Zaccardelli has apologized. This House has apologized to the Arar family.

It remains for the Government of Canada to apologize to the Arar family, so I ask the Prime Minister this. Will he stand in his place and apologize to Monia Mazigh, to Maher Arar and to their children on behalf of the Government of Canada so that they can take the next step in their lives to put this terrible circumstance and—

The Speaker: The right hon. Prime Minister.

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, once again, Parliament and all parties in Parliament supported the motion of apology. The government is working with Mr. Arar's attorneys who have sued the government. We are working on a full compensation and apology and we hope to make progress on that in short order.

Once again, on the comment in the previous question in terms of the process, I think we have to be very careful not to politicize this process, particularly when I open the paper today and read that the party opposite is saying that it should get involved and stop the RCMP from investigating wrongdoing by politicians. That is not the kind of input we want in the hiring of the RCMP commissioner.

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Mr. Speaker, just hours ago at his news conference, Commissioner Zaccardelli confirmed that he spoke with the Minister of Public Safety and expressed his desire to go back to the committee to explain the problems with his testimony. Additionally, he wrote to the deputy minister to explain the inconsistencies in his testimony, yet the minister had the gall to state in this House yesterday that he only found out about this issue on Monday.

Will the minister now admit that the commissioner told him a month ago about the problems in his testimony and that the minister indeed chose to ignore it?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, the member is picking up his pointy habit from his colleague who sits next to him.

I said yesterday that we all learned about the extent of the contradiction on Monday. At that point, the Prime Minister, myself and others said we would look at what had been said and look at the extent of his contradiction. Shortly after that, just yesterday, as members know, the commissioner tendered his resignation.

I think the chain of events speaks for itself. We wish the commissioner well. We also are very confident in the ongoing work of the—

The Speaker: The hon. member for Pickering—Scarborough East.

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Mr. Speaker, let the record show that this party, in its wisdom, chose to bring forth an inquiry to help Mr. Arar while that party accused him of being a terrorist.

The minister was directly informed a month ago about the inconsistencies in the commissioner's testimony. His deputy minister was informed in writing at the same time, and the Minister of Public Safety knew the truth. He knew it a month ago. Did he pass this information along to the Prime Minister or anyone at the PMO? If not, why not?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, I would like to imagine the look of shock, horror and awe on the faces of members opposite if, when the commissioner said to me that he wanted to go back and talk to the committee, I had interfered in that in any way. We can imagine the howls of faux protest that we would have heard from members opposite.

Let the record show, if it is the record that the hon. member is interested in, that the former government did nothing while this whole awful affair took place. Those members are trying to drown out the reality of that.

We are the ones who took action. We are putting the recommendations in place. We are fixing it. They broke it.

Oral Questions

•(1435)

[Translation]

MAHER ARAR

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, the Minister of Public Safety continues to deny, deny deny, regardless of how clearly the facts are established. On November 19, 2002, the minister, who was then in the opposition, spoke about Mr. Arar and “his possible terrorist ties”. That is what this government, this Conservative Party, thought of Mr. Arar and his release in 2002.

Will the minister finally stop denying and start acknowledging that those were his words—

The Speaker: The hon. Minister of Public Safety.

[English]

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, I wonder if the member opposite has even read the report. I wonder if any of them have read it, especially the section that talks about the former minister of foreign affairs. There is a page in there where Justice O'Connor laments the fact that the minister of foreign affairs even questioned whether Mr. Arar had been tortured or not and put in the minds of the public the whole question of whether he had been tortured.

If they want to go back and quote the O'Connor report, I will do that with them page for page. I doubt they have read it, though.

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, the minister simply cannot take responsibility for his own actions. Does he not think that his words when he was in opposition, suggesting links between Mr. Arar and al-Qaeda and other terrorist organizations, were not heard by the Syrians?

The Prime Minister, the Minister of Public Safety and the Parliamentary Secretary to the Minister of Finance made repeated statements in the House in 2002 and onward claiming that Mr. Arar was a terrorist. Does the minister believe that the statements he made influenced the people who were torturing Mr. Arar?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, the record is clear. While that member and her colleagues were in power, Mr. Arar was in a prison in Syria. The party opposite did not lift a finger and did not raise a voice to do anything about it.

Today, when we have Mr. Celil, a Canadian citizen, in China in the same situation, they have exactly the same position. They never learn.

We will stand up for Canadian citizens.

* * *

[Translation]

FIREARMS REGISTRY

Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ): Mr. Speaker, every time someone asks the Minister of Public Safety about the firearms registry, he says he wants a more effective registry than the one we have now.

How can the minister say that 742 small firearms registries kept by 742 different retailers all across Canada would be a more efficient

and effective tool than the current registry, which is centralized and computerized?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, we will be proposing measures to make the firearms registry more effective. We have consulted with nearly 105 groups across the country, as well as individuals, including the people who were at Dawson College. We will strengthen the system. I am open to any suggestions the Bloc has to offer.

Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ): Mr. Speaker, the minister's position does not hold water. Seven hundred and forty-two manual registries that keep track only of new firearms, not used ones, is a terrible idea.

The Standing Committee on Public Accounts tabled a report today. It reviewed the issue and the minister's proposal. It is recommending a moratorium, telling the minister not to dismantle the current registry, telling him to wait and reconsider his own proposal, which does not hold water.

Will the minister follow those recommendations and propose a moratorium?

•(1440)

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, that is not exactly right, because we will be maintaining the registry. If an individual wants to possess or purchase a firearm, he or she must register it. We will maintain the registry; we will even strengthen it. We will make it more effective.

* * *

CANADA LABOUR CODE

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): Mr. Speaker, earlier this week, the Minister of Labour voiced his opposition to the anti-scab bill, stating that it could threaten Canada's economy and even paralyze the country.

If the minister is right, how does he explain the fact that the economies of Quebec and British Columbia have not crumbled even though both provinces have had anti-scab legislation for many years, 30 years in Quebec's case?

Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC): Mr. Speaker, I want to explain again to this House that the federal government has responsibility for sectors that are vital to the smooth running of the country: rail, marine and air transportation and telecommunications.

We also have other services, and hon. members should know that Bill C-257 would no longer allow the use of replacement workers. Any subgroup within any one of these sectors could completely paralyze the country's economy.

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): Mr. Speaker, would medical specialists in Quebec not be in a key sector?

The minister went on to say, “As soon as you can no longer use replacement workers, if there is a strike, everything can stop”.

Oral Questions

Are we to understand from what the minister said that his way of making the economy run smoothly is to systematically replace all strikers with scabs? Is that his solution?

Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC): Mr. Speaker, I want to remind members of the important changes that were made to the legislation in 1999, just seven years ago.

It is extremely important to maintain a balance. It is maintained with that bill, which was adopted in 1999 and allows the use of replacement workers. However, they must not be used to undermine the union's representational capacity. In addition, on returning to work, striking employees go back to where they previously worked in the company.

* * *

[*English*]

MARRIAGE

Hon. Belinda Stronach (Newmarket—Aurora, Lib.): Mr. Speaker, I support equal marriage because I believe in a Canada where rights are safeguarded, liberties are protected and all Canadians are treated equally under the law, but I also support it because it is the right thing to do. We are talking about people, our friends, our neighbours, our fellow citizens, people who love each other and want to spend their lives together.

I am asking anyone from the government side to stand up today and answer if we are revisiting this because that party believes that equal marriage has in any way had a negative impact on our society.

Hon. Rob Nicholson (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, I think we have been very clear all along. We promised Canadians in the last election that we would revisit this issue. It is an issue that touches all members deeply. I am very proud to be part of a party that is going to have a true free vote on this. Can the hon. member confirm that for her party? I do not think so.

Hon. Belinda Stronach (Newmarket—Aurora, Lib.): Mr. Speaker, we will be having a free vote on this, but the Minister of Justice has said that if the vote fails, he has a backup plan.

The issue of equal marriage has been debated and voted upon in this House many times and we are about to vote on this issue again. The Prime Minister and his government owe it to Canadians to state definitively today, is this the last time?

Right Hon. Stephen Harper (Prime Minister, CPC): Mr. Speaker, I can only observe that we will have a free vote. We said this was a matter of personal conscience. I note that the Liberal Party has gone from believing this was a question of fundamental rights on Monday to now saying it is a matter of a free vote and personal conscience today. We have been consistent all along.

I know the member for Newmarket—Aurora has strongly held views. For instance, she has strongly held views on the citizenship of her leader. I know she will always helpfully convey those views to him.

● (1445)

Hon. Hedy Fry (Vancouver Centre, Lib.): Mr. Speaker, I want to quote the Parliamentary Secretary to the Minister of Public Works. I quote, "If the government is going to get involved and deny gays and lesbians the right to marry, it should do so on the basis that there is public harm in allowing gay marriage. I have read about everything there is to read on this and I do not think there is any public harm in doing this". That is an interesting point.

Does the Prime Minister have any evidence that there has been public harm since gays and lesbians have been allowed to marry, and if so, can he share it with the parliamentary secretary and this House?

Hon. Rob Nicholson (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, we have evidence that members of the Liberal Party have changed their position on this many times. I notice the Leader of the Opposition supported the traditional definition of marriage in 1999. He has changed his mind. He has changed his mind a couple of times this week.

What we do know is we had a terrific debate in the House of Commons, a respectful debate and we will get the opportunity to vote on the motion after question period.

Hon. Hedy Fry (Vancouver Centre, Lib.): Funny, Mr. Speaker, I could have sworn I heard the Prime Minister say he was in favour of less government intrusion in the lives of Canadians. Yet here he is putting the state back into the bedrooms of the nation.

Given that he has no problem breaking his income trust promise, no problem breaking his appointment of senators promise, no problem breaking his floor crossing promise, why does the Prime Minister insist on keeping a promise that would contravene the charter and take away the rights given by Parliament to a minority group?

Hon. Rob Nicholson (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, the Prime Minister and this government have been true to their commitment to Canadians to have a vote on this. The member asked what the Prime Minister was clear on. What the Prime Minister is clear on is that the Liberal Party should not be governing this country. We have been very clear on that all the way along.

* * *

[*Translation*]

LIBERAL PARTY OF CANADA

Mr. Daniel Petit (Charlesbourg—Haute-Saint-Charles, CPC): Mr. Speaker, we have learned that the new Leader of the Opposition, during the recent Liberal Party leadership campaign, received a \$50,000 loan from Rob Bryden, who was appointed the leader of his transition team. This represents a Liberal act of cronyism to which we have become accustomed.

Oral Questions

Can the President of Treasury Board explain in this House how the federal accountability act will deal with this culture of entitlement?

Hon. John Baird (President of the Treasury Board, CPC): Mr. Speaker, we must examine the actions of the Liberal Party. The Liberal Party and its candidates accepted over 139 cheques for more than \$5,000 each in the last eight months. The new leader of the Liberal Party accepted loans totalling over \$400,000 and placed one of these individuals in charge of his transition team. It is true that the new Liberal leader learned about politics from Jean Chrétien.

* * *

[English]

PENSIONS

Ms. Chris Charlton (Hamilton Mountain, NDP): Mr. Speaker, StatsCan knew years ago that it was applying a botched formula for inflation. Its mistake is being paid for by everyone whose income is tied to the CPI. StatsCan says going back in time would create economic chaos.

What about the chaos that its errors wreaked on seniors living on fixed incomes? They are increasingly becoming part of this country's homeless. A retirement in poverty is not a life lived with dignity and respect.

Will the Minister of Finance admit that the government has shortchanged seniors to the tune of over \$1 billion for CPP and OAS alone and will he return that money to the seniors who have a right—

The Speaker: The hon. Minister of Human Resources and Social Development.

Hon. Diane Finley (Minister of Human Resources and Social Development, CPC): Mr. Speaker, unfortunately Statistics Canada does take a retroactive look, but fortunately the adjustment was very small and that adjustment is being incorporated with the regular updates to OAS and the GIS.

* * *

HOMELESSNESS

Mr. Tony Martin (Sault Ste. Marie, NDP): Mr. Speaker, speaking about homelessness and the vulnerable, winter is here. Thirty-two thousand people in Toronto, 4,779 children, stayed in a shelter last year. In Calgary 3,400 people live in a shelter and four people have died. In Vancouver, 2,174 people live on the streets, including 22 families with children. There are 700 homeless people in Victoria.

In 1998 our large city mayors declared homelessness a national disaster. In view of this alarming and tragic reality in our country, will the government declare a state of emergency?

Hon. Diane Finley (Minister of Human Resources and Social Development, CPC): Mr. Speaker, we are very concerned about the situation with the homeless. That is why we extended the national homelessness initiative and that is why we added \$37 million to it.

Actions do speak louder than words. When it comes to defending the needs of the vulnerable in our society, let us be aware that it was the NDP that voted against our taking 650,000 low income Canadians off the tax rolls. The NDP voted against increasing the

child disability benefit. The NDP voted against cutting the GST. Now the NDP wants to take away the universal child benefit. Actions do speak louder than words.

* * *

• (1450)

STATUS OF WOMEN

Hon. Carolyn Bennett (St. Paul's, Lib.): Mr. Speaker, yesterday on our National Day of Remembrance and Action on Violence Against Women, I was appalled by the hypocrisy of the members opposite putting on rose buttons and white ribbons while their government has just brutally slashed the very programs that supported thousands of Canadian women who still are victims of violence every day.

First the minister claimed the \$5 million which she was axing was just waste. Now she is claiming there were no cuts.

Will the minister tell the House, does she have \$5 million to invest in women's programs and if so, perhaps she could name the programs, because the shifting ground program is waiting for the \$60,000 that she just cut.

Hon. Bev Oda (Minister of Canadian Heritage and Status of Women, CPC): Mr. Speaker, as we all know, the expenditure review found \$5 million which we could put into women's programs as of April 1, 2007. We are now working in collaboration. We will have information available to the organizations so that we can consider different projects to help women.

In fact, cutting women's programming is what the party opposite did five times in 13 years, and the Liberals did not give the money back to women's programs. They gave it to their Liberal friends.

Hon. Carolyn Bennett (St. Paul's, Lib.): Mr. Speaker, yesterday in this House, the minister said, just as she did now, that there is \$5 million available now directly for women's groups. Will the minister now confirm that the \$5 million has been added to the government's women's programs and if so, will she explain how she will determine where the programs will receive the money now that she has closed all the regional offices?

Hon. Bev Oda (Minister of Canadian Heritage and Status of Women, CPC): Mr. Speaker, it very clearly shows we said that \$5 million will no longer go into offices, but will go into programs to help women, and that money will be available April 1, 2008.

*Oral Questions***CANADIAN WHEAT BOARD**

Hon. Wayne Easter (Malpeque, Lib.): Mr. Speaker, it is well known that the government has imposed gag orders, manipulated voters lists and exercised threats to the CEO of the Canadian Wheat Board. The CEO has said that the government has asked him to either support its agenda, which means violating the Wheat Board Act, or lose his job.

Is this the Prime Minister's definition of choice? Some choice: break the law and keep one's job, or respect the law and lose one's job. I ask the Prime Minister, what kind of choice is that?

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, of course what farmers expect and what this government expects is that the CEO and management of the Canadian Wheat Board should maximize returns for farmers. At a time when the prices are on the rise, when the product is in the bins and the quality is there, we should be making money for the farmers and we should be doing that right now.

Speaking of choice, we want to ask farmers in a plebiscite what they think of removing barley from the monopoly position in western Canada. The Liberal Party of Canada says that it does not care what the farmers say, the Wheat Board is staying the way it is and they will just have to tough it out.

Hon. Wayne Easter (Malpeque, Lib.): Mr. Speaker, this party says to let farmers make the choice. The Minister of Agriculture is starting to believe his own baloney. Ignoring farmers' rights is not listening to them. Ordering information websites down is not being transparent. Firing the CEO from a non-government agency is not consultation.

The Prime Minister's campaign, his ideological attack on the board and its officers, is killing Canada's credibility abroad in international grain markets. Will he for the good of the farmers and their livelihood stop this attack on the CEO of the farmers' marketing agency?

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, of course, what we have done is continue to move ahead with marketing choice for western Canadian farmers.

We should be clear because people in eastern Canada would not believe this, that only in western Canada are farmers not allowed to market their own products. They would never accept this in P.E.I. It is not acceptable in Quebec. It never happened in Ontario. Only western Canadian farmers are told they have to sell their product to a government agency.

What we have said is let us consult the farmers in January in a plebiscite. We think they are going to want to take barley out of that, but most important, we are listening to farmers. The Liberals say it is the status quo or take a leap.

• (1455)

[Translation]

ECONOMIC DEVELOPMENT

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Mr. Speaker, the developers of a cooperative in Saint-Adelphe are perplexed by the conflicting replies they have received from the Economic Development Agency of Canada. While one letter from the department refused their application for assistance, another letter from the minister's chief of staff, dated one week later, stated that the project was in fact being analyzed. Which was telling the truth?

Given this confusion, will the minister approve this project, which is so important to the people of Saint-Adelphe; yes or no?

Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC): Mr. Speaker, this file was indeed submitted to the department and was analyzed. I must inform this House that it is not within the mandate of my agency to finance capital expenditures on assets to be used for property management, nor to finance the operations of an organization in the retail sector. In this context, I can understand that these people are be disappointed, but we must abide by our operating rules. We are here to promote the diversification of regional economic activity and to support entrepreneurs who wish to start new businesses, and not to assist in the purchase of assets.

* * *

ROYAL CANADIAN MOUNTED POLICE

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Mr. Speaker, in the 1950s and the 1970s, members of the RCMP, posted in the Far North, slaughtered a number of sled dogs. Following credible complaints from the Inuit communities, an investigation was entrusted to another member of the RCMP. The apparent conflict of interest by the RCMP, obviously, calls for a new investigation.

Does the Minister of Justice intend to respond to the request by the Inuit, who are calling for the appointment of an independent superior court justice to resume the investigation objectively?

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, 50 years ago, many dogs were killed. Fortunately, there was an investigation into the matter. The result of the investigation was clear. In fact, I laid it upon the table last week. The investigation clearly established that there was no euthanasia plan for the dogs. It also found that the RCMP helped many sick dogs.

* * *

EQUALIZATION

Hon. Maurizio Bevilacqua (Vaughan, Lib.): Mr. Speaker, this government has changed its mind on equalization. When the Prime Minister realized that the 13 different promises he made to the 13 different provincial and territorial premiers were unrealistic, he decided to stop talking about it, thinking that the matter would be dropped.

When will the Prime Minister finally announce that his promise that no province would lose out was totally false?

*Oral Questions**[English]*

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, we are totally on plan, as outlined in budget 2006, with respect to the discussions on equalization and moving from fiscal imbalance to fiscal balance. This is the fiscal imbalance that the party opposite does not believe exists in Canada, but this government believes there is a fiscal imbalance that needs to be corrected.

Discussions have been happening between ministers in the federal government and the provincial ministers. The ministers of finance, as planned, will be meeting on December 15 in Vancouver and then will be moving toward steps in budget 2007, all according to plan.

* * *

CHILD CARE

Mrs. Joy Smith (Kildonan—St. Paul, CPC): Mr. Speaker, Canadians are just starting to learn about the ideas of the Liberals' new leader. He has said that we need to provide parents with real choice, yet says he will cancel our child care plan. Many Canadian parents have expressed their support for our universal child care plan.

Could the Minister of Human Resources and Social Development explain for the new Liberal leader how our plan is helping to provide parents with real choice in child care?

• (1500)

Hon. Diane Finley (Minister of Human Resources and Social Development, CPC): Mr. Speaker, I would like to read some quotes from a parent. The first states:

I have two children they are 4 and 8 years old...The \$100 a month will go a long way in our single income family.

The second states:

You can be assured that this money will benefit my children's social and physical well being. Believe me beer and popcorn are not on the menu.

We offered the universal child care benefit to Canadians and they voted for it. We will not let the Liberals or the NDP take it away.

* * *

INFRASTRUCTURE

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, the private investment firm Citigroup recently commissioned a study on public and private ownership of bridges. The group study has concluded that private ownership increases the tolls 35% to 45% higher. Despite that evidence, the Minister of Transport, Infrastructure and Communities has now put the Windsor-Detroit border crossing, the most important one, on the auction block.

What I want to know from the minister right now is this. Will he guarantee that the crossing there will be publicly owned, operated and accountable so we have the lowest cost fares and the busiest, most accountable border crossing?

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC): Mr. Speaker, first, the government is committed to increasing Canada's competitiveness. The government is committed to being able to get our products and services across the border in the best fashion possible.

We have indicated that we will look at the different options available and we will take the best decisions in Canada's interest.

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, my community is not up for sale. This community deserves the proper crossing, and that is what the study proves. More important, it is the same practice across the country. Why is Windsor being treated differently?

We have to signal to industry that we are serious about fixing this problem, and it has to be done with accountability and with support for the city.

I ask the minister to ensure that there are no new toll roads and no new high toll bridges, where private pockets are lined at the expense of citizens.

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC): Mr. Speaker, I would have expected congratulations on behalf of the hon. member.

This morning I was with the provincial transport minister, Donna Cansfield, to announce the creation of the gateway for southern Ontario, another move that will increase Canada's competitiveness abroad.

* * *

EQUALIZATION

Mr. Todd Russell (Labrador, Lib.): Mr. Speaker, many Canadians have noticed the twinkle in the Prime Minister's eye whenever he is introduced as an economist. In fact, he should be embarrassed.

He seems to have forgotten everything he learned in economist school. He promised all the premiers, in writing, that no province would lose out by his changes to the equalization formula. As any good economist could tell us, this is not mathematically possible.

Has the Prime Minister finally realized this inconvenient truth? Who will deliver the bad news to the premiers who get Scrooged this Christmas?

Hon. Jim Flaherty (Minister of Finance, CPC): Certainly not Scrooge, Mr. Speaker. Perhaps a mere elf, but not Scrooge.

As the members opposite know, a number of studies and reports have been brought forward this year, which the government has been reviewing, including from the municipalities, from the provinces and territories, from a group that was appointed by the previous government. All these reports with respect to equalization, fiscal balance, are being reviewed. We are on track. We have the meeting next week of the finance ministers toward resolution in 2007.

* * *

NATIONAL DEFENCE

Mr. Dave Batters (Palliser, CPC): Mr. Speaker, 15 Wing Moose Jaw is home to NATO flight training in Canada, or NFTC, as well as Canada's world famous Snowbirds. The future of both of these programs is of great significance to our military and to the community of Moose Jaw.

Could the Minister of National Defence please inform the House about the commitment our new government has to the future of NFTC and the Snowbirds?

• (1505)

Hon. Gordon O'Connor (Minister of National Defence, CPC): Mr. Speaker, NFTC is vital for the production of our pilots and those of our allies, and that contract will go on to the year 2021. We are also actively marketing in other allied countries to get more pilots involved.

As for the Snowbirds, the Snowbirds are a national icon and the government is committed to supporting that organization well into the future.

* * *

TAXATION

Hon. Garth Turner (Halton, Ind.): Mr. Speaker, my question is for the minister who is not Scrooge.

According to Statistics Canada today, about four million Canadian families have no retirement savings. The issue is serious because these families basically have a zero savings rate and a very high tax rate. Can they look forward to two things: an across the board income tax cut and income splitting?

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, as the member knows, in our tax back guarantee in “Advantage Canada”, we will reduce the public debt each year and we will save interest every year when we do that. That interest savings will be used every year to reduce personal income tax in Canada. Therefore, yes, there is a tax back guarantee for all Canadians on personal income tax.

On October 31, we announced the pension splitting, as the member opposite knows. It is a very important step for pensioners in Canada, many of whom are seniors, but not all. Splitting pensions to a maximum of fifty-fifty means thousands of dollars in cash for pensioners across Canada.

* * *

PRESENCE IN GALLERY

The Speaker: I would like to draw to the attention of hon. members the presence in the gallery of the Hon. Lorne Calvert, Premier of the Province of Saskatchewan.

Some hon. members: Hear, hear!

[*Translation*]

The Speaker: I also want to draw to the attention of hon. members the presence in the gallery of Andrée Boucher, the Mayor of Quebec City, who has just launched the 400 days of celebrations leading up to the 400th anniversary of her city in 2008.

Some hon. members: Hear, hear!

Government Orders

GOVERNMENT ORDERS

[*English*]

MARRIAGE

The House resumed from December 6 consideration of the motion.

The Speaker: Pursuant to order made on Tuesday, December 5, it is my duty to put forthwith every question necessary to dispose of Motion No. 12 under government business.

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

Some hon. members: Agreed.

Some hon. members: No.

The Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Speaker: In my opinion the nays have it.

And five or more members having risen:

The Speaker: Call in the members.

• (1520)

(The House divided on the motion, which was negated on the following division:)

(*Division No. 94*)

YEAS

Members

Abbott	Ablonczy
Albrecht	Allen
Allison	Ambrose
Anders	Anderson
Batters	Benoit
Bernier	Bezan
Blackburn	Blaney
Bonin	Boucher
Breitkreuz	Brown (Leeds—Grenville)
Brown (Barrie)	Bruinooge
Byrne	Calkins
Cannan (Kelowna—Lake Country)	Carrie
Casson	Clement
Cullen (Etobicoke North)	Cummins
Davidson	Day
Del Mastro	Devolin
Doyle	Dykstra
Epp	Fast
Finley	Fitzpatrick
Flaherty	Fletcher
Gallant	Goldring
Goodyear	Gourde
Grewal	Guergis
Hanger	Harper
Harris	Harvey
Hawn	Hearn
Hiebert	Hill
Hinton	Jaffer
Jean	Kamp (Pitt Meadows—Maple Ridge—Mission)
Karygiannis	Kenney (Calgary Southeast)
Khan	Komarnicki
Kramp (Prince Edward—Hastings)	Lake
Lauzon	Lee
Lemieux	Lukiwski

Business of the House

Lunn
MacKenzie
Mark
McKay (Scarborough—Guildwood)
Menzies
Miller
Moore (Fundy Royal)
Norlock
Obhrai
Pallister
Poilievre
Rajotte
Ritz
Scheer
Shipley
Smith
Sorenson
Steckle
Strahl
Thompson (New Brunswick Southwest)
Tilson
Tonks
Tweed
Van Loan
Wallace
Warawa
Watson
Yelich— 123

Lunney
Malhi
Mayes
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Reid
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Schellenberger
Skelton
Solberg
Stanton
Storseth
Sweet
Thompson (Wild Rose)
Toews
Trost
Van Kesteren
Vellacott
Wappel
Warkentin
Williams

NAYS

Members

Alghabra
Angus
Atamanenko
Bagnell
Baird
Beaumier
Bell (Vancouver Island North)
Bellavance
Bevilacqua
Bigras
Blaikie
Bonsant
Bouchard
Brisson
Brunelle
Carrier
Chamberlain
Charlton
Chow
Coderre
Comuzzi
Crête
Cullen (Skeena—Bulkley Valley)
D'Amours
DeBellefeuille
Deschamps
Dhaliwal
Dion
Dryden
Easter
Eyking
Freeman
Gagnon
Gauthier
Godin
Graham
Guay
Holland
Ignatieff
Julian
Karetak-Lindell
Keeper
Laforest
Lalonde
Lavallée
LeBlanc
Lessard
Lussier
MacKay (Central Nova)
Maloney
Marleau

André
Asselin
Bachand
Bains
Barbot
Bélanger
Bell (North Vancouver)
Bennett
Bevington
Black
Blais
Boshcoff
Bourgeois
Brown (Oakville)
Cannon (Pontiac)
Casey
Chan
Chong
Christopherson
Comartin
Cotler
Crowder
Cuzner
Davies
Demers
Dewar
Dhalla
Dosanjh
Duceppe
Emerson
Faille
Fry
Gaudet
Godfrey
Goodale
Guarnieri
Guimond
Hubbard
Jennings
Kadis
Keddy (South Shore—St. Margaret's)
Kotto
Laframboise
Lapierre
Layton
Lemay
Lévesque
MacAulay
Malo
Manning
Marston

Martin (Esquimalt—Juan de Fuca)
Martin (LaSalle—Émard)
Masse
Matthews
McDonough
McGuire
Ménard (Marc-Aurèle-Fortin)
Minna
Mourani
Murphy (Charlottetown)
Nash
Ouellet
Pacetti
Paradis
Pearson
Peterson
Plamondon
Priddy
Ratansi
Regan
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St. Denis
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Vincent
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Wilson
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Martin (Winnipeg Centre)
Martin (Sault Ste. Marie)
Mathysen
McCallum
McGuinty
Ménard (Hochelaga)
Merasty
Moore (Port Moody—Westwood—Port Coquitlam)
Murphy (Moncton—Riverview—Dieppe)
Nadeau
Neville
Owen
Paquette
Patry
Perron
Picard
Prentice
Proulx
Redman
Richardson
Rodriguez
Roy
Savage
Scott
Siksay
Simard
St-Cyr
St. Amand
Stoffer
Szabo
Temelkovski
Turner
Verner
Volpe
Wilfert
Wrzesniewskyj

PAIRED

Members

Galipeau

Loubier— 2

The Speaker: I declare the motion defeated.

* * *

BUSINESS OF THE HOUSE

Hon. Ralph Goodale (Wascana, Lib.): Mr. Speaker, the question is about House business going forward for the rest of this week and into next week. I know the House leader for the government is anticipating an adjournment of the House, according to our calendar, on December 15, if perhaps not sooner than that.

I wonder if he could indicate how certain he is of the holiday season beginning on December 15 and how he would propose to ensure the House is productively engaged in the intervening eight days.

Hon. Rob Nicholson (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, I am pleased to confirm that the holiday season will be beginning in due course. In the meantime, we will continue with Bill C-37, the tax convention; Bill C-12, financial institutions; and Bill C-36, an act to amend the Canada Pension Plan and the Old Age Security Act.

Tomorrow we will begin the third reading of Bill C-28, budget tax measures.

We will continue next week with the business from this week, with the addition of Bill C-40, sales tax; Bill C-32, impaired driving; Bill C-33, technical income tax; Bill C-35, bail reform; and, of course, as is the tradition, as the member would know, it is great to get into a prebudget debate and that usually lasts about two days.

We have a busy agenda and I look forward to the cooperation of the hon. member. I am sure we will have further discussions on this.

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PRIVILEGE

ALLEGED VERACITY OF ANSWERS TO ORAL QUESTIONS

Hon. Bill Graham (Toronto Centre, Lib.): Mr. Speaker, I appreciate you hearing this question of privilege. I know this matter has come before you once before as a question of privilege about question period and the veracity of members in the House during question period.

However, I want to tell you, Mr. Speaker, that I would not rise on this matter if I did not believe that question period today revolved around a question which is essential for the security of Canada, the security frankly of the western world, and the security of individual citizens in our country. This is an extremely grave matter when the government members in this House believe as if they were reading from a textbook written by Mr. Goebbels when he was preparing for power in Germany. It is absolutely shameful.

Yesterday the Prime Minister alleged that this party and myself as foreign minister did nothing. He said that we did not utter a peep in respect of Mr. Arar. Today he repeated that allegation and the Minister of Public Safety did the same and sought to distort the evidence before the House and yourself, Mr. Speaker.

The O'Connor report clearly shows the following facts: that I attended on the minister from Syria at the United Nations, that we had regular phone calls, and that I attempted to write a letter to the minister himself, but was unable to do so because of instructions from the RCMP to the solicitor general at the time.

This matter was only resolved because of the intervention of the then prime minister, Mr. Chrétien. While all this was going on, all these efforts being made to get Mr. Arar out of jail, we were unable to do so because of the actions of the RCMP and egged on by the present public security minister who in this House alleged that we were helping a known terrorist. He said it on the floor of this House. It is disgraceful to have him stand up and say what he said today. It is dishonourable.

Some of us here have spent our lives in honourable service to our country and to this House of Commons. To have dishonourable allegations of that nature made on a file of such importance to the security of Canada and Canadians is not acceptable to the House. It is not acceptable to the country. It is not acceptable to our decorum and I suggest it affects the privileges of all members of the House.

It is just not possible to have a question period in which hon. members are allowed to distort the truth so much and tell lies about what took place on the public record. It totally destroys the credibility of this House of Commons and I raise it as a personal privilege.

Privilege

●(1525)

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, first, the basis or the genesis of the discussion today arose from a number of very serious remarks that were made by members opposite saying that I had labelled a certain individual as a terrorist. In fact, there is no record of that whatsoever. I take that as emotional and misinformed debate. I do not rise and shriek to the rooftops here in the chamber.

However, since they raised it, we may as well have on the record that I did ask some questions related to Mr. Arar, none of which, there is not one quotation, indicate that I said that man was a terrorist.

As a matter of fact, I have one quote where I said:

—one thing is clear: his basic rights have been violated. Why hasn't the federal government demanded an apology from the Syrian government?

That is one thing I said. There is another thing that I said. When I was talking to the wife of Mr. Arar, I said:

That's clear...Was there information sharing that went on, involving the RCMP and related to concerns with Mr. Arar?

I was asking questions about the RCMP and what information they may have shared that had resulted in Mr. Arar's dilemma.

I also said, related to Mr. Arar, when I was in the opposition:

Is it normal that a Canadian citizen could be held in another country for such a period of time and the foreign affairs minister does not even know where he is?

Those are things that I said. Is it not interesting that opposition members will take something I never said and say I said it, but they will not take what I did say and reflect on it?

And I will say, in reflection to the former minister of foreign affairs, with whom I have worked on many issues and for whom I have great regard, in light of these totally ridiculous—

An hon. member: He was not shrieking—

Hon. Stockwell Day: Well, he was shrieking, and that is his right. Members can shriek in this House. I have heard them do it a number of times.

I want to point out what I said in regard to these allegations about somebody calling somebody a terrorist. It is very clear in Justice O'Connor's report. On page 240, he talks about the fact that the way the former minister of foreign affairs raised the issues about torture related to Mr. Arar, it was Justice O'Connor's view, and reflected clearly on that page, that the manner in which he raised those could have caused others to think that in fact Mr. Arar had not been tortured. That is simply what I said and I was quoting Justice O'Connor. It is on page 240.

I say that in light of the former minister of foreign affairs, as an individual I have worked with on many different files, and I find him to be a fine and upstanding individual.

I am sorry he does not like the fact that nobody in the media ever raised page 240. None of his colleagues certainly ever raised it, but I did raise it today. It is there for everybody to read and it is no reflection on his good character.

Points of Order

Hon. Rob Nicholson (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, I am not going to add to what the Minister of Public Safety has indicated in terms of the fact situation.

I just want to express my disappointment that, when this was raised, the former leader of the opposition would refer to members on this side or ministers on this side in terms of Goebbels, who was a Nazi cabinet minister. I think that is reprehensible. I heard what he had to say about decorum and I think this works both ways.

We just had a very sensitive vote that touched people deeply. I was very disappointed that the members of his party, and he will confirm that, were yelling out things like “shame” and yelling at our members as they got up to vote in favour of that motion.

Let me just remind hon. members that when this vote came up last time, in the summer of 2005, the members of my political party were respectful of everybody's point of view and that is the way that debate should have been conducted.

Again, in terms of decorum, these things work both ways, but I think the hon. member should withdraw that reference.

• (1530)

The Speaker: I am certainly prepared to examine the question of privilege raised by the hon. member for Toronto Centre in some detail and get back to the House if necessary.

My initial reaction is that we have a disagreement as to what was said and I thought the explanation offered by the Minister of Public Safety appeared to deal with the issue, but of course I will look at the questions and answers that were given today on this subject as part of the issue, since those are the ones that were complained of in question period.

Having said that, I think the government House leader raised a very good point about decorum in the House, which I stress the importance of to hon. members, and in preparation of questions particularly, because we do allow preambles to questions in this House. Members do have a limited time but they can make preambles and preambles can contain statements that we hope are always accurate. Accuracy I think is important, as both the Minister of Public Safety and the government House leader pointed out.

The member for Toronto Centre pointed out the importance of accuracy as well, although he was making it in reference to answers. If the allegations in the preambles were more accurate, I suspect maybe we would get more accurate answers, and if we did not, we would have more complaints.

I would urge all hon. members, in the preparation of their questions and answers, and I know there is some preparation that goes into this, as spontaneous as it may look from time to time in the House, to have due regard to the actual statements and references that are made, so that they are an accurate reflection of what they are quoting from or what they are alleging someone else said, rather than a summary which may distort what in fact was said and put words in the mouth of some other hon. member, which the hon. member later will deny having said.

It is not helpful to our debate if there are inaccuracies of this kind, and it is a question period to elicit information and to hold

governments to account. That is the whole purpose of it and so questions can be framed in such a way that they do not necessarily distort what members of the House or ministers may have said on other occasions.

I think that is very important for all of us and I would urge hon. members on both sides of the House to bear that in mind in the course of preparation for question period, whether it be for questions or for answers, and as I say, I will get back on the question of privilege later if need be.

The Minister of Canadian Heritage is rising on a point of order.

* * *

POINTS OF ORDER

ORAL QUESTIONS

Hon. Bev Oda (Minister of Canadian Heritage and Status of Women, CPC): Mr. Speaker, I would like to make a correction in response to a question from the member for St. Paul's. I made reference to funds being available on April 1, 2008. It should be corrected to read April 1, 2007.

The Speaker: The hon. member for Wild Rose is rising on a point of order.

Mr. Myron Thompson: Mr. Speaker, during question period I was concentrating on what was happening and I was rudely interrupted by my seatmate when he came in and proudly announced that he was the father of a new baby girl, named Vienna Fitzgerald, born on Tuesday. I think we should congratulate him, and the point of my point of order is: where are the cigars?

Some hon. members: Hear, hear!

The Speaker: I am not sure that is a valid point of order, but I am sure the hon. member will find the cigars in due course.

The hon. member for Toronto Centre on a point of order.

Hon. Bill Graham: Mr. Speaker, may I suggest that if you sought it, I am sure you would find unanimous agreement in the House that we would support the recent declaration in respect of the birth of the hon. member's child.

The Speaker: Agreed.

The hon. member for Notre-Dame-de-Grâce—Lachine is also rising on a point of order.

[*Translation*]

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, during oral question period, I asked the Minister of Public Safety two questions in which I referred to some comments he made in 2002 regarding Mr. Arar.

In light of the admonition you have just given, indicating that members must ensure beforehand—before asking a question—that they are accurate in how they present the facts, I would like to read to the House the quotation I attributed to the Minister of Public Safety, and emphasize that this quotation is from November 19, 2002, and is definitely accurate.

Speaker's Ruling

•(1535)

[English]

Mr. Kevin Sorenson: I would ask you to table that. You'd better table that.

Hon. Marlene Jennings: I will. It is in *Hansard*.

I would refer the Speaker to *Hansard* of November 19, 2002 and the then member of the official opposition, who is now the Minister of Public Safety, in which he specifically refers to “answer concerning Maher Arar and his possible terrorist ties”, and it goes on. The quotation that I gave is accurate. It comes from *Hansard*.

I also made reference to the Parliamentary Secretary to the Minister of Finance, and I will refer the House to *Hansard* of November 18, 2002, in which the member, now Parliamentary Secretary to the Minister of Finance, states, “Arar was given dual Syrian and Canadian citizenship by the government.” She is referring to the Canadian government and says, “It did not pick up on his terrorist links and the United States had to clue it in”. The member, now Parliamentary Secretary to the Minister of Finance, went on, but I would refer Mr. Speaker to *Hansard* of November 18, 2002.

I also made reference to the present Prime Minister having equally called Mr. Arar a terrorist or having made reference to Mr. Arar having possible terrorist links. I wish to inform the House of where the reference comes from. I refer the Speaker to *Hansard* of November 18, 2002, in which the present Prime Minister, who I believe was then the Leader of the Official Opposition, and I could be wrong, or of some party, said:

Mr. Speaker, the government's right hand does not know what its left hand is doing when it comes to national security.

The foreign affairs minister said for two months that the United States had offered no justification or information for the deportation of Maher Arar. Yet we now know that the RCMP knew of [Mr.] Arar's activities. They questioned him nearly a year ago and they were notified weeks ago by the RCMP of its information.

My question is, when did the minister know of the RCMP's holding of information on this matter?

The present Prime Minister also stated on the same day, November 18, 2002, that:

—he said he did not know. It would be nice if there were somebody here to actually answer a question on this.

While the minister participated in high level consultations to defend a suspected terrorist, it apparently took a trip by the U.S. Secretary of State for the minister to admit what he really knew.

The present Prime Minister made that statement in reference to Mr. Arar as a “suspected terrorist” on November 18, 2002.

When I asked my questions, my questions came from the official transcript, *Hansard*, wherein the now Minister of Public Security, the now Prime Minister and the now Parliamentary Secretary to the Minister of Finance referred to Mr. Arar back in November 2002 as either a suspected terrorist or an individual having links with possible terrorists and, at that point, accused and denounced our government for, in their own words, trying to secure the liberation and freedom of a “suspected terrorist”.

When I ask these questions and the Minister of Public Security, the Minister of Justice, the Minister of Foreign Affairs and just about

every Conservative there laughs and makes jokes, and when we are talking about a Canadian citizen who was tortured, possibly as a result of their own statements in this House in 2002, it is appalling and it is a question of privilege.

•(1540)

The Speaker: I appreciate the clarification offered by the hon. member for Notre-Dame-de-Grâce—Lachine. I will certainly bear it in mind in the course of my review, as I have indicated I will be doing, of the question of privilege raised by the member for Toronto Centre. I am not sure whether the hon. member is raising her own question of privilege. If so, I assume that she was adding this to the comments made on the earlier one, and we will proceed on that basis.

The government House leader raised his point about the yelling during the vote and I would point out to all hon. members that Standing Order 16(1) states:

When the Speaker is putting a question, no Member shall enter, walk out of or across the House, or make any noise or disturbance.

I know all hon. members will want to bear that rule in mind the next time we have a vote in the House and maintain absolute silence while the vote is being conducted. There will be no noise or disturbance. There will be no yelling across the House at anyone, I am sure, from now on, because I have reminded hon. members of this very old and very important rule as part of our Standing Orders.

* * *

PRIVILEGE

STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD—SPEAKER'S RULING

The Speaker: I am now prepared to rule on the question of privilege raised by the hon. member for Malpeque on November 28, 2006, concerning the alleged intimidation of witnesses before the Standing Committee on Agriculture and Agri-Food.

[Translation]

I would like to thank the hon. member for Malpeque for raising this important issue, as well as the hon. Minister of Agriculture and Agri-Food and the hon. member for Wascana for their comments.

[English]

In raising this question of privilege, the member for Malpeque alleged that the Minister of Agriculture and Agri-Food intended to intimidate witnesses scheduled to appear before the agriculture and agri-food committee. He argued that the intimidation of witnesses constitutes a contempt of the House.

The minister, in his reply, indicated that while the government had made clear its views on how the Canadian Wheat Board should conduct itself, he had no intention of interfering with the rights of Wheat Board directors to express themselves before the committee or anywhere else. In response to a concern raised by the member for Wascana, the minister indicated that this position applied to officials employed by the Wheat Board as well.

I indicated at that time that I was unsure that sufficient grounds existed for the finding of a prima facie breach of privilege, but undertook to look into the matter.

Government Orders

Having now done so, I first wish to point out that the issue of intimidating witnesses who appear or are to appear before a committee of this House is a very serious matter, and members, particularly the hon. member for Malpeque, are to be commended for exercising vigilance in this regard.

House of Commons Procedure and Practice, at page 862, states:

Witnesses appearing before committees enjoy the same freedom of speech and protection from arrest and molestation as do Members of Parliament.

It continues on page 863:

Tampering with a witness or in any way attempting to deter a witness from giving evidence at a committee meeting may constitute a breach of privilege.

In light of this, I have carefully reviewed the exchanges on this matter. In his answers during oral questions and in his responses when the present question of privilege was raised, the minister has consistently denied interfering with the potential witnesses in any way. As Speaker, I accept that. In the present case, it is clear that the member for Malpeque and the Minister of Agriculture and Agri-Food disagree about the significance of the answers provided by the minister during oral questions. In the circumstances, in the view of the Chair, that is a topic properly dealt with as a matter of debate or during exchanges during oral questions.

With regard to concerns about the actual appearance of the witnesses before the agriculture and agri-food committee, it will be up to the committee to examine such concerns in due course and take the action it judges appropriate. At the present time, based on the arguments presented, the Chair hesitates to intervene in the matter.

• (1545)

[*Translation*]

As the *House of Commons Procedure and Practice* indicates on page 128, and I quote:

Speakers have consistently ruled that, except in the most extreme situations, they will only hear questions of privilege arising from committee proceedings upon presentation of a report from the committee which directly deals with the matter and not as a question of privilege raised by an individual member.

[*English*]

For the reasons stated above, I must rule that the issue raised by the member for Malpeque does not constitute a question of privilege.

[*Translation*]

I thank the hon. members for their comments on the matter.

GOVERNMENT ORDERS

[*English*]

BANK ACT

The House resumed consideration of the motion that Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters, be read the second time and referred to a committee.

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, I rise before you to speak on behalf of Canada's banks. Yes, that is right, I am empowered to speak on their behalf. I am in fact their member of Parliament. Canada's major banks and most of the insurance

companies all have their dazzling, beautiful towers in my riding of Trinity—Spadina. So does the Toronto Stock Exchange, at the fabled intersection of King and Bay.

I am their member of Parliament, so I must speak up on their behalf.

Technically they are not citizens and do not have a vote, although they have certainly bought plenty of influence with the government over the years. They have poured, I am told, thousands of dollars into the coffers of the Liberals and the Conservatives, though none to the NDP, I must admit, and none to my campaign in the last election.

However, I am fair. I represent every constituent. The banks are constituents. If we read their annual reports and corporate responsibility statements, we see that they all claim to want to be good corporate citizens. I am here to plead on their behalf, to encourage members to help them to be good corporate citizens, to consider the bank act amendments as a golden opportunity to help the banks come to terms with their role and to help further the role of government in fostering a healthy economy and economic opportunity, prosperity and security for every single Canadian.

That is what the banks say they want, so let us help them. Let us show them how they can do a better job and enshrine the right regulations in legislation to keep them from going astray of their ideals. Let us ensure they are guided to make the best possible investments, and investments in Canada, not in offshore tax havens.

Let us ensure that we protect the sovereignty of the financial system that is so important to our independence and role in the world. That would be good citizenship.

The banks have grown and prospered. Surely citizenship demands reinvestment in every geographic region, community and sector, and for all Canadians, regardless of income level.

My colleague, the hon. member for Winnipeg North, has already pointed to the problems in many communities. They have been abandoned by the big banks. They are denied fair and equal access to banking services. This is the result of mergers. We need to protect against this and help banks fulfill their duties as corporate citizens.

Bank charters provide a protected privilege, but Canadians are owed something for this privilege. Let us ensure availability and access. Banks used to pride themselves on the fact that it costs the same for services in Yellowknife as it does at King and Bay. My constituents demand it. Let us ensure that bank profits are fair and fairly taxed. That would help.

Government Orders

Let us look at credit card rates. As I said earlier, this bill is an opportunity for renewal and change in the way banks work with Canadians. Canadians, particularly low income Canadians, are gouged daily by ridiculously high credit card interest rates. The gap between the prime lending rate and the rate most credit cards charge has never been bigger. It is time to cap credit card interest rates to five points above the prime rate. Five points is quite a lot.

The prime rate today sits around 6%. At the same time, the banks are charging upward of 18% to 19% for credit card interest. It is time to reduce the interest paid on the almost \$44 billion in credit card debt owed by average Canadians. That is right: \$44 billion. That is higher than Brian Mulroney's record federal deficit in 1992-93. I would like everyone to remember that. A \$44 billion debt is carried by average Canadians because of huge credit card interest rates.

• (1550)

The Liberals refused to protect consumers from outlandishly high credit card rates. They argued that there were lower credit card rates available elsewhere. However, far too often, lower income people who have poor credit ratings cannot qualify for these lower interest cards. This is the time for the government to take real action to protect average working families from high interest rates and real action to improve our national economy by improving the disposable income of average Canadians.

There is simply no justification for maintaining high credit card interest rates during this period of steady and declining interest rates, thus making the need to cap credit card rates at 5% above prime a necessity today.

I also want to speak about affordable housing and mortgage insurance, which is also part of Bill C-37. I noticed that deep within this bill are amendments to the National Housing Act, the act that legislates the Canada Mortgage and Housing Corporation.

The former prime minister, as part of his government-wide commercialization initiatives in the 1990s, steered through some amendments to the National Housing Act in 1998 that were widely opposed by affordable housing advocates and cities.

Those amendments limited the role of CMHC in working with municipalities and community based housing providers in developing innovative new ways to create desperately needed new affordable homes, while at the same time opening the CMHC mortgage insurance business to the private sector.

Mortgage insurance has been very lucrative as Canada's housing market has been secure for the most part. Because of the Liberal era restrictions on CMHC, the housing corporation has been generating huge surpluses without being able to spend those on new affordable homes. In fact, we know the surplus to be \$5 billion. Basically, it is taking this money, billions of dollars in premiums, and paying out almost nothing. We know that affordable homes are desperately needed in cities across Canada.

What this bill does is further commercialize or privatize CMHC. That includes opening mortgage insurance business to even more private sector businesses. The problem with this is that it cuts into the lucrative and desperately needed revenue stream for CMHC. This stands, even though it has not been able to invest this revenue,

which makes it almost impossible for CMHC to gain any more future dollars.

The current amendments appear to seek to further privatize CMHC, and we must oppose that. CMHC has made a lot of money in recent years and has been providing good service at a reasonable cost and every bit as efficient as the private sector. There is no reason that CMHC should be squeezed out or forced to share this business at all.

We should be able take the funds that are in CMHC and use those funds to build more affordable housing. It is good for our economy and it is good for Canada. We know that we need to invest and we need to change the previous Liberal government policy and allow CMHC to invest a portion of its mortgage insurance earnings into building affordable homes.

We heard earlier today that the affordable housing crisis is something that brings our country together. We are in a desperate situation and we must build affordable housing. We are seeing increased homelessness, massive housing insecurity and substandard housing which, in turn, is leading to a heavy burden on individuals and massive disruptions of communities and local economies and increased costs for government.

We also need to look into small business lending, at service charges and at huge profitability and ask if it might be time to look at the concentration in the financial district, a district that graces my riding. We also need to look at employment, as well as at the loan shops that are popping up in poor neighbourhoods. We need to look at all of those things.

• (1555)

We need to address the act and give it a total overhaul for the good of my bank constituents, for Canadians and for the country. We have the opportunity right now with Bill C-37 to reform the Bank Act and we should take this opportunity. We should not just tinker with the Bank Act. We need to reshape it to reflect current realities and future opportunities right here and now in Canada.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, as I make a few very brief comments on Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters, I want to congratulate my colleague, the member for Trinity—Spadina, who just pointed out some of the consequential matters that arise in relation to the proposed changes that the government has placed before the House of Commons.

I particularly want to commend her for drawing attention to the implications for affordable housing, which we desperately lack, in the bill that is before us, following on the appalling record of the previous Liberal government in having basically pulled the plug on any federal commitment to affordable housing.

Government Orders

I wonder if I might ask the member for Trinity—Spadina if she could explain, in perhaps a little bit more detail, what the implications are of the changes to the National Housing Act that will make the likelihood of affordable housing being made available to those fantastic numbers of people who are currently in crisis even less available to them than it is now.

Ms. Olivia Chow: Mr. Speaker, Bill C-37 is squeezing CMHC out. CMHC is being forced to share this business.

If that happens, it means that CMHC will not continue to garner the money as it has been collecting in the last few years. It means that it will not have a large reserve fund. It also means that CMHC will not have the funds it needs to assist a lot of the co-operatives or social housing units that are now quite old and need repair and maintenance. These housing co-ops, these existing affordable housing units need the funds from CMHC to assist in maintaining their buildings. If CMHC does not assist, then some of these co-operatives and some of these affordable housing units may end up going bankrupt and, therefore, we would be shutting down on some of these affordable housing units.

If CMHC has no funding left because of the privatization that is in front of us, it will not be able to provide funds to assist some of these co-operatives that are now in need of taking more funds to subsidize some of the tenants. The tenants need quite a bit of subsidies as they cannot pay market rents. If the tenants were asked to pay market rents, they would not be able to afford some of these co-operatives. The co-operatives are looking to CMHC to fix the section 95 question but for CMHC to be able to do that it needs a pool of money.

As I said earlier, CMHC does have \$5 billion at this point but it needs to spend those funds to help build affordable housing, to assist co-ops, to bring in more subsidized units and to maintain and repair some of the older cooperatives.

All of that is required and that is what we need to do, which is why I believe we should strike out the part in this bill that would commercialize or privatize CMHC.

●(1600)

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member raised a certain aspect of the bill that relates to housing, an area in which I have some experience having served on the board of the Peel Regional Housing Authority for some time.

She also spoke about Canada Mortgage and Housing. I know we have had this discussion in a private member's bill that was recently before the House with regard to the accumulated surplus that CMHC has had. It is a very large number.

It is important for members to understand a little bit about CMHC but I will not have the time in a question. However, effectively, it relates to the same kind of principle that general insurance companies have. They must have sufficient reserve funds, through investment or whatever it would be, to have the coverage ratio necessary to meet the risk of loss, and CMHC is no different. It is not a matter that we can just simply take the resources that are there to provide the security that allows CMHC to provide the services that it does.

I would just ask the hon. member if she would maybe come to an understanding that CMHC does not have a surplus because it just wants to hoard cash, but that it is jurisdictionally and legally obligated to maintain coverage ratios. I do not know if she understands that concept, but there are coverage ratios that must be in place.

It is really important and appropriate in the House not to suggest that somehow the surplus is discretionary and can be invested elsewhere. I would encourage the member to ensure we get that straight so Canadians do not assume somehow that CMHC is hoarding cash.

Ms. Olivia Chow: Actually, Mr. Speaker, I do know that quite well because I remember opposing the amendments to the National Housing Act in 1998 that were put through by the former prime minister. Why did I oppose them? I opposed them because they concerned the commercialization of CMHC.

On the cover ratio, CMHC has \$5 billion in its reserve fund. Surely it does not need \$5 billion in the coverage ratio. The surplus has grown tremendously. Even if we take one-fifth of it, or 20% of it, we could use those funds to start creating some affordable housing.

The amendments that were put through in 1998 in the National Housing Act limited the role of CMHC in working with municipalities and community based housing providers, which prevented them from developing innovative new ways to create desperately needed affordable housing. At the same time, the amendments opened CMHC's mortgage insurance business to the private sector, which is what it is doing now.

What was started with the former prime minister is now being continued, and both of those trends are very bad trends.

In other countries around the world, their equivalent of CMHC provides that kind of bases. Every time mortgage interest rates go down, they take the money that is gained from that lower interest rate and reinvest it into building new affordable housing.

It has been done in Hong Kong, in Britain and in many parts of the world. It is only in Canada that we have a very reactive and negative way of dealing with CMHC. As a result, very few affordable houses were built after 1994-95 when the national housing program was cancelled.

I lament the complete walking away of the government from its responsibility of building affordable housing. It started with the former prime minister, Mr. Mulroney, and later on the former Liberal prime minister continued that trend and continued to cancel the national housing program.

●(1605)

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to participate in the debate on Bill C-37. I found it very difficult to deal with the bill. First, the bill in itself is probably one of the larger bills I have ever seen in this place. It is some 237 pages long.

Government Orders

It is an omnibus bill of sorts, which means it provides a variety of amendments, technical and otherwise, to a wide range of bills. When people read the bill, they cannot understand what the provisions in it mean unless they have the bill to be amended beside them so they can see the provisions that are already in place and understand the context in which they relate to that bill.

I know the members know, but Canadians should know that when we get bills such as this, members, who are involved in the finance committee, have to rely on the work and due diligence of others to make absolutely sure the provisions are there. In fact, it is probably the most extreme example that I could cite.

I have a problem with the bill because it covers so many things. I suspect that if any government ever wanted to do anything to amend certain acts, this certainly would be the way to do it, to put through a bill in excess of some 230 pages, which affects maybe 20 or 30 different existing pieces of legislation.

In order to give people an idea, the summary to Bill C-37 indicates that it is an enactment that amends a number of acts governing financial institutions. At least it is in a pocket that we understand.

The bill also amends legislation related to the regulation of financial institutions. This place has been seized over the years with legislation related to financial institutions, particularly as it relates to bank mergers and the lines of business banks can get into. I must admit it conjures up some memories of clichés that some members would use in their speeches during some of the debates about banks being terribly bad. However, most people would say that their bank branches are pretty good.

The notable pieces of legislation that are being amended are the Bank Act, the Cooperative Credit Associations Act, the Insurance Companies Act and the Trust and Loan Companies Act. All of the amendments are aimed at achieving three objectives: first, enhancing the interests of consumers; second, increasing legislative and regulatory efficiency; and third, adapting those acts to new developments. These sound a little comprehensive, but they are envelopes under which these particular amendments could be placed. There are also amendments to the Bills of Exchange Act to provide for the introduction of electronic cheque imaging.

There are also technical amendments, which cover a broad range of acts: the Bank Act, the Cooperative Credit Associations Act, the Insurance Companies Act, and I could go on. There are at least 20 of them.

I think maybe I have made my point, that ordinary members of Parliament, who are not involved in the finance committee and maybe do not have some of the background and training, will have a very difficult time. A number of votes are taken on bills like this, whether it be at second reading, committee stage amendments, report stage, third reading. I think Canadians will ask themselves this. If this is so cumbersome, if there are 230-some odd pages, if there are virtually hundreds and hundreds of amendments to dozens of acts, how can a member of Parliament, with all the responsibilities, make an informed decision and cast a vote reflective of the due diligence that has been done?

● (1610)

How that happens here is probably the same way it happens in real life.

I can recall being the vice-chairman of the board of the Mississauga Hospital. Under the Ontario hospitals act, the board of directors is responsible for every aspect of the administration and operation of the hospital.

I remember giving a seminar on trustees of hospitals. As I recall, the title was "Hospital Trustee: Mission Impossible". It is impossible because we can not possibly expect volunteer members of a board of directors to be fully informed about the day to day activities of the hospital, to take full responsibilities for what the doctors, nurses and administrative people do and, if anything goes wrong, to be personally responsible for those.

What happens is the responsibilities of the board are seconded or delegated to other persons. Therefore, for the board's responsibilities, as is the case for members of Parliament, there is a delegation or a secondment of those responsibilities to others who specifically spend their time on them. They perhaps have the specific expertise and the support personnel, either within their offices or from parliamentary offices, to do the necessary due diligence, to do the checking, to ask the questions, to hear witnesses and to make some ascertainment as to the propriety of the amendments being made.

We have in this chamber always the presumption of honesty. We certainly have that as well in our committees as we bring witnesses forward. It is a process which the members of Parliament rely on their best judgment to ascertain that witnesses who appear before the committee are appropriate witnesses, that they cover the necessary areas and that they get the proper representations from the departmental officials who are responsible for having drafted this.

We also have the support of the Library of Parliament, which does some excellent legislative summaries to the extent that it can. In this regard, I suspect the legislative summary for a bill this size might very well be five times larger, maybe about 1,000 pages, but we have the resources available to us of the Library of Parliament to assist us in specific areas.

It is an onerous task. I do not purport to be fully knowledgeable and able to come here and argue the case of why members should vote for a particular clause in a particular bill that is to be amended, whether it be technical or otherwise. However, the job does get done and it gets done through a process of secondment, provided the committee is doing its work and provided the officials have done their work.

I must admit Canadians should be assured, and I wish they would get a better chance to see it, that the work done in committee is probably the most productive work that members of Parliament do. The work in committees is excellent. The quality and level of questioning of witnesses is excellent in terms of discharging the responsibility of due diligence or doing the detail with regard to the legislation before this place.

Government Orders

Being a legislator is an important responsibility. One of the things that I note in the bill is right at the very end. It is coincidental, but I just gave a speech a couple of days ago on a private member's bill that had to do with repealing acts that had received royal assent. They had gone through the entire legislative process of being tabled at first reading, debated at second, went to committee, committee stage amendments, report stage amendments back to the House, third reading, passed on to the other place and then went through an almost identical process and then received royal assent.

The public would think that when the bill receives royal assent it is law. It is not law until it is proclaimed. It must be in force.

● (1615)

The private member's bill I referred to was started in the Senate by Senator Tommy Banks. It was the third iteration of a bill that has been around since about 2002. It has to do with repealing legislation that has received royal assent but has not been proclaimed and put into force, and therefore is not active law in Canada.

I note the final provision of the bill found on page 237 entitled, "Order in Council" under the subtitle of "Coming Into Force". It reads:

The provisions of this Act, or the provisions of any Act enacted by this Act, come into force on a day or days to be fixed by order of the Governor in Council.

This appears from time to time in bills. It means there is no set date as to when the provisions of this bill will be put into place. Often that happens because other things must occur before the provisions of the amendments within the bill could be operative. It is almost like once we pass this, before we put it in force, certain other things have to happen. Once they have happened, then the governor in council, which is basically the cabinet, sets a date fixing that certain provisions of this act would come into force.

As an aside, in most of the cases bills would generally say that the act would come into force on the date on which it received royal assent. That is fairly straightforward. There are others which have provisos that the in force date will be on a specified date, for instance, January 1, 2007.

In the reproductive technologies bill, I believe there two key areas. One is called prohibited acts under the bill. The other is controlled activities. The prohibited acts were all in force on royal assent. The controlled activities were subject to being in force by a date set by order in council. The reason for that was the controlled activities required the establishment of a board of management that would do certain things. Until that was set up, the provisions of that could not go forward.

Another example is Bill C-11 from the last Parliament, the whistleblower legislation. This legislation received royal assent in November of last year. The legislation provides protection to civil servants who have allegations of wrongdoing within the public service or anybody who is within the definition of a public servant. The bill is not in force yet.

In this Parliament we have Bill C-2, and this can get complicated in non-financial bills. Bill C-2 prescribes amendments to Bill C-11.

Hon. John Baird: It just passed the Senate.

Mr. Paul Szabo: I am advised by the President of the Treasury Board that it just passed the Senate. That is good news for everybody because the House unanimously supported the accountability act. There were some loose ends to be tidied up.

Bill C-2 has to come back to the House. As long as everyone is happy and this place can live with the compromises, it will pass. I will reserve judgment on that until I see the documents. It is like doubting Thomas.

Hon. John Baird: You are going to like it.

Mr. Paul Szabo: That is a good thing. The President of the Treasury Board is a trusting person, I am sure.

As I said, some amendments in Bill C-2 of this Parliament amend a bill that was passed in the last Parliament, which has not been put into force yet. It is kind of reverse order. One would think that Bill C-11 would be in place and then Bill C-2 would be passed.

● (1620)

I could talk for some time about Bill C-11 and why it would have been important to have it in place because there is so much work to do before it gets up to speed and is operating efficiently. We could have had more accountability within the public service and the Government of Canada had it been in force when the Conservative Party took office. However, that is the Conservatives' choice. I do not think they really wanted to have too many people with the protection to blow the whistle on a government that was not doing things properly.

Before Bill C-2 gets royal assent and comes into force, Bill C-11 must be proclaimed. Because Bill C-2 amends Bill C-11, Bill C-11 must exist in law before Bill C-2 can be proclaimed.

I am glad to hear that Bill C-2 is now in the last stages of becoming law and is ready to receive the go ahead in terms of coming into force, which means that Bill C-11 also would be proclaimed and be in force. We will see the beginning of the establishment of the human infrastructure of an effective accountability mechanism and protection for our public servants.

I thought it was important to raise with members that we are now considering a bill which has a very large number of amendments. Today in the Standing Joint Committee on Scrutiny of Regulations which I chair, we addressed an issue where a regulation has been bouncing back and forth. It passed in this place, but on review it was found to have a flaw. We sent it back to the department saying that it should be fixed. The first piece of correspondence on that matter actually took place 23 years ago. A problem in a regulation was cited 23 years ago. The departments are still bouncing back and forth as to who is to blame and why it cannot be done.

Government Orders

Hon. Robert Thibault: The Fisheries Act.

Mr. Paul Szabo: It has to do with the Fisheries Act; the member is quite right.

Here we have the same kind of thing. There are hundreds of amendments, many of them technical, some of which will lose the continuity of the knowledge of the people who are here. We can see how important this is. When we have a bill like this, we have the assurances, the sign off by the minister and all of the clearances, but technically, with regard to parliamentarians, there are more changes in this bill than any one person could possibly be responsible for or track to ensure that their implementation received the proper attention.

The Standing Joint Committee on Scrutiny of Regulations will have to review some of these to the extent that they are amendments to regulations which currently exist to make absolutely sure that the bills to which they relate have enabling provisions within them for that amendment to happen.

We have seen cases, for instance, in the Broadcasting Act there was a regulation which allowed the charging of fees for services provided to the cable industry. As it turned out, the fees were far in excess of the costs that were incurred by the CRTC and in fact were creating surpluses because the fees were excessive. It is currently before the courts. If it is on a cost recovery basis that is fine, but if the amount recovered is more than the costs, it is effectively a form of taxation. Taxation is not enabled in the legislation. In the Broadcasting Act a tax cannot be levied.

Members can see why I hesitate to attempt to try to provide some insight into even one of these because it would probably take an entire speech to explain one of the technical amendments in a way in which all hon. members could understand. That is something we cannot do, but I wanted members to understand that I am confident that the changes that have been made have been followed in due process and the departmental officials have given us the necessary assurances.

I believe members will find there is strong support to pass many of these amendments, most of which I agree very much are necessary to bring up to date the important legislation affecting the daily lives of all Canadians.

• (1625)

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, in the last six years while the Liberals were in government the total debt load carried by Canadians grew by 50%, the median load 38% to \$44,500 per family. The line of credit debt grew more than double to \$68 billion and the median line of credit debt jumped 56% to \$9,000. For average Canadians that means almost \$14 in debt for every \$100 in assets. That is a huge jump.

The Government of Canada is loading the debt onto ordinary Canadians. Whether they are students who are graduating with \$20,000 in student loans and they are carrying that debt, or ordinary families, that debt load has jumped by 50%.

For 12 years the Liberals did nothing to cap the credit card rates. Would the member be willing to support the NDP motion to begin to cap credit card interest rates at 5%? There is absolutely no reason

when the prime rate right now is 6% that the credit card interest rate would be 17% to 18%. Ordinary Canadians are being gouged. Would the member support an NDP initiative to cap credit card interest rates?

Mr. Paul Szabo: Mr. Speaker, that certainly is a very creative way of getting around to a question which the House has dealt with in private members' bills and in debate before.

I can recall that the minister of industry of the day, Mr. Manley, reported on the Industry Canada website all of the credit card companies and the various rates. The member should know that there are certain commercial entities that have cards with very high interest rates. There are other institutions, particularly the principal banks, which seek to have appropriate rates for their cards.

The problem is whether or not the government should get into the business of legislating how businesses do their business. It is a free market system. They can charge what they want. The most important thing is that there is a competitive environment in which Canadians have choices. The more competition, the more choices. A competitive environment keeps the rates low.

I suggest to the member that financing one's lifestyle on a credit card is a bad investment in the first instance.

Hon. Robert Thibault (West Nova, Lib.): Mr. Speaker, the hon. member made a great exposé of the bill before the House. He spent a lot of time on the process of getting a bill here and how the work gets done by others to make sure that we have the information needed so that we can finally take a decision in Parliament.

One point in this bill discussed earlier is the question of the reserves necessary at institutions like Canada Mortgage and Housing Corporation. Some people would point to the increase in the reserve over the last few years without taking into consideration the changes that have happened in the domestic market situation and domestic mortgages.

Not too long ago it was impossible for a first time buyer to buy a house if the buyer did not have a 10% deposit. Then the regulations were changed to allow for substantially lower deposits. In some cases no deposits were necessary. But that is guaranteed and backstopped with the financial institutions and Canada Mortgage and Housing Corporation plays a great role there. There has been a greatly increased risk.

The member pointed out the question of risk and that the risk had to be covered. When there is less of a deposit in the initial purchase with the mortgage at the bank, the risk grows exponentially. Look at what is happening in the housing market in our principal cities where young couples are working. Alberta is having a huge growth and many people from across the country are going to work there. The housing market there is inflating incredibly fast. If we want young couples to be able to buy homes, then they need that type of assistance from CMHC and the type of reserves needed to backstop it. I would ask the member to comment on that.

Government Orders

•(1630)

Mr. Paul Szabo: Mr. Speaker, I thank the hon. member for his kind words. I could make the very identical commentary on the member's work in this place on a broad range of issues in representing his constituents and eastern Canada.

Banks, insurance companies, credit unions, CMHC and other institutions under the jurisdiction with respect to the financial institutions of Canada all have reserve requirements. This is the law. It is established so that there is coverage in the event that there are losses.

We could imagine an insurance company that simply sells insurance policies and collects the premiums and hopes that it is going to be able to keep the losses down so that it does not make a loss. When I was a chartered accountant with Price Waterhouse I had three insurance companies that I did the audits for, and in all the years that I was there, at least five or six years, there was not one year in which an insurance company made money on selling insurance. Where the insurance companies made their money was on the investment income on the investment portfolio that they were obligated to have to backstop the loans or the insurance policies and the risk on the policies.

That is the way it works. There has to be this guarantee. We can imagine what would happen if an insurance company had sold millions of dollars of general insurance and all of a sudden had an enormous claim that wiped it out. What about the protection for all the other policyholders?

The same has to do with housing. CMHC provides about \$1.9 billion of mortgage insurance to Canadians every year. It is a tremendous amount of money and it requires a tremendous amount of reserve. The member is quite right about what is happening in the major urban centres, particularly in the west where the price of houses has gone through the roof because of the significant growth in economic activity. Mortgages being held by people are very substantial. Should something occur where that economic activity tapers off for one reason or another in a significant way, jobs would be lost, people would start selling houses, the value of houses would go down and people would find that they owed more on the mortgage than the house was worth and they would walk away from it. Who would take care of the mortgage?

These mechanics with regard to financial institutions and those who provide the security of Canadians in fact provide us with one of the most secure financial regimes of any country that I know of in terms of the major loss levels and for the extreme risk because of the reinsurance programs that are available.

The member is quite right. The reserves are there in accordance with the law to be sure that there is ample coverage and security for all Canadians, regardless of the financial services they are receiving.

•(1635)

Hon. Judy Sgro (York West, Lib.): Mr. Speaker, I was listening earlier when the member was talking about a private member's bill that he had introduced from the Senate.

I would like to know why anyone would go to all of the work of bringing in legislation, getting it through the House and not follow it

through or make sure that whoever was the government of the day at least paid attention to the fact that it was on the books?

Mr. Paul Szabo: Mr. Speaker, there were two entire pieces of legislation that had been on the books for over 10 years and had not been enacted. If this bill were in play, it would have repealed them. The others were about 57 pieces of legislation which were amending other acts.

These are the kinds of things that occur in a great number of cases when it is a change in government, or it could very well be that they were done to anticipate certain things.

What it gets down to and I think what we really concluded in the discussion on this was that it is important to look at all aspects—

The Acting Speaker (Mr. Andrew Scheer): Resuming debate. The hon. member for Esquimalt—Juan de Fuca.

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): Mr. Speaker, it is a pleasure today to speak to Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters. Essentially it is the Bank Act review.

The government has drafted a bill that largely follows Liberal policy that has been occurring over the last five years. This legislation was a result of recommendations that came from a white paper that was commissioned by the previous government.

The bill represents the statutory five year review of the Bank Act, and there is nothing in the bill, quite frankly, that is particularly contentious. The government avoided a number of controversial issues and has provided some important updates that we have been fighting for and in fact was an extension of what we were doing before.

The bill satisfies the obligations of the government to present statutory updates to the Bank Act every five years, so in essence, it is a rather rudimentary bill, almost administrative in nature. The last time this happened was in 2001.

Bill C-37 will ensure that financial institutions provide greater and more timely disclosure to consumers in areas such as deposit type of investment products and complaint handling procedures. I think that is probably music to the ears of most Canadians in dealing with their banks. The bill and this update will provide consumers with a lot more accountability and knowledge about what is happening with respect to their accounts and their activities with the financial institutions of their choice.

The Bank Act, in this particular review, also does something which I think is quite intelligent. It expands the definition in terms of what one defines as a large bank and one that is a medium sized bank, so as a result of an increase in assets, the definition and threshold will be increased from \$5 billion to \$8 billion. That is a sensible thing for the banks which could be credited as being one of the great success stories in Canada and are competitive internationally. Those banks hire a lot of Canadians and provide a lot of asset attraction with respect to private capital into Canada that can be invested in our country and used to create jobs, and hopefully, jobs that pay very well.

Government Orders

The bill also increases the use of electronic cheque imaging, which is a technology that will allow financial institutions to transfer cheques more efficiently. The bill also proposes to reduce the cost of mortgages for some borrowers by increasing to 80% the loan to value threshold above which mortgage insurance is required by the statute.

There are also some provisions that I hope the government takes into consideration. Because of the value of homes increase quite significantly, it would be wise for the government to start looking at CMHC grants and allowing the valuation of those homes to be bumped up quite significantly. I would personally recommend at least a 50% increase for the value of those homes, specifically in my area of Victoria, British Columbia, where house prices have increased astronomically.

People have been forced to buy homes, the value of which may be much higher than in most other parts of the country, but they are not able to access the CMHC grants that are available to most Canadians. A home of one size, all things being equal, may be equivalent to one in most other parts of Canada; however, the value of the home in a place like Vancouver and Victoria will be so much greater as to push that home above the ability of the individual to access CMHC grants. Most Canadians have made all of us very aware of this problem. I would strongly encourage the government to resolve this.

One of the things that the Canadian International Development Agency has done over the last year is moved the international development envelope from what we call project funding to what is called program funding. What does that mean?

Project funding would be something that we would do in terms of Afghanistan. We would fund a particular project such as the building of a school. We would probably do it through a Canadian NGO or an Afghan domestic NGO.

• (1640)

That is a very efficient way of ensuring that taxpayers' money is going to be used to help the people on the ground who need the help, but curiously, what has happened over the last year is that the government, and CIDA in particular, has moved to something called program funding. What it is doing is taking a large amount of money, \$50 million, \$60 million and even more, and giving it to a large organization.

What does that mean? It means we are giving \$50 million to \$60 million to a large organization such as UNICEF, the World Bank or the IMF, and we utterly lose traction and accountability with respect to those moneys. This is not an intelligent way for us to use taxpayers' money to help those who are less fortunate.

I would encourage CIDA and the minister to really take a close look at this. It does not mean that we do not have to invest in the international financial institutions. They have a very important role, but if we are going to take our international development envelope, the ODA, and simply take that money, divvy it up into rather large chunks of money and give it to very large international multilateral organizations, we lose traction, we lose accountability, and we lose the ability of Canadians and Canadian NGOs, and Canadian companies quite frankly, to execute those roles on the ground.

We have seen over the last few years a shift in our international development envelope. We are not giving money to Canadian NGOs, small NGOs and groups, particularly Canadians out there who are doing an incredible amount of work, but taking the funds from those groups that are very effective at getting work done on the ground, and instead giving it to these large black holes of large multinationals. We do not know where that money goes or what it is used for, and it utterly loses the connection between those Canadian dollars and our wonderful nation.

This is not an intelligent thing to do because not only do we lose accountability and the branding that identifies Canada as the country that has given those moneys but we also lose the effectiveness. I would argue, and I would challenge members to say otherwise, that the most effective way of using our international development assistance is through small NGOs, either international small NGOs that are working on the ground or Canadian NGOs.

Right now, Canadian NGOs can only compete for a paltry \$20 million out of the \$3.2 billion official development assistance envelope. Does that make sense? The fact is that from coast to coast, in our ridings, there are thousands of non-governmental organizations in our wonderful country, people who are committed, many of whom are volunteers and most of whom are doing an outstanding job on the ground. Those groups should be able to compete for the official development assistance envelope in a way that enables them to be able to carry out their duties on the ground, consistent of course with the objectives of our ODA.

That is a much better way of using Canadian taxpayers' money rather than taking moneys and plunking them into the World Bank where we completely and utterly lose the accountability and effectiveness of those moneys.

This is something that will require a sea of change on the part of the minister and I hope she understands this because one of the great frustrations, and I think all of us have seen this with respect to Afghanistan, is that we are missing the boat in Afghanistan. We are certainly doing a good job from the military aspect, and our defence forces and RCMP deserve enormous credit for the hard work that they are doing, but there are four or five things that we need to do, in my view, that will provide security on the ground in that country, and they are as follows.

First, a Loya Jirga is required in Afghanistan that will bring in those groups that have been disarticulated from the Bonn agreement and bring them to the decision-making table. Right now they are excluded and right now they have become part of the Taliban, warring against us.

Second, and the Minister of Foreign Affairs was just in Latvia along with the Prime Minister, we need to ask our NATO allies to invest in the training of the Afghan police. Right now they are being paid \$70 a month. Their training is eight days. They are not equipped to do the job, so what has happened is that many of them are engaging in thuggish behaviour simply to put food on the table for themselves and their families.

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•(1645)

What does this mean on the ground for our troops? It means that once they go out there and take out the Taliban there is nothing to come in after them which will enable our troops to be assured that security is going to take place. There is no effective constabulary force on the ground. Our troops are doing a yeoman's job, an incredible job, of removing the immediate threat, but there is nothing coming after they are done. Now, the Germans have been tasked to do this.

What I would ask the Minister of Foreign Affairs to do is to ask the other NATO allies to contribute money for salaries, money for training, and money for the equipment that the Afghans need. If we do that and build up an effective Afghan police force, then that will go a long way to providing the long term security the country needs. If we do not deal with that, we will have a major problem.

Third, we have a major problem with respect to an insurgency coming from outside Afghanistan. If the insurgency that is coming, particularly from Pakistan, is not dealt with there will be war without end. The border is porous. We know that. We cannot block that border off. It is too large, too wild, and too strategically impossible to block off.

What we have to do in my view is call together a regional summit of countries that will bring together the regional powers that will be dealing with the Afghan security. Only by doing this will we be able to address this problem of blocking off and reducing the threat from the outside.

Those individuals who are blowing themselves up as suicide bombers in Afghanistan and those groups that are shooting and trying to kill our troops, many of those, in fact the vast majority, are from outside Afghanistan. They are Pashtuns from Pakistan, Chechens, Tajiks, Kazaks and others, in addition to those from the gulf states. These people are flowing into Afghanistan, particularly in the south, and they are the ones who are killing our people.

No military solution will be able to resolve this. The Minister of National Defence understand this and the Chief of the Defence Staff understand this as well very clearly. So if we accept that as a fact, how are we going to address this?

Leopard tanks are required by the NCOs on the ground and they should get whatever they want. We must also provide other solutions. I know the government is seeking other solutions. This plan will address that: one, ensure the Aghans have the Loya Jirga and have the meeting with all groups, particularly those who have been excluded; two, train the Afghan police; and three, ensure that the development envelope is going to work.

Mr. Karzai's government is roundly known as being utterly corrupt. If the government is being utterly corrupt, we must, if we are giving moneys to him, which we are in the amount of \$100 million a year, ensure that those moneys are going to be used effectively and wisely. That is our responsibility to the taxpayers and indeed to the Afghan people. Right now his government is corrupt and money coming in the front door is going out the back door into the hands of the warlords and drug dealers.

Fourth, with respect to the issue of the opium crop, we know the opium crop is the highest it has ever been. How do we deal with that? We can deal with that by transferring the opium into the legal production of medically-used narcotics. If we are able to transfer those moneys from that area to legal production, we will undercut the financial underpinnings that are being used right now to fuel the Taliban and the warlords. We have to do that. It is absolutely essential.

The last point is the development envelope. That is where the banks come into play; the international financial institutions that we are talking about today, in part.

Those international financial institutions must be able to ensure that the moneys are getting on the ground to the people who need it. The development assistance envelope is not functioning that way. Right now Afghanistan, as a post-reconstruction country, is receiving perhaps the least amount of any post-reconstruction country that we have ever seen.

The NATO countries that are not willing to contribute the troops can do a lot more by contributing moneys for international development. We have to ensure that the accountability is there. We have to give President Karzai the budget support that he requires and also have the accountability checks and balances to make sure that our moneys are being used wisely. Again, have the Loya Jirga and the regional summit to address the insurgency coming from the outside.

I see my time is almost up. Is that correct?

•(1650)

The Acting Speaker (Mr. Andrew Scheer): It is not quite time. In the last few minutes the hon. member has not dealt very much with the actual bill before the House. I would just ask him, if he wants to finish up his comments, to stay relevant to the actual bill in front of us and the matter at hand.

Hon. Keith Martin: Mr. Speaker, I will just finish my comments on Afghanistan. That five point plan, which is attached to the international development and financial institutions, will enable us to do this.

I want to talk a little about our banks here at home, and also economic productivity, which is attached to this bill. We know that our banks are a great success story for Canada in terms of industry, but this also leads us into the issue of productivity and how our government and in fact the House can provide solutions to improve productivity in our country.

There are some ways to do that. First, we have to be able to put more money into Rx and D. The government has failed to continue the investments into research and development that we made when we were in power. Second, we have to continue the reduction of taxes to make sure that our tax base is competitive internationally. Third, we have to remove interprovincial trade barriers.

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There has been an agreement between my province of British Columbia and Alberta. The agreement between Alberta and British Columbia shows incredible foresight. In fact, it is an incredible model for other provinces to adopt. I certainly hope this model is adopted. What does it do? The agreement between British Columbia and Alberta enables people to work across borders. It facilitates the movement of labour, the movement of capital and the recognition of skills.

Why on earth do we have a situation in our beautiful country where there are more barriers to trade east to west than there are north to south? It makes no sense. We have to deal with the reduction of interprovincial trade barriers.

We also have to enable the private sector to work more effectively. By working with the banks and the private sector, we can find ways in which we can ensure that start-up capital is there for the small to medium sized businesses that are the prime economic generators in our country.

One of the complaints we members of Parliament hear is that the small businesses in our communities really struggle to find the seed capital required to take their ideas from paper to product. This is something that I think would be innovative for the government to adopt if it were to discuss it with the banks, the other financial institutions and the private sector and find out how we actually can do this.

For example, recently there was the issue of British Columbia Ferries purchasing a ship called the *Sonja*, from Spain. There is an import duty tax of about 17% on the purchase of that ship. That tax will go to general revenues.

However, let us suppose that we took that import tax the company is paying and put it into a fund for the modernization of our shipbuilding industry on the east and west coasts. The president of a shipbuilding company could access the funds but only if the funds were matched. That is the key. That is the beauty of this. A company cannot simply ask for those funds. It can access the funds, but only if it is able to put in its own money. That way, we get a buy-in from the private sector. If we were to do that, our shipbuilding industry would be able to acquire a niche in the medium sized shipbuilding area that would be extraordinary.

I know that on the west coast B.C. Ferries is going to require between 12 and 17 ships. In the future, the navy is going to require ships, which will be built in a compartmentalized fashion. If we are able to build them in Canada, and I am totally confident that we are, this is something intelligent that we could do with respect to our shipbuilders. I know that in my riding of Esquimalt—Juan de Fuca this is very important, but it is also important to the east coast.

Why do we not take that import tax, put it into a special fund, ask the private sector to use those moneys and add their own moneys, purely for the modernization of their infrastructure? We already have an excellent shipbuilding industry, albeit much smaller than what it was. We can expand that. Our shipbuilders, the people who do the work, the technically skilled individuals, are really outstanding. We cannot lose that skill set.

● (1655)

In my view, there is no reason whatsoever why we as a country cannot compete. That is where this bill comes in. Banks can work with the government and the private sector and enable us to be more competitive. This will benefit Canadians from coast to coast.

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 Thunder Bay—Rainy River, Airport Security.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I welcome the opportunity to ask a couple of questions of the member for Esquimalt—Juan de Fuca, who has spent 15 minutes outlining a multi-point plan on how Canada should change its focus in Afghanistan, away from what his party got us into in the first place in the aggressive search and kill counter-insurgency mission in Kandahar.

Next, unbelievably, his party gave the Conservative government enough votes to ram through an extension on a mission with nine months still to go, adding two more years to that mission. Those members did this without a proper evaluation of what was happening with the mission, without an opportunity for us to even begin to consult Canadians, let alone have a fully informed, thorough, responsible debate before being pushed into a vote on very short notice.

Mr. Speaker, I assume that you will be as liberal in the interpretation of the rules of relevancy as your predecessor in the chair this afternoon. We are here this afternoon to deal with Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters, but since the member for Esquimalt—Juan de Fuca was given the opportunity to speak for 15 uninterrupted minutes about his views on Afghanistan, I assume it is in order for me to ask him a question on this extremely important topic.

It took me a minute to realize that we were debating Afghanistan, so I did not hear in full the first couple of points in his five point plan on how to get us out of the Kandahar quagmire and finally address the horror of what is happening to our troops in the current flawed mission.

I want to ask him about a subject that came up in the foreign affairs committee yesterday of which he will be aware, I am sure. The Deputy Commissioner of the RCMP confirmed and informed the committee that 34,700 Iraqi police had been trained by Canadian RCMP officers over the last couple of years. This raised in the minds of everyone at committee, I think, the question of how many Afghan police, particularly in Kandahar, had been trained over the same period, because of course we are not supposed to be in Iraq although it is a very important thing for there to be training for the Iraqi police.

Government Orders

Given the fact that our commitment is supposed to be dealing with the insecurity in Kandahar, and given that many people feel that problems with the under-policing, the under-qualified policing and the insufficient numbers of police are at least as much or perhaps more of a threat to the security of the citizens of Kandahar, the question of interest, of course, is how many have been trained by Canada in Kandahar? I have to say that I almost fell off my chair when the Deputy Commissioner of the RCMP confirmed there had been 150.

I want to invite the member to address this question. Where does the issue of training the Afghani police fit into the member's five point plan for getting out of the Kandahar quagmire?

• (1700)

Hon. Keith Martin: Mr. Speaker, the member asked four large questions, really, and I will try to go through them briefly.

The first is on the Iraqi police. RCMP officers train Iraqi recruits in Jordan. I have had a chance to visit them and I want to say on the record that the RCMP officers are doing an absolutely outstanding job in training the Iraqi police. They are doing a magnificent job. Wherever the RCMP has gone, and I have seen their work in Sierra Leone, their work deserves medals, quite frankly. The work of the RCMP is outstanding.

Second, on the issue of the 3D approach, we sent our troops to Afghanistan because al-Qaeda was there. It was not an aggressive search and destroy mission, as the hon. member mentioned. It was a balanced mission in a number of ways.

Yes, our troops engage in combat and we are very proud of the fact that they do an outstanding job within their combat role, but that is one of their roles. Unfortunately, the milk of human kindness does not flow through the veins of some of the people who are trying to kill Afghan civilians and, indeed, our troops. Our troops are trying to protect them, as the member knows, and to provide security. They are doing a great job in that respect.

However, they are also there, and we sent them there, to engage in something called a provincial reconstruction team, of which our forces are an integral part. They are making a difference on the ground in terms of providing small amounts of money, in being able to give people the basic infrastructure they require on the ground and in building roads, drilling boreholes and a number of other things. Quite frankly, our troops are the only ones who can do that in these areas of great insecurity.

Third, on the issue of the vote, I am glad the member brought this up. I was utterly disgusted by what the Prime Minister did. He used our troops as a shameless tool to try to divide my caucus. It had nothing to do with the mission in Afghanistan. It was a political decision and a political tool to use our troops shamelessly. Why do I say that? Because the decision to extend the mission into Afghanistan has nothing to do with what the House says. It is an executive decision. In the Prime Minister's speech, he very clearly said, "I am going to extend this mission for a year regardless of what the House says".

That is what the Prime Minister said. He should be utterly ashamed of using our troops as a political tool because no decision of the House can ever be more important than when we have to put

our troops' lives on the line, when our troops can possibly be killed. As for the fact that the Prime Minister did this, he should be utterly disgusted with himself.

Fourth, to answer the member's question of what my plan is with respect to Afghanistan, it involves the following points.

Number one, we have to train the Afghan police. The Germans are responsible for that. The government could have asked our NATO allies to contribute to their training, equipment and pay. They are being paid only \$70 a month right now. As a result, they have become as much of a problem on the ground as the Taliban, because they are engaging in thuggish activity, quite frankly just to be able to put food on the table in many cases.

Number two, the development component, the amount of money that Afghanistan receives on a per capita basis, is among the lowest of any post-reconstruction situation we have seen in the last 30 years.

Number three, we need a loya jirga to bring in the groups that have been disarticulated from the decision making process and were excluded from the Bonn agreement. They need to come to the table. A loya jirga is a way of doing that.

Number four, we need to be able to deal with the insurgency coming from Pakistan and other areas. We need a regional summit on the area.

Last, the poppy crop is going to destroy Afghanistan unless we affect the poppy crop. To destroy the poppy crop would be a huge mistake, because we would be destroying the only source of income people have. One of the solutions is to destroy the poppy crop and pay the farmers or use the poppy crop to produce legal, medically used narcotics and provide a domestic industry for the people of Afghanistan.

• (1705)

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, when the former Liberal government sent troops into the southern part of Afghanistan for an operation called Operation Enduring Freedom, there was no debate in the House. There was no vote. There was no analysis of the cost. There was no reporting back to the House of Commons. There was no discussion whatsoever with the Canadian public.

There absolutely has to be some accounting for why billions of dollars have been spent in Afghanistan. There was absolutely no debate here in the House of Commons provided by the former government.

How can the member talk about democracy when there was not even a vote last summer in the House when troops were sent to southern Afghanistan, into Kandahar?

The Acting Speaker (Mr. Royal Galipeau): The hon. member for Esquimalt—Juan de Fuca will know that the clock has run out but I will allow a short moment if he will keep an eye on the Chair.

Hon. Keith Martin: Thank you, Mr. Speaker, and I will be very brief.

Government Orders

I have two things to say. First, the member was not in the House at that time so perhaps she is not aware that ample discussions took place in the defence committee and in other committees, including foreign affairs, and this House did have take note debates on the issue.

Lastly, the member should know that this is an executive decision on the part of a prime minister, which is why the vote that took place to extend the mission was so reprehensible. The decision had already been made and it was a political tool, not an effective tool to inform the public or allow this House to have effective input on an exceedingly important decision.

The Acting Speaker (Mr. Royal Galipeau): Is the House ready for the question?

Some hon. members: Question.

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

Mr. Paul Dewar: Mr. Speaker, I rise on a point of order. I just want it recorded that we on this side said no to the motion but I am not sure if the Speaker heard us.

The Acting Speaker (Mr. Royal Galipeau): Is it agreed that the motion carry on division?

Some hon. members: Agreed.

The Acting Speaker (Mr. Royal Galipeau): Accordingly, the bill stands referred to the Standing Committee on Finance.

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

* * *

• (1710)

EMERGENCY MANAGEMENT ACT

The House proceeded to the consideration of Bill C-12, An Act to provide for emergency management and to amend and repeal certain Acts, as reported, without amendment, from the committee.

Hon. Jim Prentice (for the Minister of Public Safety) moved that the bill be concurred in.

(Motion agreed to)

Hon. Jim Prentice (for the Minister of Public Safety) moved that the bill be read the third time and passed.

Mr. Rob Moore (Parliamentary Secretary to the Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, I am grateful to speak today on behalf of the government to Bill C-12.

Local and provincial authorities handle some 90% of emergencies in Canada. Most of the time, these emergencies requires no direct involvement of the federal government but, in some cases, the Government of Canada must be ready to respond.

I will take this opportunity to commend those first responders at the local, municipal and provincial level who put their lives on the line to protect all of us in Canada and are so often the very first on

the scene. When some people are running the other way to get away, they are running toward the trouble. We do want to acknowledge those first responders at this moment.

Keeping our community safe and our country secure is a priority for Canada's new government. In that regard, we have introduced a number of pieces of legislation, both in the area of justice and in public safety, to do exactly that. I should note that many members in the House, including opposition members, were elected with a mandate to take steps to provide greater public safety for all Canadians.

It is because of that mandate we received from Canadians and because of the need to keep Canadians safe, communities safe and our country secure, that this government is determined to strengthen its capacity to prepare, mitigate, respond to and recover from catastrophic events.

We have seen, unfortunately, all too often, numerous examples of those catastrophic events. They can strike at any time without warning. We need to be prepared for it.

I am speaking today to Bill C-12 because it is legislation that would create the emergency management act.

I would like to speak to how the bill addresses the need for governments from all jurisdictions to work closely together on emergency management. In particular, I want to address the relationship of the federal Government of Canada to local authorities, such as municipalities.

First, however, let me put the proposed legislation into some context. The proposed emergency management act would strengthen the foundation for the role of federal authorities emergency management to meet the evolving risks of the 21st century.

Given our country's rugged landscape and diverse climate, Canadians have always lived with the threat of natural disaster. In spring, we fight rising waters that flood our homes. In summer, we fight fires that ravage our forests. In winter, we fight storms that paralyze transportation and power systems in communities.

Today, Canadians face threats that go far beyond natural disasters. New and emerging diseases, such as avian and pandemic human influenza, may cause great harm to our families, communities and economy.

For example, by one estimate, the outbreak of SARS in 2003 cost Ontario and, in particular, the city of Toronto, and this figure is staggering, \$1 billion. To say the least, we must stay vigilant to the threat of a new pandemic.

In this age of technology there are other so-called viruses that are transmitted by information technologies. Our critical infrastructure, our very ability to respond to emergencies depends on reliable computer networks. We must be better prepared to protect them from mischief or even terrorism.

Government Orders

I will also take this time to note that the tragic events of September 11, 2001, brought home the reality of an entirely new category of a human made threat. While terrorists did not directly target Canada on that terrible day, Canadians did die and the growing threat of global terrorism means that we must be ready for the unspeakable.

It is true that Canada does have legislation in place to respond to emergencies. The Emergency Preparedness Act outlines the roles for the Minister of Public Safety and other federal ministers. It provided for federal-provincial cooperation, which is so important, and it established the basis for post-disaster financial assistance to the provinces.

• (1715)

However, all of this, in light of the new reality that we face in Canada, is not enough to address the scope of risks existing for Canadians today. I outlined some of those risks already.

The proposed legislation would build a more comprehensive framework to protect our citizens, as well as that of private and public property and critical infrastructure.

I want to speak a little about the federal role. I already mentioned some of the role of local authorities, such as municipalities, but while those local authorities and municipalities are the first responder, the provinces and the Government of Canada often play an important role in coordinating a comprehensive response to emergencies.

I draw the attention of the House to the distinction between the title of the existing and the proposed legislation. In the past it was sufficient to prepare for emergencies. No longer. The proposed act recognizes that we must do much more in order to manage emergencies. The proposed emergency management act seeks to strengthen the capacity of the Government of Canada to prevent, mitigate the impact of and respond to all hazards in our country.

It recognizes that we face an ever-changing risk environment. To manage emergencies in this context requires a collective and concerted approach involving all jurisdictions, including the private sector and non-governmental organizations or NGOs.

In an emergency, Canadians must look after their personal needs as best they can. If they need help they look toward government. In such a crisis, Canadians do not care what level of government responds, they simply want help and they want it fast.

Local governments are the first responders. Provincial and territorial governments are hard on their heels. If an emergency moves beyond their capacities, those governments turn to the Government of Canada for assistance, and we do respond.

I will give an example. Members may recall how the Government of Canada helped coordinate Canada's response during the aftermath of hurricanes Katrina and Rita and again in September of that year during the severe flooding in Stephenville, Newfoundland.

In the case of Stephenville, Canada's Government Operations Centre coordinated the response of no less than eight different federal departments. This ranged from the deployment of helicopters by the Canadian Forces and the Canadian Coast Guard to the provision of 200 beds for evacuees by the Public Health Agency.

Any federal response to emergency must be harmonized with the work of other jurisdictions and stakeholders. It must respond to the real needs and expectations of our citizens. It must make the situation better, not worse. I think that is a goal we can all agree with.

The goal of emergencies management in the proposed act recognizes and promotes greater collaboration with all levels of government, as well as with NGOs, as I already mentioned, the private sector and the public at large. All of these different groups have a role to play in managing an emergency.

It is vital then that our emergency management plans accomplish two goals: to clarify the role and responsibilities of ministers within the Government of Canada, and to promote greater collaboration with other levels of government and other stakeholders. The proposed legislation would help achieve these two goals.

Specifically, through this proposed act, the Government of Canada would establish policies in respect of emergency management at the federal level. It would promote a common approach to emergency management with other jurisdictions, including shared standards and good practices.

It is worth noting that in our consultations for this bill, the provinces and territories welcomed the proposed enhancements as a way to clarify roles and responsibilities, and that is so important.

• (1720)

I want to talk a bit about existing ties with municipalities. This bill would enhance the Government of Canada's relationship with local governments, such as municipalities, in emergency management.

The relationship between the Government of Canada and the provinces and territories too often overshadows our relationship with local government. Allow me to elaborate on how we work with local government and how the proposed legislation would enhance that work and enhance collaboration.

The Government of Canada recognizes that municipalities are an integral part of any emergency response. Local police, firefighters and paramedics are always first on the scene. I already commended them at the start of my speech on the role they play in keeping all Canadians safe.

To support the role of first responders, the Government of Canada established the joint emergency preparedness program, JEPP. Through this program the Government of Canada works with the provinces and territories to help municipalities improve their ability to respond to an emergency.

Funds are available for items such as generators, communications equipment and emergency vehicles. When appropriate, the Government of Canada has been pursuing co-location agreements where all three levels of government coordinate their approach to emergency management. To that end, we have already set up joint emergency operation centres in Prince Edward Island, Nova Scotia and the Northwest Territories.

Private Members' Business

The Canadian Cyber Institute Response Centre has set up a framework for cooperation with provincial, territorial and municipal governments. A cyber triage unit has been established to assess the nature of incidents and to coordinate responses more effectively.

The goal of these initiatives is to enhance information sharing to keep everyone in the loop so that we can respond to an emergency in a coherent fashion.

The proposed emergency management act reinforces that this kind of seamless cooperation is vital. It would help to ensure the federal response to an emergency is harmonized and coordinated with other jurisdictions, and as I noted earlier, it would also lay the foundation for a comprehensive emergency management system that recognizes the key elements of mitigation, prevention, preparedness, response and recovery.

I want to talk a bit about building ties within communities and in a community. The Government of Canada wants to work with the provinces and municipalities and other entities to help develop consensus on emergency management. This bill recognizes that a common approach to emergency management can enhance effectiveness, not just within all levels of government, but also in the community at large.

Since the nature of emergencies is constantly in flux, the proposed legislation does not attempt to define what constitutes an emergency management activity. The bill in this way is broad and flexible in its approach, leaving room for innovation and the building of community consensus. Indeed, the Government of Canada relies on the expertise, experience and creativity of Canadian citizens to help strengthen its approach to emergency management.

Over the past few years, the Government of Canada has held town hall meetings to solicit ideas on various initiatives. The Government of Canada drew on the valuable input from the private sector and from other stakeholders at these meetings to enhance Bill C-12, and we will continue to engage Canadians on these issues.

It is important that the Government of Canada collaborate with the provinces and territories, private sector owners and operators and the NGO community to strengthen critical infrastructure. It is especially important as the private sector owns and operates over 85% of Canada's critical infrastructure.

When we look at that figure, it is especially clear that this is a multi-jurisdictional approach and it has to involve the private sector. No single jurisdiction has the expertise or the human and financial resources to manage the kinds of emergencies we may face in the 21st century. We know those emergencies can be varied. They can come at any time and the emphasis here is on being ready to manage those emergencies.

We need to work together. We need to develop coherent strategies that will enable us to harmonize our approaches. The proposed legislation provides the framework to achieve this goal.

•(1725)

As I already mentioned, the threats to Canadians continue to evolve and we must evolve with them. Canada's new government is committed to ensuring that it is able to manage these threats and respond to them to the best of its ability. Bill C-12 is a vital piece of

legislation that would strengthen the federal role in emergency management and enhance our ability to cooperate with other jurisdictions, including municipalities.

By reinforcing an all hazards approach to emergency management, the proposed legislation will contribute to the safety and the security of all Canadians. In speaking with Canadians and hearing from Canadians from coast to coast, safety and security is a major priority for them. That is why I am pleased that our Minister of Public Safety has been working tirelessly in this regard to promote safety for Canadians. He has brought forward a number of initiatives, including this one, that will make our streets and our communities safer. I have to take this opportunity as well to commend the Minister of Justice for his work on making our communities safer.

Working together in the areas of justice and public safety, we can make communities safer in all regards, whether that be in the criminal sphere or in the sphere of preventing crime in the sphere of managing emergencies and being prepared for emergencies.

That is why I am very pleased on behalf of my constituents to speak to Bill C-12. I urge all members of the House to join with me in support of the proposed emergencies management act.

Mr. Paul Szabo: Mr. Speaker, if the House would agree, I think you would see the clock as being at 5:30 p.m.

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

Some hon. members: Agreed.

[*Translation*]

The Acting Speaker (Mr. Royal Galipeau): It being 5:30 p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

PRIVATE MEMBERS' BUSINESS

•(1730)

[*English*]

NATIONAL STRATEGY FOR THE TREATMENT OF AUTISM ACT

Hon. Shawn Murphy (Charlottetown, Lib.) moved that Bill C-304, An Act to provide for the development of a national strategy for the treatment of autism and to amend the Canada Health Act, be read the second time and referred to a committee.

He said: Mr. Speaker, I am pleased to rise in the House today to start off the second reading debate on this bill. Bill C-304 acknowledges the seriousness of this issue in this country. It clearly enunciates that we are talking about a health issue.

The bill has three provisions. We are asking the Minister of Health, acknowledging of course that this involves primarily provincial jurisdictions, to convene immediately a meeting with the 10 provincial and territorial health ministers to discuss this very issue. We are asking that the minister table before the end of 2007 a national strategy on the treatment of autism. We are also asking that the Canada Health Act be amended as follows:

Private Members' Business

Section 2 of the Canada Health Act is renumbered as subsection 2(1) and is amended by adding the following:

(2) For the purposes of this Act, services that are medically necessary or required under this Act include Applied Behavioural Analysis (ABA) and Intensive Behavioural Intervention (IBI) for persons suffering from Autism Spectrum Disorder.

Members will conclude from my remarks that the overarching issue I want to make in this debate is that we are talking about a health issue and that the treatment modalities that I refer to be made available to all residents of Canada pursuant to the provisions of the Canada Health Act.

Again, if it is a health issue, I would urge and ask all members in the House to support it. If members feel on the other hand it is not a health issue, then of course the bill is flawed and it is not worthy of support.

Bill C-304 does not stand alone. There is a whole array of extremely important bills and motions on this extremely important topic. I would suggest the debate is raging.

A similar bill was tabled by the member for Sackville—Eastern Shore, Bill C-210. Motion No. 172 introduced by the member for Fredericton calls for a national strategy. It calls for standards, surveillance, and research. That passed on December 5, 2006 with support from all four parties.

Ongoing as we speak are the hearings at the Senate Standing Committee on Social Affairs, Science and Technology dealing with the funding of autism. I have seen the blues. There are very extensive hearings going on now. I expect sometime early in the new year there will be a report from that Senate committee.

There are numerous court cases that have been decided and there are numerous court cases being litigated as we speak right across this country.

I believe that colleagues on both sides of the House know, acknowledge and appreciate the seriousness of this issue.

I should point out also that the polling that has been done indicates that 84% of all residents of Canada support the concept that these treatment modalities should be financed under the provincial health care programs. About 84% of the constituents that we represent support the general thrust of this bill.

I am not an expert on the subject, but I do want to point out for the record that autism spectrum disorder is a complex developmental disorder. It affects people's ability to communicate, form relationships and react to their environments. It is caused by a neurological disorder that impedes normal brain development in the areas that affect social interaction and communication skills. It is a spectrum disorder.

The severity of the symptoms differs widely. Many people with ASD are perfectly capable of leading happy, healthy lives as functional members of society and require no treatment whatsoever. On the other hand, many people require very extensive treatment.

Within this spectrum, we include disorders such as pervasive development disorder, Rett syndrome, Asperger syndrome and child development disorder.

Tremendous changes are going on in society. At one time, going back 20 or 25 years ago, this was thought to be an extremely rare condition. I believe the numbers were 1 in 10,000. Now the most recent statistics that I have been given estimate that 1 in 167 children are affected by ASD. It affects four times as many boys as girls and is pervasive across all ethnicities and classes. We do not know the cause of the syndrome.

There is no definitive cure, however, in recent years a number of treatments have become available that can make a dramatic difference in the severity of the symptoms experienced by people with ASD. It is important to note that just as ASD affects individuals, in a vast array of ways, there is an extremely large range of support that is necessary for people affected by ASD. Some will need intensive help and constant supervision to get through the day, while others might simply need help with specific communication and social interaction skills.

● (1735)

The point I am making here today with this bill is effective treatment modalities exist.

The symptoms of ASD generally manifest themselves within the first three years of a child's life. It has been shown that when ASD is diagnosed early and the specific individual needs of the child are assessed and addressed, children with ASD can grow to exhibit much fewer or no symptoms.

There are two vital characteristics of this treatment, early diagnosis and consistent, long term care. We refer to these treatments as applied behavioural analysis and intensive behavioural intervention. These treatments include speech and language therapy. More important, ABA and IBI are designed to teach a child with autism a whole new way of learning. The treatment teaches them how to break down a task into its smallest components, and through constant, intensive reinforcement, to apply this method of thinking to everyday life as well as complex tasks.

Due to the intensity and time span of this treatment and the fact that it is almost exclusively conducted in a one on one environment, the treatment is costly; it is not cheap. When ABA or IBI are successfully applied, the changes in a child can be dramatic. There are stark differences as to the availability of this treatment across Canada. Some provinces offer it fairly generously. Some provinces include it in the social services or welfare envelope and it is means tested. We definitely have a two tier, or what I would perhaps better classify, a 13 tier health care system when we talk about the treatment of autism.

Again, it depends entirely on what province that particular child happens to be born in, and in some instances, the regions within the provinces where that child happens to live. For example, in Alberta, children have full access to treatment. In Ontario they have access up to a certain and I would argue arbitrary age at which time treatment is cut off. In other provinces, as I have stated, it is in the social services envelope. It is means tested and it is just not available in any way, shape or form the way it should be under our Canada Health Act.

Private Members' Business

As we go forward and we debate this bill, we as a society are judged on how we treat the most vulnerable among us. We owe it to all Canadians, all families dealing with this particular issue.

I realize that somebody will state that it is a provincial issue, but again we have the Canada Health Act. I realize we cannot dictate to the provincial health ministers, but we can come forward with a national strategy. We have to discuss it and debate it with the provincial ministers and we have to eventually amend the Canada Health Act so these children, these individuals, these families, can get the treatment that they deserve.

• (1740)

There is a national strategy with respect to cancer, diabetes and drugs. Why can we not have one for autism?

Again, I mention that it will not be cheap. It will cost a lot of money and the Government of Canada would have to pay its fair share. That will be one of the arguments from the provincial government. If they are being asked to do this, the federal government is going to have to pay its fair share.

However, on the other side of the coin, there are substantial and numerous benefits. A lot of individuals are not diagnosed early and do not receive the treatment to which they are entitled. They end up being institutionalized at considerable expense to society. The families have to incur hundreds of thousands of dollars treating these children with no reimbursement. The quality of life of the families suffers and, most important and tragic, the quality of life of the affected individuals suffers dramatically. We are judged on how we treat the most vulnerable among us, whether it is the disabled, sick, old, the infirm or people with autism.

I know people will say that it is a jurisdictional issue. I think I have dealt with that already. People will say that it costs money. Yes, it costs money, but cancer costs money, heart disease costs money, diabetes costs money. These are health issues. I go back to my original statement. If it is a health issue, let us move forward and deal with it. If it is not a health issue, let us put it to bed.

In conclusion, I ask every member of the House to do the right thing on this issue. I ask that we all show leadership. I ask members to vote for this bill and move forward on this issue as soon as possible.

Mr. Steven Fletcher (Parliamentary Secretary to the Minister of Health, CPC): Mr. Speaker, the member will be happy that the health minister has announced that he will be having a national symposium in 2007 on the issue of autism.

The member talked about specific diseases like diabetes and cancer, but the Canada Health does not mention any of those specifics. It deals with five broad principles, of which I am sure the member is aware. In opening up the Canada Health Act for autism, how many other diseases, ailments and other things would the member like to add and what would the process be to do that?

His party, my party and other parties have all said they will not amend the Canada Health Act. Is the member suggesting that his party is looking to break its promise on amending the Canada Health Act?

Finally, the member talked about health being a jurisdictional issue, and it is. Why have some provinces decided to classify autism under another name or category? Would the effort not be better served to lobby provinces to include autism as a health issue?

Those are the questions. Though I appreciate the intent of the member, logic dictates that the efforts, though well intentioned, may be misplaced. Could the members answer those questions?

Hon. Shawn Murphy: Mr. Speaker, I thank the member across for his interest in this issue. I appreciate that the minister has announced he is having a national symposium in 2007, but that is just one step in this continuum on which we are working.

The member talked about the diseases of diabetes and cancer not being mentioned in the Canada Health Act. He is quite right. However, if I am diagnosed with cancer tomorrow and I go for treatment, that treatment is paid for under Canada Health Act. If I have diabetes, I can go to the hospital or a doctor, I can get treatment for that diabetes and that is paid for by the Canadian Health Act.

However, if my child had autism, in most provinces in Canada I would be told to pound sand, that I must pay for it myself. If it cost \$50,000, \$60,000, \$70,000, I must go out and raise the money, sell my assets and pay for it myself. That is totally wrong.

Again, we come back to this debate. I ask members who follow me to speak to ask themselves if this is a health issue. If it is, we should deal with it. If it is not a health issue, the bill is flawed.

The member across talked about parties saying they were not going to amend the Canada Health Act. That is a decision for every member of Parliament to tell the Canadian people whether they are prepared to amend the Canada Health Act. For people watching this debate, I am prepared to amend the it, as I stated. I do not know how many people out there are prepared to amend it. However, if a majority of the people in the House say they are prepared to amend the it, then the Canada Health Act will be amended.

• (1745)

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Mr. Speaker, the hon. member knows that I have a significant interest in this issue as I have a son with autism.

I want to comment on a couple of things. The member talks about including autism in the Canada Health Act. As the parliamentary secretary mentioned, cancer is not named in the Canada Health Act nor is diabetes, yet the provinces act on those.

I am in full agreement that this is a health issue. I am in full agreement, as someone who has benefited from my son having ABA/IBI treatment for the past eight and a half years in Alberta, funded by the government, that all provinces should be fund this and they should do that tomorrow. That is the appropriate way for this to be handled.

Putting this type of amendment in the Canada Health Act on an ad hoc basis, starting with autism, then cancer or diabetes or whatever next, does the member feel this is the appropriate method?

My second question is, has he—

The Acting Speaker (Mr. Royal Galipeau): I am sorry to interrupt the hon. member. There is no time for a second question.

Private Members' Business

The hon. member for Charlottetown should know that the time has run out. However, I will allow a short moment to respond.

Hon. Shawn Murphy: Mr. Speaker, as the member points out, he has a child with autism whom I have met. He certainly knows far more about this issue than I do.

There is one point I want to make. The member's child was lucky to be born in Alberta, and he acknowledges that it is a health issue. If that child had been born in another province or lived in another province, and I will not mention them, but certainly all the Atlantic Canadian provinces, that child would not get any of the treatments the member's child has received. If he did, it would be cut off when he was six.

It is my proposition that regardless of where people are born in Canada, regardless of where people live, they should be treated equally.

Mr. Steven Fletcher (Parliamentary Secretary to the Minister of Health, CPC): Mr. Speaker, I could not help but notice that the member did not answer the question with respect to process. My colleague from Edmonton raised the issue of selecting diseases on that ad hoc basis. The wording of the Canada Health Act is such that it should catch all health related issues. I wonder if the member has given any consideration to lobbying his provincial government to look at the costs related to autism because that would be the appropriate venue to do this type of lobbying as it falls under provincial jurisdiction.

We recognize that the growing number of children and families affected by autism spectrum disorders requires action, but the government cannot support the bill put forward by the hon. member for Charlottetown. Given the respective roles and responsibilities of the federal, provincial and territorial governments in the area of health care, amending the Canada Health Act may not be the best way to go.

We all appreciate the reasons behind the introduction of this bill. While we know that many people with autism are not disabled by the impact of the disorder, but live regular everyday lives, we also know that autism spectrum disorders can affect people in many very difficult ways, sometimes isolating them as a result of compulsive behaviour and speech disorders that close them off from their families, friends, teachers, neighbours, and society as a whole. Autism can impact all aspects of a person's life and if untreated, result in physical, emotional, social and intellectual isolation.

Sadly, we also know that there is no universal treatment that works equally and in all cases. Many believe that behavioural therapy services such as applied behavioural analysis or intensive behavioural intervention, known collectively as ABA or IBI, are the best treatments for children with autism spectrum disorders.

Families of children with autism spectrum disorders have reported improved self-functioning, self-efficiency, and quality of life when their children are provided with ABA or IBI services, particularly at an early age.

There is no doubt that a situation for which the treatments most likely to be beneficial cost tens of thousands of dollars can be a profound challenge on top of the challenges that autism spectrum disorders may bring in the first place.

No one on either side of this House denies that families affected by autism face gaps in the services, especially the social services, that can be used to address the needs of their children. We have heard from parents and other autism stakeholders that one of the challenges facing children with autism spectrum disorders is the inconsistency of services available across the country.

It is not surprising to me that people in the autism community, parents and supporters of many kinds, have been so active in seeking action on autism spectrum disorders. We understand that parents of children with autism spectrum disorders are concerned about access to treatment and we have tremendous sympathy for them. However, the responsibility for delivering health care services in Canada rests with the provinces and territories, and it is at this level that the issue must be addressed.

Amending the Canada Health Act to include behavioural therapy is not an appropriate response to this issue. Rather, Canada's new government is committed to working to help Canadian families affected by autism spectrum disorders.

● (1750)

As announced recently, we are undertaking five initiatives to improve knowledge and research on autism spectrum disorders and to help those individuals and families who may need more assistance meeting the challenges that autism can bring.

In addition to initiatives aimed at additional research and surveillance of autism spectrum disorders, we will be sponsoring a symposium on autism next spring. It is our hope that this symposium will serve as an opportunity for all stakeholders to share best practices, exchange knowledge and learn from others.

While the details are not final yet, we anticipate that the focus of the symposium will be in the areas of research, surveillance and knowledge development. In particular, we have heard time and time again from stakeholders of the importance of knowledgeable information and research on autism spectrum disorders.

A symposium designed to bring together key researchers and knowledge experts in the area will be extremely valuable. We also hope that the symposium will assist with the establishment of more surveillance and epidemiological studies to determine actual incidence and possible geographic "pockets" of autism.

Finally, we hope that the symposium will enable stakeholders, including individuals with autism and their families, to share information on the individual manifestations of autism and to discuss essential supports for people with autism and their families.

We know that access to reliable information is a challenge for the public, including parents of autistic children. That is why, as announced two weeks ago, a web page on autism has been added to the Health Canada website. The web page, as it grows and is further developed, will facilitate access to public information related to autism spectrum disorders.

Private Members' Business

We also indicated that the health policy branch of Health Canada will be responsible in the future for the coordination of policy and program activities at the health portfolio level.

These initiatives are important and they have been very well received by stakeholders. We recognize that these initiatives do not address all the issues associated with autism spectrum disorders. However, they will contribute to laying the foundation for a national strategy on autism.

I am pleased to have lent my support and also co-written Motion No. 172 that was introduced by my hon. colleague, the hon. member for Fredericton. One of the components of the motion was the establishment, in cooperation with the provinces and territories, of national standards for diagnosis and treatment. We know that many families of individuals with autism have felt that action had to be taken in this area. There are many different treatments for autism and very little research has been done to evaluate how they work.

The government recognizes that there is a need to compare different forms of ABA and other treatments through randomized controlled trials and other methods to determine what is most effective in particular circumstances. This is why the investments we are making in research are so critical. They are a necessary foundation for a broader approach to the issue.

While we are moving forward on these new initiatives, the government will continue to provide support to individuals with autism and their families who need it, including financial support through the tax system. In budget 2006, the Minister of Finance raised the maximum annual child disability benefit. In addition, he extended eligibility for the child disability benefit to middle income earners and therefore reaches almost everyone.

Canada's new government will continue to fund the four centres of excellence for children's well-being with an emphasis and interest in autism spectrum disorders.

There are other programs that the government has undertaken, however, time does not permit me to speak on all of them. Let me just say that autism is an important issue. We have to work together. We have to be honest in the discussion and be honest where the responsibility lies.

The federal government is taking responsibility in the areas that lie in the federal government's jurisdiction. I hope the awareness that is being created by this debate will empower the people who are affected by autism and help ensure that provinces make the right decision in their jurisdiction.

• (1755)

[*Translation*]

Ms. Nicole Demers (Laval, BQ): Mr. Speaker, it is difficult to talk about a subject like this one because when we talk about autism, and autism spectrum disorders and behavioural disorders, we are talking about children, parents and grandparents struggling with very real difficulties every day. Although they are beautiful, intelligent and bright, autistic children demonstrate unusual behaviours that make daily life very difficult for their parents and caregivers.

I feel compassion and I sympathize with my colleague from Charlottetown when he says these children need care. I find it very

sad that people in the Maritime provinces do not have access to that care. It is unfortunate, and it also speaks to the situation most provinces find themselves in because they do not have enough money. They are forced to make difficult choices in terms of health care, and often, those choices do not meet the needs people express. That is the case in many places, including Quebec.

Earlier, I mentioned caregivers, but we should also be talking about education. These children need special care and services. We should also be talking about childcare services, respite care and employment assistance services for when they get older and have been lucky enough to benefit from special services as they were growing up. Some of them can enter the labour force if they receive the help they need. Employment assistance services for people with disabilities are under exclusive federal jurisdiction.

Unfortunately, that service is going through a very difficult time right now. Partners and organizations providing the service still do not know if they will get the money they need to carry on their good work after next April.

I would like to tell my colleague that opening up or amending the Canada Health Act will certainly not help us get results. If we start amending the Canada Health Act, we will once again be encroaching on provincial and territorial jurisdiction. That is something we do not want to do, something that has been done too much already and that the new government claims it no longer wants to do.

If we are to do something, it should be to try to return transfers to the levels that existed before 1994-95, when the Liberal government slashed provincial transfers for health, education and other areas. Since then, it has been very difficult for all provinces to provide adequate services to deal with growing problems. There are now more and more autistic children and the prevalence of juvenile diabetes and obesity among children is also rising. Why? Because the provinces do not have the money to fund adequate services. When there is no money, we must unfortunately resign ourselves to cutting services and providing only essential services to citizens. That is what is happening pretty well all over Canada, except in Alberta because it is a very rich province. The other provinces have had difficulty fulfilling their obligations, particularly in the areas of health and education.

For the organization in Quebec that represents individuals affected by autism or autism spectrum disorders, the parents and those individuals who represent them, it is very important that provincial and territorial jurisdiction be respected. The decisions must be made by the provinces, which are responsible for assessing needs. The Bloc Québécois recognizes the significance of this fight to obtain adequate services and treatment for children suffering from autism and to provide their families with the support required to ensure a certain quality of life.

Private Members' Business

•(1800)

However, we also know that it is an extremely complex illness requiring a careful case-by-case assessment. Treatment possibilities are dependent upon several factors and not just one. In Quebec, some services are available, but not all have been evaluated. Only Quebec and the provinces are in a position to determine which services are needed by the individuals, and their families, affected by autism. The government works in collaboration with local partners in the community and the educational environment, sectors that are a provincial jurisdiction. The federal government cannot establish, through the Canada Health Act, which health services are covered by provincial insurance plans.

Furthermore, the federal government does not have the resources to assess what is needed. Provincial departments are in a much better position to do that. The Quebec federation that advocates for people with autism represents many people. Some 80 organizations belong to the umbrella agency. Thus, small organizations representing a small number of people would not have us thinking that the direction they wish to take is not the right one, because it would not be representative enough.

The federation represents a large number of people. There is very little contact between the federation and Ottawa. The federal government's sole contribution to the federation was in the context of training support. That activity could be considered a matter of federal responsibility, if it was in the context of training that would help a person enter the workforce, as do the SPHERE-Québec programs. Those programs are supported by the federal government and help people find jobs, and learn to work, get up everyday and get to work on time. This is not necessarily easy for people who have never worked before, who have other problems or have autism.

However, such individuals can learn and they learn with support. We must be very careful when discussing such bills. Above all, the government must not return to its old ways of encroaching on provincial and territorial jurisdictions. We have seen enough of that. We want people to enjoy the services to which they are entitled, but we want these services to be provided by the proper authorities, namely, the provinces and territories. The only way to solve the problem once and for all is to correct the fiscal imbalance. We have often said we hope this is taken care of soon and we hope the provinces will have the money they need to tackle all diseases that affect children. These children could receive proper care if the provinces had the necessary money.

•(1805)

[*English*]

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, it is a pleasure to rise today on behalf of my party on a very important national issue.

Before I begin my remarks, Mr. Speaker, I have not had the chance to publicly thank you, as the member for Ottawa—Orléans, for the great work you do on behalf of veterans and the Royal Canadian Legion. I know that you are a great supporter. As a person whose parents were liberated by the great veterans, it is nice to know that your continuous support for veterans is simply outstanding. You should be congratulated for that effort.

On the issue at hand, that of autism, I keep hearing from governments and others that it is a provincial jurisdiction and it is up to the provincial and territorial governments to deliver health care. I was rather pleased by and very complimentary of the fact that the federal government announced, with various agencies throughout the country, a national cancer strategy. I believe the amount was around \$260 million over a five year period. Various agencies and organizations throughout the country have been lobbying for this for many years, including many members of Parliament and senators, and we have finally achieved it.

If we are able to do that for something as extremely important as the national cancer strategy, with the same argument that health care is delivered by the provinces, then why is it so challenging when we talk about autism that we have to find jurisdictional battles in which to discuss it?

The reality is that after the end of the debate tonight families are going to wake up tomorrow and will be suffering under the tremendous financial and emotional strain of dealing with children and young adults who have autism. When I go back to my constituents and I tell them there is no help yet, that there may be a meeting in April of next year to talk about it some more, that is another five months.

I have to tell parents that there is no help yet. Then they consider the option of having to move to another jurisdiction that can give them the opportunity for their children to get proper treatment.

The hon. member for Fredericton once told us that he worked on behalf of military families that did not want to move from Edmonton to Gaagetown. If their children had autism they would get treatment in Edmonton, but not in New Brunswick. Although they are proud to serve their country, they are thinking of their families. They did not want to refuse the transfer, which of course they cannot, but they find it very difficult. They want to serve their country, but their country is not prepared to serve their families.

We have been asking for this for a long time. I know that the intent or the premise of the bill put forward by the hon. member for Charlottetown is that, no matter where people live in this country, if adults or children have autism there should be treatment available for them. They should not have to reach into their pockets or mortgage their homes or anything else in order to obtain the required treatment.

There is a great old saying: where you stand on an issue depends on where you sit. I know that some of my colleagues in the Conservative Party and others have a very personal view on autism because they themselves have children who have autism or Asperger syndrome or something of that nature. My heart goes out to them and their families, as does my support.

Private Members' Business

I can almost assure members that if everybody in the House had a child with autism and we lived in the riding of member for Charlottetown, I guarantee that something would happen very quickly. I find it annoying that we can find reasons to say no, but we cannot find reasons to say yes.

I was here on the shameful day when, in three hours, from the House to the Senate to royal assent, we gave ourselves a pay raise. It only took three hours. What a shameful history of the members of Parliament. In three hours we can give ourselves a pay raise, pass it, get it into the Senate and do royal assent, but we sit here and fight about jurisdictional concerns when it comes to some of the most beautiful children in Canada, when it comes to families that just want their kids to be able to grow and have all the opportunities that we in the House take for granted in many cases.

• (1810)

We know there is a financial cost to this, but the reality is that it is an investment. It is not an expenditure. We have proven over and over again that for every dollar we spend on autism strategies and autism treatments we save a tremendous amount of money down the road.

Right now schools in Nova Scotia have teachers' aides dealing with children with autism. Many times children are sent home because they are disruptive in class, so not only are the children going through the concerns of autism, but they are denied any opportunities for an education because in the view of the teacher's aide, the teacher and the principal they are disruptive in class.

We have a so-called fiscal imbalance in this country. Why can the government not work with the provinces and territories, deal with this issue and use this as an example of cooperation among everybody?

I am pleased that the government is going to have a symposium in April, but we have attended and will attend many symposiums, reviews, studies and meetings down the road. What happens the day after the symposium? What do I tell the people in my riding who have children with autism? Do I tell them there is still no help yet, that we are talking about it, but there is no help yet?

An old farmer from Saskatoon once told me that money is like manure. If it sits in a great big pile, it stinks, but if it is spread around it does a lot of good. If the government wishes to deal with the fiscal imbalance of all the provinces in the country, then it should use this as an example. Assist, as my colleague from the Bloc said. Let us assist the provinces. Let us give them the resources they need so they in turn can develop the systems and programs to deal with children and young adults with autism.

The government should assist the provinces, not fight with them. It should work with them, just like it did on the national cancer strategy. It is amazing that the government can come up with \$260 million. I give the government top credit for that. It should be congratulated for moving on that issue, but we ask the government to apply that same dedication and spirit to an autism strategy.

Motion No. 172 from my hon. colleague from Fredericton was passed with the assistance of other members and parties in the House. It was a great day when the government actually accepted a motion to deal with a national autism strategy, working with the

provinces, but we need to move that up a bit. We need to move it very quickly.

We need to be able to tell the thousands of families out there that they will not have to move any more to receive assistance for their children, and that if they do move, no matter where they go in this country they will receive equal treatment for their children with autism. Would it not be great to be able to say that? We have the fiscal capacity to do it. The reality is that this investment in our children and their families will pay off in the long run.

I want to congratulate all those individual families from across the country, but especially a young man named Josh Bortolotti, whom we all know. He is 12 years old and is one of the top 50 in Ottawa to watch, as they say. He is fighting for a national autism strategy and treatment for his sister. If a 12 year old can dedicate his life to fight for treatment in Ontario for his sister, surely we as members of Parliament can do that right across the country to help all families who have children with autism.

I want to thank the hon. member for Charlottetown for bringing this very important subject and debate to the House of Commons.

• (1815)

Mr. Blair Wilson (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Mr. Speaker, as members know, in recent weeks this House has reflected extensively on what it means to be Canadian, yet regardless of our sociological or cultural differences, all Canadians share common values on what kind of country we have worked so hard to create together, a country where each and every citizen has an equal chance to make the most of the great opportunities here in Canada.

[*Translation*]

All Canadians share the same values and want a country where everyone has an equal chance to seize the wonderful opportunities here in Canada.

[*English*]

We have had remarkable success, yet today we are failing over 300,000 Canadians. Every 166th child born in Canada is afflicted by autism spectrum disorder. Either those children are left unable to function in society or their families face a crushing financial burden, and all the while our universal health care system is silent to this suffering. Canada has neglected autism for too long and the time has come to begin to address it.

[*Translation*]

Autism affects more than 3,000 Canadians. We have long neglected autism, and the time has come to address this problem.

*Private Members' Business**[English]*

Autism has a devastating effect on a child's quality of life. I think all members can agree on that.

Autism is a neurological disorder that causes developmental disability. It affects the way the brain functions, creating difficulties in communication and social interaction and unusual patterns of behaviour, activity and interests. Its symptoms, as we know, vary widely. Some autistic children display repetitive behaviour. Others suffer self-inflicted injuries. Some cannot even speak and must communicate through the use of computers and full time support staff in schools.

Autism not only affects the individual, but also the individual's family, friends and caregivers who must cope with the individual's difficult childhood.

There is hope for these children. Applied behavioural analysis and intensive behavioural intervention have been shown to dramatically improve social and intellectual functioning of autistic children and thereby their quality of life.

It is critical to get these children the treatment that is required as soon as possible, as soon as they are diagnosed in their formative years. Proper treatment gives autistic children the chance they deserve to enjoy all the joys and opportunities that other children do.

● (1820)

[Translation]

Autism has a devastating effect on a child's quality of life. Autism affects not only the individual, but also the individual's family, friends and caregivers. But there is hope. Some treatments are producing dramatic results. With help, these autistic children can have the same opportunities as other Canadian children.

[English]

While the courts have rejected the idea that governments have a legal obligation to treat autism, we parliamentarians here in this House have a moral duty to uphold the promise of all those who have worked to build our country. Treating autism, I would argue, is a matter of equality of citizenship.

But we are not fulfilling that commitment today. Medicare does not provide for the treatment of autism. Some provinces offer limited programs for autism as has been discussed here already and other provinces offer nothing at all. Without medicare coverage, families with autistic children are left to bear the crushing financial burden of treatment on their own at a cost of approximately \$45,000 to \$60,000 a year. Some families mortgage their house to pay for treatment; others simply go bankrupt. Some parents must choose whether they can afford to give their child certain therapy.

[Translation]

The cost of treatment ranges from \$45,000 to \$60,000 a year, and this is quite simply beyond the means of most Canadians. We should not and cannot ask a family to choose between a normal life for a child and financial security.

[English]

No family should have to bear such an enormous, arbitrary burden. We have recognized the importance of this principle in other areas, such as the deepening of our catastrophic drug coverage.

How should the House address this issue? First, we should acknowledge from the outset that provincial health plans are not within our jurisdiction and that we must respect the divisions of power between our two levels of government. However, the federal government can and I would argue indeed must play a constructive role to ensure that Canadian families have equal access to treatment.

The federal government must lead a national strategy because the cost of treatment is so great that a lack of a national standard will create what I call medical arbitrage. Families with autistic children will be forced to leave their communities to move to the provinces with the best programs. No province will push to create more comprehensive treatment when it is being penalized by inflows of patients. There will be a race to the bottom, not a race to the top.

[Translation]

It is clear that the federal government can play an important role in autism, but it must also respect provincial jurisdictions. Bill C-304 lays out avenues for dealing with autism.

[English]

The bill before the House lays out a way forward. It addresses the two most important steps that Canada must take to address autism.

First, this bill would require the Minister of Health to convene a conference between all provincial and territorial health ministers for the purpose of developing a national strategy for the treatment of autism. To address autism we must work with the provinces. They have the responsibility here, but not the funds. One solution that could emerge from this conference is the development of a funding mechanism to assist provincial governments in providing the support that Canadians with autism need.

This bill would also amend the Canada Health Act to make applied behavioural analysis and intensive behavioural intervention defined as medically necessary for persons with autism.

It is somewhat absurd to suggest that therapy is not necessary for an autistic child. Without therapy, an autistic child simply cannot live a normal life. For the child's humanity, treatment is necessary.

● (1825)

[Translation]

This bill lays out avenues that involve the provinces. It is time Canada took action against autism, a blight on society. We must support this bill.

*Adjournment Proceedings**[English]*

Funding autism treatment means the investment of not insignificant funds in our children. As such, it must be carefully considered, but it has to be considered. Simply putting funds into websites and public relations does not nearly do enough for these families, and the reward of turning a dysfunctional, socially troubled child into a productive member of Canadian society is worth it.

It is time we stood shoulder to shoulder with all our fellow Canadians. Treating autism is an important step in the never-ending march toward realizing the Canadian dream of equality.

The Acting Speaker (Mr. Royal Galipeau): Resuming debate. The hon. member for St. Catharines should know that he has 10 minutes, however, about only three minutes this evening. He will be interrupted at 6:30.

Mr. Rick Dykstra (St. Catharines, CPC): Mr. Speaker, I have ultimate faith in you that you will ensure that whatever remaining time I have in the second hour of debate on this issue you will give to me and I appreciate that.

It is a great opportunity to speak to the bill that is before us today.

As a former chief of staff to the minister of community and social services and our current Treasury Board president, I had the opportunity to participate in and help formulate the first preschool program in the province of Ontario. While this is an issue that impacts us on a nationwide basis, it certainly is a good feeling to have been able to contribute to a program that was the first to start here in Ontario.

I also want to speak to private member's Bill C-304, An Act to provide for the development of a national strategy for the treatment of autism and to amend the Canada Health Act. This bill would extend provincial and territorial health care insurance to cover the cost of applied behavioural analysis and intensive behavioural intervention treatment services for persons with autism spectrum disorders.

Let me say at the outset that I am understandably sympathetic to the concerns raised in this bill. Although services for individuals with autism spectrum disorders are important and they need to be dealt with, the Canada Health Act is the wrong instrument to achieve this objective. I would like to address the difficulty of reconciling the proposed bill with the fundamental purpose and intent of the Canada Health Act. In addition, passage of the bill would mean imposing on an area of provincial and territorial jurisdiction.

The Canada Health Act is the cornerstone of the Canadian health care system. The aim of the act is to ensure that all eligible residents of Canada have reasonable access to medically necessary services without direct charges. This essential act is based on the government's commitment to a universal, accessible, comprehensive, portable and publicly administered health care system. The act protects the access of Canadians to health care by establishing criteria that the provinces and territories must meet to receive the full amount of federal cash contribution owed to them in respect of health care.

Mr. Speaker, I look forward to continuing discussion on this bill as we move forward in the second hour of debate.

● (1830)

The Acting Speaker (Mr. Royal Galipeau): When debate resumes on Bill C-304, there will be seven and a half minutes left for the hon. member for St. Catharines.

The time provided for the consideration of private members' business has now expired and the order is dropped to the bottom of the order of precedence on the order paper.

* * *

*[Translation]***MESSAGE FROM THE SENATE**

The Acting Speaker (Mr. Royal Galipeau): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following public bill to which the concurrence of the House is desired: Bill S-213, an act to amend the Criminal Code (cruelty to animals).

[English]

I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following private bill to which the concurrence of the House is desired: Bill S-1001, An Act respecting Scouts Canada.

Pursuant to Standing Order 135(2), the bill is deemed to have been read the first time and ordered for a second reading at the next sitting of the House.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[English]

AIRPORT SECURITY

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Mr. Speaker, I am pleased to have this opportunity to express my concerns about the shortfall of funding for the Canadian Air Transport Security Authority to provide security services at Canada's airports.

Of particular concern to me is the Thunder Bay International Airport in my riding of Thunder Bay—Rainy River. This airport serves nearly 600,000 passengers each year. It is the only airport in Canada that does not charge an airport improvement fee to its passengers. In fact, it is the lowest cost NAS airport in Canada. However, this notable achievement has recently been put at risk.

The airport has just been advised that CATSA will not be paying for the full operating costs of the hold baggage screening system that was installed earlier this year. Annual operating costs for the baggage screening system are expected to be \$250,000 per year. However, CATSA has indicated that it can only afford to pay \$70,000 per year of the costs.

This shortfall of funds has left the airport holding the bag. As a result, the airport will be stuck with the expenses, despite the fact that airports are not supposed to be responsible for security expenses.

Adjournment Proceedings

CATSA was set up in 2002 to provide air transport security. An air security tax was implemented to pay for these much needed services to ensure security for air travellers in the post-9/11 reality. The government has raised hundreds of millions of dollars from this fee. Revenues for the 2006-07 year are projected to reach \$365 million.

In addition, there are currently \$375 million in excess revenues in the fund, money that is no doubt collecting a tidy sum in interest revenues.

The way I figure it, at a minimum of 3% interest, the government is earning an additional \$11,250,000 this year alone on that fund, but it will not give the Thunder Bay airport \$180,000 to pay its bills.

I am very distressed that the government is downloading air security costs to our airports. In the case of Thunder Bay airport, this extra expense will require a 24% increase to raise the funds required to cover the cost. That increase will result in higher travel costs for Thunder Bay passengers, passengers who are already paying the air travellers security charge for their tickets. In essence, this is a double tax. This is more than shameful, I am sure the hon. member will agree with me.

But wait, it gets worse. As a not for profit organization, the Thunder Bay International Airport Authority must charge its customers, the airlines, in order to make money to pay operating expenses.

I am sure the government understands the basic principles of finance. In order to pay expenses, we must raise the money to do so. Spending more money than we make is not good fiscal policy.

The airport is now facing an increase of its expenses and, therefore, it must increase its revenues to pay those bills. The catch is this: the government charges rent to the airport authority based on its gross revenues each year. That is right, gross revenues. Therefore, by adding \$180,000 to the airport's expenses, the government has also forced the airport to add that amount to its revenues.

Each dollar of increased revenue effectively carries a 1% surcharge to Transport Canada. and that surcharge is as high as 12% at Canada's largest airports, like Toronto Pearson International Airport.

This situation is absolutely hideous. The government shortchanges the airports by sticking them with the bill for security costs and that funding shortfall results in a windfall for the government.

• (1835)

Mr. Brian Jean (Parliamentary Secretary to the Minister of Transport, Infrastructure and Communities, CPC): Mr. Speaker, I am pleased to have the opportunity to speak to this issue, especially in regard to the role of CATSA within the Canadian aviation security environment and how it relates to airport operations.

CATSA fulfills its obligations and conducts its operations within a fixed budget that is allocated by the Government of Canada. This budget is about fairness to all Canadians and all Canadian airports. CATSA manages these funds in accordance with the government's Financial Administration Act.

At the time of its creation in 2002, CATSA was allocated \$1.9 billion for a five year period ending March 31, 2007.

As a result of the increased passenger volumes and expenses, as the member has mentioned, and related screening operating costs, this Conservative government actually granted CATSA in budget 2006 an additional \$133 million over two years. That speaks to this government's commitment to the safety and security of Canadians. This represents \$45 million for 2006 and \$88 million for 2007.

With regard to the responsibility of hold baggage screening, CATSA will be required by regulation to screen 100% of hold baggage on domestic and international flights. Safety and security is our paramount concern. This initiative is part of the government's commitment to enhancing security as a result of, obviously, 2001 events. This has translated into the deployment of 100 projects and 2,500 pieces of screening equipment to the 89 designated Canadian airports over the past four years. What an achievement that is.

CATSA is required by Transport Canada regulation to install security screening equipment in all designated airports. To achieve this, CATSA works in cooperation with airport authorities to design and install the appropriate screening system.

It is no different for Thunder Bay. CATSA signs agreements with airport authorities which clearly define the financial responsibilities for the installation of security screening equipment.

Canadian airports receive from CATSA the funding required to cover construction costs for hold baggage screening equipment and an annual contribution toward the maintenance of the conveyor belt system associated with CATSA's equipment.

The Thunder Bay International Airport collaborated with CATSA on seven different designs for the hold baggage screening area. After an engineering review, CATSA and the airport chose the design they liked and agreed upon a fixed sum for which CATSA would reimburse the airport to cover construction costs.

CATSA's total commitment to the Thunder Bay International Airport is over \$3 million. That is for the construction and installation of new equipment, plus the maintenance costs for the conveyor belt system associated with CATSA's equipment.

Consistent with CATSA's policy, other maintenance costs outside CATSA's security screening system are the responsibility of the airport authority, including any expansionary initiatives put forward by the Canadian airport in order to meet traffic demands, which is the case in this particular situation.

CATSA continually conducts reviews with airports to ensure screening processes meet present and future needs.

CATSA fulfills its mission to protect the public by screening critical elements of the air transportation system as assigned by the government. It is no different for all airports across Canada.

This government and this Prime Minister consider safety and security as the highest priority, which is why \$133 million was allocated in budget 2006 for CATSA, \$26 million over two years for air cargo security and \$95 million for rail and transit security.

This government will be fair to all Canadians and all Canadian airports, no matter what province, what territory or what political persuasion of that area.

• (1840)

Mr. Ken Boshcoff: Mr. Speaker, if the government has given more money to CATSA, then the government should be able to live up to its part of the agreement, which was for full operating costs.

If there is a shortfall that was not addressed in the initial agreement, the Thunder Bay Airport Authority advises me that CATSA had still indicated that it was on for full operating costs.

If the government is doing such a wonderful job, I believe the hon. member should take it to the minister and ask him to go to CATSA to see why it is not living up to its part of the agreement.

I believe that rather than compel the airport authority to reinstate an airport fee, a fee that very few airports around the world do not have, with the exception of Thunder Bay airport which is one of the

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few airports that does not have a fee, and then it is taxed, I am sure the hon. member will understand that this could happen to any airport at any time in western, eastern or northern Canada.

Mr. Brian Jean: Mr. Speaker, I think the conclusion that was reached by the member is exactly that. This is a balance between taxpayers and travellers at airports.

The Thunder Bay airport has the least amount of costs. It has no traveller costs and no airport fee. Most airports do have an airport fee and other expenses but it is a balance between taxpayers. They have funded what was required under the agreement.

CATSA does not pay for airport renovations to meet traffic demands, which is the situation in this case. It is being fair, but it is a balance for fairness for all Canadian airports and all Canadians. That is the mandate of this government.

[*Translation*]

The Acting Speaker (Mr. Royal Galipeau): The motion to adjourn the House is now deemed to have been adopted. The House stands adjourned until tomorrow, at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 6:42 p.m.)

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